

"Reshaping International Financial Accountability, Transparency and Taxation to Ensure Gender Equality"

**The Tax and Gender Working Group of the Global Alliance for Tax Justice (GATJ)**

Submission to the UN High Level Panel on International Financial Accountability, Transparency and Integrity (FACTI)

The COVID-19 conjuncture has laid bare decades of inequalities and systemic failures which are a result of neoliberal policies, colonial history, decades of privatisation and austerity measures. These policies have in turn constrained public finances, leading to underfunded social sectors, weak governance, rapid increases in public debt, and large social and physical infrastructural deficits. This neoliberal system continues to entrench a broken international financial architecture that enables illicit financial flows, tax evasion and tax avoidance by the rich and multinational corporations. This crisis underscores the urgency of decisive action to stop illicit financial flows and ensure revenues are mobilised and redirected not just for emergency responses, but to ensure just recovery and reconstruction where "building back better" also means better capacities to meet gender equality and other human rights obligations. A tool to assess economic policy in times of crisis is the [UN's Guiding Principles for human rights impact assessments for economic reform programmes](#).

The Tax and Gender Working Group appreciates and welcomes the opportunity to submit comments to the Panel. The focus of this contribution is on two of the FACTI Panel clusters: **1) improve cooperation in tax matters; and 2) accountability, public reporting and anti-corruption measures.**

- **Build on the momentum of international commitments to address the structural causes of inequality, particularly gender inequality in taxation and related fiscal measures.**

**We would like to reiterate from our Intervention at the FACTI Virtual global townhall with civil society that 2020** marks the 25<sup>th</sup> anniversary of the landmark World Conference on Women held in Beijing in 1995 where the [Beijing Declaration and Platform for Action](#) (BPfA) was adopted by States. The BPfA is the most progressive blueprint for the advancement of women's rights to date, and binds all signatory governments, international financial institutions, and private sector actors to take highly detailed steps to implement the Convention on the Elimination of All Forms of Discrimination against Women ([CEDAW](#)) on an ongoing basis. The rights to substantive gender equality for all groups affected by intersectionalities and multiple forms of discrimination and equality for all is guaranteed by CEDAW and the BPfA. The 1979 [CEDAW](#) is an international bill of rights for women and commits States to adopt all measures to end gender based discrimination, including violence against women and girls. The CEDAW Committee General [Recommendation 35](#) states that 'discrimination against women [is] inextricably linked to other factors that affected their lives' [...] 'Gender-based violence against women is affected and often exacerbated by cultural, economic, ideological, technological, political, religious, social and environmental factors.' [...] The CEDAW Committee has issued several decisions under its Optional Protocols that hold governments accountable for failing to provide adequate and appropriate social and economic resources, whether in the form of spending programs or tax credits, deductions, allowances,

deferrals, expenditures, or special funds. Central to the application of the CEDAW and BPfA is the core principle of defining discrimination to cover substantive equality rights. Since the adoption of General Recommendation no. 28, substantive equality has been understood as expansively including both *de jure* and *de facto* equality of opportunity; access and outcomes; structural inequalities generated by longstanding social-economic arrangements; systemic forms of discrimination affecting those faced with intersecting and/or multiple forms of discrimination, whether arising from government budgets, or laws, practices, and policies. **The BPfA itself sets out the steps all states must take to mainstream this inclusive concept of equality (“gender mainstreaming” in all laws, policies and practices) using the tools of gender-based analysis and gender budgeting.** In addition, **women’s right to participate meaningfully and be represented in all stages and levels of decision-making that affect their lives and interests** are also guaranteed. The BPfA specifically commits all countries to eradicate all related and intertwined forms of discrimination, including those generated by tax and spending laws used to produce IFFs, such as corporate, personal, wealth, and consumption tax provisions, rates, and exemptions (paras. 152-182).

States’ commitments to achieving substantive gender equality are reiterated in the SDGs that recognise the central role of macroeconomic policies and in the Paris Agreement on climate that recognize the centrality of promoting substantive gender and all other equality rights in all fiscal policies. The 1966 International Covenant on Economic Social and Cultural Rights (ICESR), article 2.1 **commits States to utilise maximum available resources towards the progressive realisation of rights.** States have the obligation to respect, promote and fulfil rights by abiding to **principles of progressive realisation, non-retrogression, the satisfaction of minimum essential levels, equality and non-discrimination as well as participation, transparency and accountability.** Thus, gender impact analysis of all budgets and other financial resources that affect both revenues and expenditures of all domestic, transnational, and international tax policies are linked together. **There is strong support in numerous international treaty documents aimed at ensuring that all governments have an obligation to** make resources available for women’s rights **by exploring** all strategies available within public finance and macroeconomic policies, including public expenditure, taxation, official development assistance (ODA), budget deficits, debt management, monetary policy, financial regulation and borrowing.

In our contributions to the [CSO virtual consultations](#) we urged the panel to build on the momentum of these and related international commitments to address the structural causes of poverty and reduce gender and other inequalities driven by IFFs and discriminatory tax, benefit, expenditure, and budget laws because this is not reflected in the [first background paper](#). We welcome the co-chair Dr. Dalia Grybauskaitė’s (video min 1:31:54 ) acknowledgement of the omission and key importance for the panel to address gender equality. The summary note of May 8th *Virtual consultation session: Improving cooperation in tax matters mentions that* ‘The importance of the linkages between the tax and fiscal systems and the sustainable development agenda, including links to environmental and social issues, and especially considering gender equality and the impacts of fiscal systems on women. Call for consistency of the international tax system with human rights norms.’ **We reiterate that addressing gender and human rights in taxation and promotion of non-discrimination in taxation systems and the international financial architecture is key to sustainable development for all.**

- **Financing WHRs through fair taxation and expenditure systems**

If the panel fails to adopt a robust gender approach to financing for equality, it will be reinforcing and exacerbating existing inequalities in contravention of human rights obligations of non-retrogression. Fiscal, economic and social policy makers often ignore the fact that all policies have gendered and inequalities dimensions, such as in taxation, trade, health and education policy. The absence of systematic gender and HR impact assessment or a system to ensure non-discrimination for these structural inequalities in all sectors, including in relation to taxation, generate increased forms of inequalities for those whose human rights and needs are not addressed are left ever further behind.

