

How to make tax and public finance more gender equitable

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Country tax systems influence the possibility of achieving economic and social goals

Strengthening + restructuring tax systems and improving administration of tax revenues are essential to providing adequate public funds for the achievement of development goals

Women's
participation in
the workforce

Health and
education

Social protection
systems

Transport, energy,
and other
infrastructure

Savings and
ownership of
assets

Consumption
decisions

Explicit and implicit biases are built into tax systems

Explicit biases: differences in the ways women and men or female and male taxpayers are treated simply on the basis of their gender

- For instance, if certain tax preferences are available only to male taxpayers, this is an explicit gender bias.
- There are fewer such instances of explicit bias, as many countries have reformed their laws and regulations.

Implicit biases: differences built into the tax system based on gender norms and economic behavior

- Implicit biases are more pervasive than explicit biases
- They can be found in tax and customs systems and can affect labor supply or business incentives, consumption and investment behavior, or decisions about family composition and relationships.

Implicit biases are rooted in gender differences in economic behavior and social norms

Gender Differences in Employment:

- Women enter and exit the labor force more frequently than do men
- Women earn less than men on average, even after controlling for standard human capital variables
- Women work predominantly in informal employment

Unpaid work and care:

- Women do most unpaid care work. These are vital services that enable the paid economy to function

Gender differences in expenditure:

- Women tend to spend a higher proportion of income under their control on goods **and services** such as food, education, and health care that enhance the well-being and capabilities of children

Gender differences in property rights:

- In many developing countries, women are frequently denied the right to own and inherit property
- In many regions, men hold formal land title when land is private, and some social norms dictate that businesses are owned by male family members. Some countries are using the tax system to provide incentives to increase female property ownership

Incidence of Indirect Taxes by Household Type

<i>Incidence falls most heavily on:</i>	<i>Total indirect taxes</i>	<i>VAT</i>	<i>Excises</i>	<i>Fuel Tax</i>
By Headship (comparing male-headed versus female-headed)				
Male-headed households	Argentina, Ghana, Mexico, Morocco, South Africa, Uganda, UK	Argentina, Ghana, Mexico, South Africa, Uganda, UK	Argentina, Ghana, India, Mexico, Morocco, South Africa, Uganda, UK ¹	Argentina, Ghana, India, Morocco, UK, South Africa, Uganda
Female-headed households	India	India, Morocco	UK ¹	Mexico
By Employment Status (comparing male-breadwinner, female-breadwinner, dual-earner, none-employed)				
Male-breadwinner households	Argentina ² , Ghana, Mexico, South Africa, Uganda	Argentina ² , Ghana, Mexico, South Africa, Uganda	Argentina, Ghana, Mexico, Morocco ² , South Africa, Uganda	Ghana ² , Uganda, Morocco ²
Female-breadwinner households				Mexico
Dual-earner households	Argentina ² , Morocco	Argentina ² , Mexico, Morocco, UK	Morocco ²	Argentina, Ghana ² , Morocco ² , South Africa, UK
No-employed	UK		UK	
By Household Sex Composition (comparing male-dominated, female-dominated, and equal numbers)				
Male-majority households	Argentina, Ghana, India, Mexico, Morocco, South Africa, Uganda, UK	Argentina, Ghana, India, Mexico ³ , South Africa, Uganda	Argentina, Ghana, India, Mexico, Morocco, South Africa, Uganda, UK	Argentina, Ghana ³ , India, Uganda, UK
Female-majority households				Mexico
Equal-number households		Mexico ³ , UK		Ghana ³ , South Africa
Proportional		Morocco		Morocco

Notes: In Mexico, fuel tax was a subsidy and therefore the cells indicate which household type received less subsidy

¹ *The differences in incidence for female-headed and male-headed households are not statistically significant*

² *The differences in incidence between male-breadwinner and dual earners are not statistically significant*

³ *The differences in between male-majority and equal number households are not statistically significant*

Country capacity defines the most effective entry points

Countries with weaker administrative capabilities and lower levels of economic development

- Tend to remain heavily dependent on collections at customs
- Fewer entry points for incorporating specific gender equality goals.
- However, WBG work showed that simplification and greater transparency of procedures contributed both to greater efficiency and reduction in bribes and harassment of female cross-border traders.
- A significant fraction of domestic indirect taxes, such as the value added tax, are collected at customs, so at the very least, both international trade taxes and domestic indirect taxes are viable handles.

Countries with stronger administrative capabilities and more diversified economic development

- Include more entry points.
- The full range of taxes from personal and corporate income taxes, property or other wealth taxes, indirect taxes, including value added tax and excises, and international trade taxes, all have dimensions where their structure and administration potentially interact with gender equality goals.

Entry points for gender equity in tax systems

Efficiency: Raise Revenue

- Avoid overly distortionary tax system.
- Use Pigouvian taxes to correct for market failures.
- Use some differentiation in rates and other provisions, when adds to economic goals (for instance, encouraging female labor force participation)
- Achieve non-inflationary budget to meet macro goals

Equity in tax policy

- Emphasis on vertical equity- ability to pay principle to achieve more equal distribution of incomes
- Emphasis on horizontal equity-benefits principle

Administrative Feasibility

- Cost of collection
- Cost of compliance
- Cost of enforcement
- Designing rules and regulations
- Challenges to tax administration

There are several entry points in tax systems that can be considered

Direct taxes on
income and
wealth

- Personal income tax
- Corporate income tax
- Wealth or inheritance tax

Indirect taxes
on
consumption

- Value-added tax
- Selected sales and excise taxes

Property taxes

- Real estate, such as land and housing or on personal property such as cars and boats

Trade taxes

- Import or export duties

There are further entry points for gender equity in tax systems that could be considered

Women as tax administrators

- Little information seems to be publicly available on gender distribution of staff of tax administrations in developing countries.
- Data suggests that:
 - They are predominantly male
 - The proportion of females is increasing
 - Women are more commonly found in lower than in higher ranks
 - The female proportion varies considerably according to location

Women in Central Banks

- One-sixth of Central Banks have no women in senior positions
- Only 18 Central Banks are headed by a woman – out of 185 Central Banks globally.
- The weighted average score for Central Banks is 27 on the [OMFIF Gender Balance Index 2021](#).

Women in Parliament and in Ministerial position

- 25.5% of the world's MPs are women
- 21.3% of ministerial positions are held by women

Behavioral Changes Anticipated in Response to Tax Changes



Consumer demand and labor supply

Producer behavior

Trade with other states and countries

Investment

Labor migration

Thank you

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