

# Fiscal Policy and Gender Equality. Lessons learned from the gender analysis of the Bolivian tax system.

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# Study "*Gender analysis of fiscal policy in Bolivia*".

**PURPOSE:** To advance in the analysis from a gender perspective of fiscal policy from the revenue side.

**FIELD:** Tax System (General National Regime)

# SCOPE OF THE STUDY

GENERAL REGIME	NATIONAL TAXES		99,90%
	1. Value Added Tax (VAT)		
	2. The Value Added Tax Complementary Regime (RC - VAT)		
	3. Direct Tax on Hydrocarbons (IDH)		
	4. Special Tax on Hydrocarbons (IEHD)		
	5. The Corporate Income Tax (IUE)		
	6. Transaction Taxes (IT)		
	7. Financial Transaction Tax (FTT)		
	8. The Excise Tax (ICE)		
	9. Inheritance tax and tax on gratuitous transfers of property (TGB)		
	10. Tax on outbound expenditures (ISAE)		
	PROPERTY TAXES LEVIED BY THE GOVERNORATES		
	Mining Patents		
Mining Royalties			
SPECIAL REGIME	MUNICIPAL PROPERTY TAXES		0,10%
	Tax on the transfer of real estate and motor vehicles (ITM)		
	Property tax on real estate and motor vehicles (IPB)		
	1. The simplified tax regime, applied to individuals engaged in retail trade (annual amount of between 12,000 to 37,000 Bolivianos).		
	2. The Integrated Tax System, intended for individuals who provide public transportation services and may own a maximum of 2 vehicles.		
	3. Unified agricultural regime: Applied to individuals owning small farms.		

## Information available



- Tax regulations
- Data on total amount of taxes collected
- Population distributed by occupational category, branch of activity and HDI level disaggregated by sex (INE).
- Data from the Household Survey (INE).

## Information not available



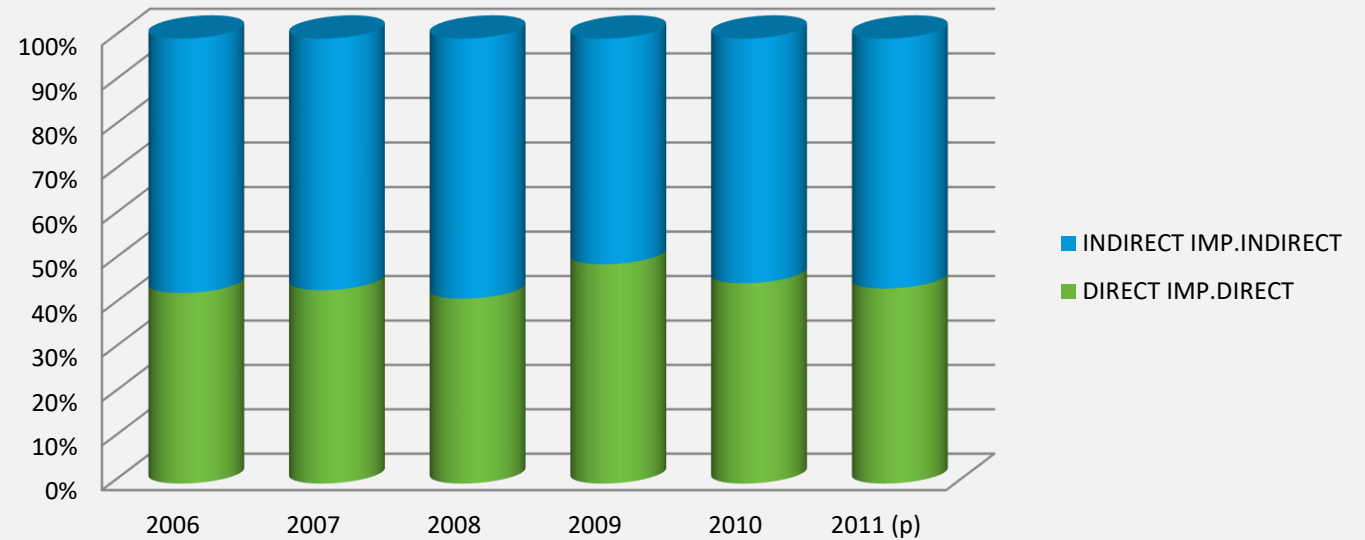
- Collections by type of taxpayer, individual taxpayers disaggregated by sex, taxpayers disaggregated by income bracket or bracket of amount paid in tax (Servicio de Impuestos Nacionales)

