

Engendering Taxation: A Research and Policy Agenda

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Increased attention has been paid to the gender dimensions of taxation; however, there has been limited research on the subject, particularly in lower-income contexts. Understanding how tax policy and administration in lower-income countries affect women's ability to participate in the workforce and carry out care work is critical for ensuring development with gender justice. This paper reviews the existing literature and related debates on gender and tax in lower-income countries, identifying knowledge gaps and mapping broader issues relevant to understanding the gendered impacts of taxation.

The authors show that tax policies can be made gender-neutral by paying greater attention to how they affect women differently. At the same time, governments can explore policies that positively discriminate as a means of addressing structural gendered inequalities. While the authors draw attention to the importance of engendering taxation, they recognise that tax policy may not always be the most appropriate way to address underlying gender inequalities and implicit tax biases. Nevertheless, an awareness of how tax policy and administration affects gender is necessary to ensure a more equal and progressive tax system.

1. Tax policy and gender equality

The authors first consider the impact of tax policy on gender equality, reviewing the literature in turn on gender and indirect taxes, direct taxes on businesses, and direct taxes on income, wealth and property.

1.1 Indirect taxes

The burden of VAT tends to fall disproportionately on women because they make up a disproportionate share of low-income earners and spend a larger proportion of their incomes on collective household needs. Nevertheless, good policy design suggests that a tax system should be as simple as possible, with VAT levied as widely as possible and proceeds spent on helping those in need. Indeed, reforms such as zero-rating and exemptions have yielded mixed results, with low-income earners not always benefiting from tax cuts while complexities and inefficiencies are added to the tax system.

1.2 Direct taxes on businesses

Most women-owned businesses in lower-income countries fall below corporate income tax thresholds or are otherwise unregistered with revenue authorities. Therefore, it is important to understand the taxation of small businesses and the informal sector as well as the impact of subnational taxation. Taxing informal businesses through presumptive or simplified tax regimes can have negative gender impacts due to flat rates and limited progressivity, with women-owned businesses more likely to pay a disproportionately high relative rate of taxation.

1.3 Direct taxes on income, wealth and property

Personal income tax can affect gender equality where thresholds are set too low, as women are more concentrated in lower-income groups. Meanwhile, where tax rates on wealth and property are low, men are more likely to benefit. However, again, only focusing on policies around formal taxes does not provide a complete picture of how gender and taxation interact in lower-income contexts, as individuals and households pay a variety of user fees and informal taxes to access public services.

2. Gender in tax practice

The authors then consider how taxation affects gender equality in practice, including through taxpayer behaviour, tax administration, tax policymaking and gender-sensitive budgeting.

2.1 Gendered taxpayer behaviour

There is mixed evidence on the gendered nature of taxpayer behaviour. In part, this may be because many studies look at gendered differences as a secondary rather than core variable, as well as methodological issues in studying gendered tax compliance. Thus, the findings on taxpaying behaviour should be treated with caution, as they do not capture the full realities of lower-income individuals and firms.

2.2 Gendered impacts of tax administration

Where tax administration is discretionary and variable, it is likely to have gendered impacts, as biases may be introduced through how officials enforce tax policy. Tax collectors may enforce certain policies more than others, which can affect women disproportionately if they

dominate more visible sectors. However, more vulnerable women – including the elderly, pregnant women or widows – may, in some instances, receive more favourable treatment, including waivers of taxes. In face-to-face interactions, there are opportunities for harassment and corruption, which may affect men and women differently. Women are also more likely to face challenges in complying with taxation because of caregiving responsibilities and the reality that women are more likely to run smaller firms than men. Reforms to remove constraints to tax payment, including the digitisation of tax payments, may improve the ease of tax administration, perhaps especially for women, if they have access to technology.

2.3 Women in tax administration

It is commonly assumed that more women in tax administration will have positive effects on the quality of service; however, limited research has been conducted on the relative performance of women and men in tax administrations in Africa. Nevertheless, gender equality in hiring should be a goal in and of itself, regardless of its impact on tax.

2.4 Women in tax policymaking

Evidence suggests that getting more women onto the public sector's frontlines could benefit both men and women. Civil society also has a role to play in supporting gender-sensitive fiscal policies, by providing citizens with the information and tools to influence policy debates.

2.5 Linking gender-sensitive taxation and budgeting

Gender in taxation cannot be analysed independently of the gender analysis of budgets. Without considering revenues and their sources together, gendered budgets run the risk of producing discriminatory taxation. A comprehensive look at the gender implications of revenue

and expenditure systems together can enable a deeper understanding of the policies that can advance gendered fiscal justice.

3. A research agenda for engendering tax and development

The authors identify several gaps in the existing research, which may serve as the basis for a future research agenda on tax and gender. Firstly, and broadly, there is a need for more gender-disaggregated data analysis and evaluations of the gendered impacts of tax policy and administration. Secondly, existing research tends to focus on formal direct taxes, which are less relevant for women in lower-income contexts, given the high participation rates in the informal economy. Thus, greater analysis is needed on the gendered impacts of small and informal taxes and fees, including those collected at the subnational level. Thirdly, more research should move beyond analyses of policy biases and their implications to think about the implementation and administration of policies. Taxation operates in a broader administrative and policy environment. Finally, assessments on the impacts of tax policy on gender often do so in isolation, without considering revenues and expenditures together. There is thus value in linking explorations of the gendered impacts of taxation with parallel analyses of government spending and social protection, including through fiscal incidence analyses.

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Further reading

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Credits

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