# DESCRIPTION OF THE TAX SYSTEM

## Analysis of the elements that characterize the general system

Increased amount of taxes and amount collected based on indirect taxation:

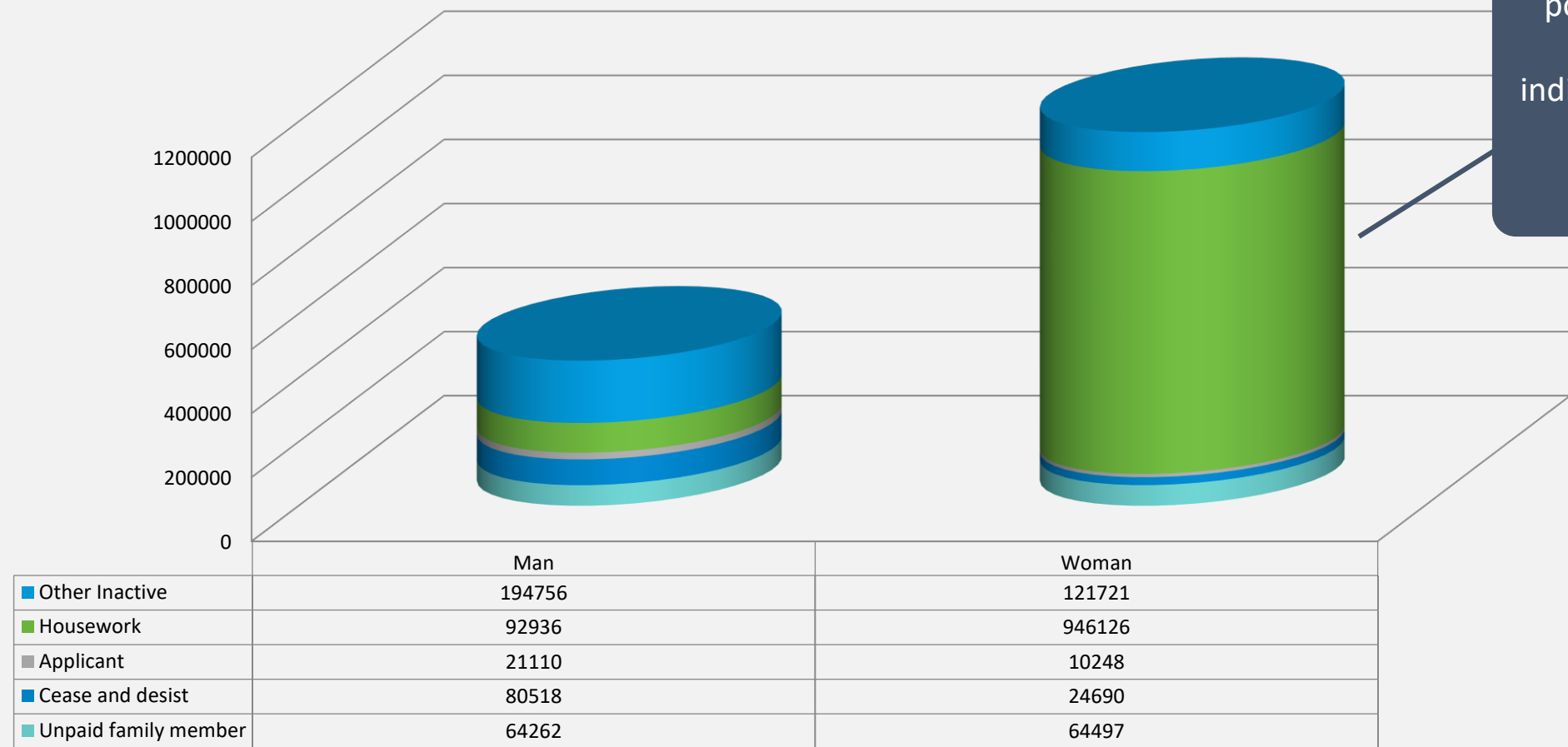
### DISTRIBUTION OF REVENUES BETWEEN DIRECT AND INDIRECT TAXES



SOURCE: COELLO, R. and FERNANDEZ, S. *Política Fiscal y Equidad de Género en Bolivia: Análisis y Propuesta para la Construcción del Pacto Fiscal hacia el Vivir Bien*. UN Women. La Paz 2013

# POPULATION IN OCCUPATIONAL CATEGORIES WITH NO INCOME DISAGGREGATED BY SEX

Indirect taxes affect the population with and without income indistinctly (the latter is mostly female).



SOURCE: COELLO, R. and FERNANDEZ, S. ( Fiscal Policy and Gender Equity in Bolivia: Analysis and Proposal for the Construction of the Fiscal Pact for Living Well. UN Women. La Paz 2013

# DESCRIPTION OF THE TAX SYSTEM

## Analysis of the elements that characterize the general system

### Greater weight of taxation on income vs. net income in direct personal income taxation

- It is not possible to deduct the cost of reproduction and life support (mostly borne by women) from income taxation.
- The consideration of a reduction for family responsibilities is not possible either.

			ALICUOTA	TAXABLE BASE	Amount of tax	Net income
RC-IVA (over income)	Salaried employee	He receives a salary of 10,000 Bs. Invest in its maintenance or 5,000 Bs.	13%	10,000 Bs	1300	3700
	Owner of a real estate property	Lease an apartment worth 10,000 Bs. Invest in maintenance 1,000 Bs.	13%	10,000 Bs	1300	7700
EUI (over profit)	Sole proprietorship	Generates a sale of 10,000 Bs.	25%	5,000 Bs	1250	3750
		Invest in inputs to generate such sales for 5,000 Bs.				

SOURCE: COELLO, R. and FERNANDEZ, S. ( *Fiscal Policy and Gender Equity in Bolivia: Analysis and Proposal for the Construction of the Fiscal Pact for Living Well*. UN Women. La Paz 2013

# DESCRIPTION OF THE TAX SYSTEM

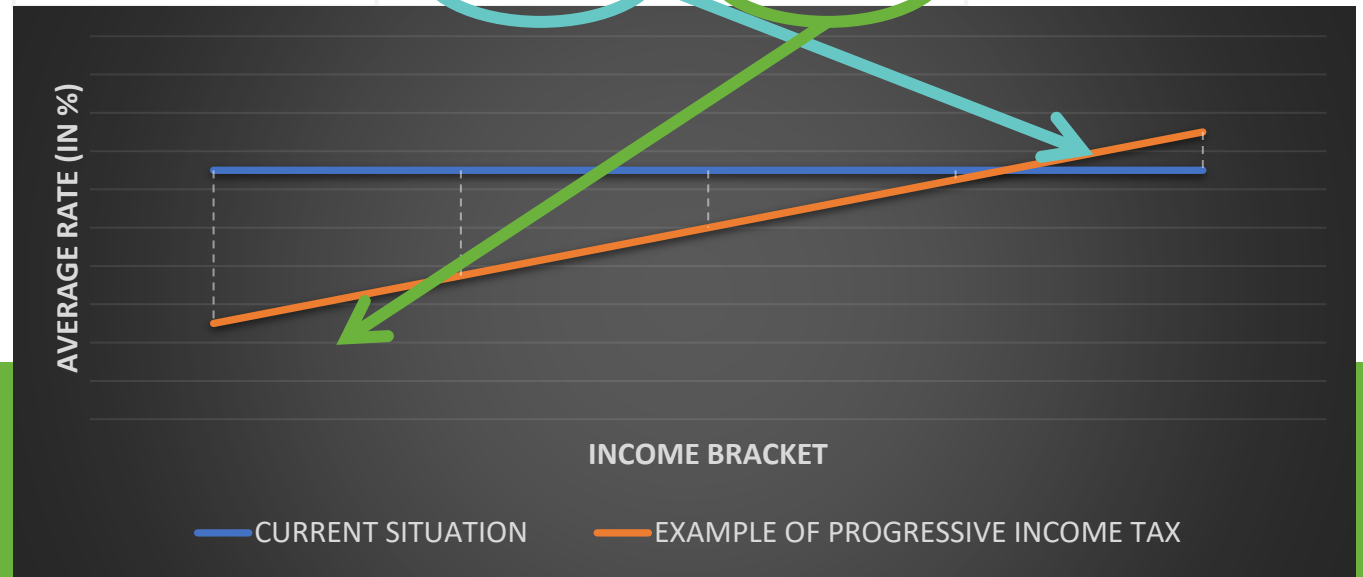
## Analysis of the elements that characterize the general regime

Existence of single aliquots, regardless of:

- The amount of rent or income received

The lack of income brackets with differentiated tax rates is detrimental to lower income brackets (where there is a higher proportion of women) and benefits higher income brackets (where there is a higher proportion of men).

Average Income		
	Man	Woman
Urban	2,149	1,352
Rural	817	323
National	1,649	947



SOURCE: COELLO, R. and FERNANDEZ, S. ( *Fiscal Policy and Gender Equity in Bolivia: Analysis and Proposal for the Construction of the Fiscal Pact for Living Well*. UN Women. La Paz 2013



# DESCRIPTION OF THE TAX SYSTEM

## Elements that characterize the general regime

Existence of single aliquots, regardless of:

- The amount of rent or income received
- The type of institution that generates it (family business, sole proprietorship, small or large company, cooperative).
- The type of good or service being taxed (basic good or service necessary for the reproduction and support of life).

The absence of income brackets with differentiated tax rates is detrimental to lower income brackets (where there is a higher proportion of women) and benefits higher income brackets (where there is a higher proportion of men).

Increased proportion of women microbusiness owners

Basic goods and services pay the same rate (women invest a higher proportion of their income in these goods and services).

SOURCE: COELLO, R. and FERNANDEZ, S. ( *Fiscal Policy and Gender Equity in Bolivia: Analysis and Proposal for the Construction of the Fiscal Pact for Living Well*. UN Women. La Paz 2013

# DESCRIPTION OF THE TAX SYSTEM

## Analysis of the subject matter of the lien

Majority male ownership of income that is not subject to taxation

		RC-IVA	IUE	IDH	TGB	IVA	IEHD	IT	ITF	ICE	ISAE	TOTAL
Alícuota		13%	25%	32%+18 %	1-20%	13%	Hasta 50%	3%	0,15%	18-50	217Bs	
Tipos de ingresos o rentas	<b>Ingresos de actividades económicas-productivas</b>	X	X	X		X		X				5
	Ingresos del trabajo dependiente	X										1
	Ingresos del trabajo independiente		X			X		X				3
	Ingresos de utilidades empresariales		X									1
	Ingresos de la producción de hidrocarburos			X								1
	<b>Ingresos de transferencias</b>				X			X				2
	Subvenciones, subsidios, pensiones	EX										0
	Donaciones y transmisiones gratuitas				X			X				2
	<b>Ingresos de capital</b>	X	X									2
	Ingresos financieros por depósitos, operaciones de crédito		X									1
	Ingresos financieros por participaciones de capital (dividendos)	EX	EX			EX		EX				0
	Ingresos por bienes inmuebles (arriendos)		X					X				2
	Ganancias patrimoniales (incremento de valor en la venta de activos)	EX	EX			EX		EX				0
	Tenencia de Patrimonio (*)											0

(\*) Gravado por impuesto de carácter municipal

EX = EXENTO

SOURCE: COELLO, R. and FERNANDEZ, S. ( Fiscal Policy and Gender Equity in Bolivia: Analysis and Proposal for the Construction of the Fiscal Pact for Living Well. UN Women. La Paz 2013

# DESCRIPTION OF THE TAX SYSTEM

## Analysis of the subject matter of the lien

		RC-IVA	IUE	IDH	TGB	IVA	IEHD	IT	ITF	ICE	ISAE	TOTAL
Alícuota		13%	25%	32%+1 8%	1- 20%	13 %	Hasta 50%	3%	0,15 %	18- 50	217 Bs	
Tipos de actividad económicas	<b>Producción</b>	X		X								2
	Producción de bienes y servicios (Trabajo asalariado)	X										1
	Producción de Hidrocarburos			X								1
	<b>Comercialización, distribución</b>					X	X	X		X		4
	Compra-venta de bienes					X	X	X		X		4
	Compra-venta de servicios					X		X				2
	Arrendamiento							X				1
	Importación					X	X			X		3
	Exportación							EX				0
	<b>Financiación</b>								X			1
	Compra-Venta de activos financieros					EX		EX				0
	Transacciones financieras								X			1
<b>Otros</b>												
Salidas al exterior											X	1

EX = EXENTO

- Mostly taxed activity is where a higher percentage of the employed female population is inserted.
- Less taxed activity employs 0.5% of the employed population (40% women and 60% men).

SOURCE: COELLO, R. and FERNANDEZ, S. ( Fiscal Policy and Gender Equity in Bolivia: Analysis and Proposal for the Construction of the Fiscal Pact for Living Well. UN Women. La Paz 2013

# DESCRIPTION OF THE TAX SYSTEM

## Analysis of tax benefits

- Mostly fixed according to the object of taxation and not according to the subject of taxation
  - Intended to benefit certain economic activities (e.g. export)
  - No benefits are contemplated to support certain people according to their profile or situation (e.g. family burdens, degree of disability, etc... Mostly assumed by women).
- Not conditioned to the fulfillment of objectives (e.g. creation of stable employment, hiring of young people, investments promoting co-responsibility of the private sector in care...).

# Recapping

Characteristic element of the Bolivian tax system	Gender implications
<ul style="list-style-type: none"><li>Progressivity limited by the weight of indirect taxation and the lack of progressivity in the design of direct taxation</li></ul>	<ul style="list-style-type: none"><li>Indirect taxes affect the population with and without income indistinctly (the latter is mostly female).</li></ul>
<ul style="list-style-type: none"><li>Direct taxation mostly on income (rather than on net income)</li><li>The minimum amount of exempt income is limited to two minimum salaries.</li></ul>	<ul style="list-style-type: none"><li>The absence of income brackets with differentiated tax rates is detrimental to lower income brackets (where there is a higher proportion of women) and benefits higher income brackets (where there is a higher proportion of men).</li><li>It is not possible to discount the cost of reproduction and life support (mostly borne by women) in income taxation.</li><li>It is also not possible to take into account reductions for family responsibilities.</li></ul>
<ul style="list-style-type: none"><li>Existence of single aliquots, regardless of:<ul style="list-style-type: none"><li>➤ The amount of rent or income received</li><li>➤ The type of institution that generates it (family business, sole proprietorship, small or large company, cooperative).</li><li>➤ The type of good or service being taxed (basic good or service necessary for the reproduction and support of life).</li></ul></li></ul>	<ul style="list-style-type: none"><li>The lack of income brackets with differentiated tax rates is detrimental to lower income brackets (where there is a higher proportion of women) and benefits higher income brackets (where there is a higher proportion of men).</li><li>Increased proportion of women microbusiness owners</li><li>Basic goods and services pay the same rate (women invest a higher proportion of their income in these goods and services).</li></ul>

# Recapping

Characteristic element of the Bolivian tax system	Gender implications
Analysis of the subject matter of the lien <ul style="list-style-type: none"><li>Differentiated treatment in the taxation of income depending on its origin: Transfers/pensions and financial income are not taxed.</li></ul>	<ul style="list-style-type: none"><li>Women underrepresented in pensioners and financial asset holders.</li></ul>
<ul style="list-style-type: none"><li>The commercialization of goods and services concentrates the largest amount of taxes on economic activities.</li></ul>	<ul style="list-style-type: none"><li>Marketing is one of the sectors where women are most likely to find employment.</li></ul>
Tax Benefits <ul style="list-style-type: none"><li>Absence of tax benefits that directly contribute to welfare, care and sustainability of life</li><li>Lack of consideration of family circumstances (family burdens, disability or dependency situation...) when assigning tax benefits.</li></ul>	<ul style="list-style-type: none"><li>Women spend proportionally more of their budget and time on care and sustainability of life.</li></ul>

# Recommendations

Revise the formulation of direct taxes to make it more progressive, establishing differentiated rates according to income brackets (RC-VAT, for salaried and self-employed workers. IUE for small and medium-sized companies, cooperatives, sole proprietorships and family businesses).

Increase the minimum exemption for income from salaried work or the possibility of deducting from the taxes levied on the income of individuals an amount to cover the costs of "reproduction" of oneself and one's dependents.

Generate tax benefits according to social objectives (not only according to the taxable person) (e.g. institutions that provide care services to their personnel, support for the labor insertion of certain groups...).

Create a reduced VAT rate on basic goods and services linked to the care and reproduction of life (food, health, education, housing, care for the sick, etc.) and eliminate the IT from the trade of these products.

To compensate, create a higher VAT rate applicable to certain luxury goods.

Extend the object of taxation of RC-VAT to include financial income.

**Thank  
you!**