The idea expressed during the CSO consultation, that gender inequality should only be considered after taxes are raised in spending policy is concerning to the working group because tax is a gendered issue and the ways in which it is raised and spent impacts on gender. We would like to note that many tax laws themselves are actually designed as expenditure rules. For example, providing a refundable tax credit in a tax statute or regulation simply uses the tax rule to conduit government revenues to specific recipients. Exactly the same result can be attained by structuring the same refundable tax credit as a direct expenditure granted by an expenditure program. These forms of tax 'expenditures' and other mixed tax/benefit provisions all generate gender impact issues. As stated in OECD, ***Putting Finance to Work for Gender Equality and Women's Empowerment: The Way Forward*** (OECD: Jan. 2020), p 21, OECD Development Policy Papers no. 25, "Taxation fuels government expenditure, and is the world's largest source of financing for sustainable development over the long term. It amounted to an estimated USD 4.3 trillion globally in 2016, more than double the volume of all cross-border flows." For details on how all types of taxes and related benefit, expenditure, or income support laws impact on after tax incomes by gender, see the 2018 UN Women discussion paper Gender Taxation and Equality in Developing Countries: Issues and Policy Recommendations and the following sections in this submission.

**The FACTI Panel has an opportunity to align its work to apply direct global commitments to produce substantive equalities in all dimensions of life, sustainability, and climate preservation and** re-think the global economic and financial system to reverse retrogressions of recent decades, and integrate rights based feminist approaches to global economic governance by making power visible, democratic, legitimate and accountable, at all levels, and in both private and public realms. All women and all people should be able to work together to exercise choice and control over economic opportunities, resources and outcomes and shape economic decision-making at all levels in a [just and feminist economy](#).

- **Addressing the structural causes of gender inequality in fiscal policies, budgets and taxation systems**

Structural inequalities lie very much at the heart of the challenges women and other marginalized groups face in the search for equal outcomes. Women and girls take up a large share of domestic work, unpaid care and unpaid productive labour, which are largely ignored by policymakers. These forms of work remain invisible in formal fiscal systems and are not taken into consideration when budgets are

formed, and programs are funded. Consequently, when public health and care services are cut and social protection and safety nets are reduced, further burdens are placed on women and girls' disproportionate level of unpaid care work because of socially determined gender roles. **This dynamic -- which is deeply embedded in fiscal systems, underpinned by the global financial architecture, particularly those shaped by colonization -- jeopardises women's rights to education, decent work, an adequate standard of living, access to public life and decision making as well as rest, leisure and a life free of violence.** SDG 5 calls on States to "recognize and value unpaid care and domestic work through the provision of public services, infrastructure and social protection policies and the promotion of shared responsibility within the household and the family as nationally appropriate." Globally, on average, women do almost two and a half times as much unpaid care and domestic work as men. The current pandemic has clearly exposed that it is more vital than ever now to place care and women's rights at the front and centre by addressing discriminatory tax laws -- especially tax laws that already use women's high levels of unpaid work as a basis to confer tax benefits on spouses/partners.

**Tax laws and national budgets are integral components of States' body of laws and as such reflect a State's core values, principles and priorities.** They are embedded in historically produced structural and systemic inequalities. They can contribute to reproducing inequalities -- such as for example through tax provisions that directly or indirectly discriminate against women -- but when **tax laws and national budgets are designed and practiced fairly and justly they can also serve a steering function to correct or redress imbalances or inequalities, including gender inequality.** Sufficient tax revenues are necessary to ensure that governments can fulfill their human rights obligations and realize gender equality commitments, to provide adequate social protection and public services, including education, healthcare, housing, access to effective and gender equal judicial systems, prevention of violence against women, access to clean water, sanitation, and adequate incomes. **This requires governments, especially in low, low-medium, and medium income countries, to have full agency over their 'taxing rights' in order to implement progressive and gender equal tax systems.** Low- and medium-income countries also need to be released from debt repayments, which exploit the asymmetric nature of debt arrangements, and which further draw revenue away from opportunities for Governments to provide the full range of essential public services. **Failure to mobilize maximum available domestic revenues continues to put the well-being of women and girls at risk and makes the realization of substantive equality an impossible task.**

At present, virtually all domestic tax systems now under-tax wealth holders while increasing tax burdens on those with lower incomes, many of whom provide the indispensable labor and services -- paid and unpaid -- that make economies work and produce business and investment profit. Moreover, the **current international tax system and illicit financial flows, which contain growing numbers of opportunities for business, investment, personal, trade and consumption tax abuses both at domestic and international levels are devastating to women, especially in poorer countries.**

Tax justice and gender equality thus require restoration of **progressive tax systems** that tax higher incomes, wealth and capital at significantly higher rates than those imposed on modest and low incomes; that ensure that taxes on low incomes do not undercut income security throughout the life

course; that social protection systems funded through the tax system provide income security for those with no or low earnings; that reprice goods and services to bring about positive social, ecological, and environmental changes, and that strengthen representative democracy. **Regressive taxes** like VAT have disproportionately negative [gender impacts](#), yet have been widely used to replace [lost revenue](#) from worldwide cuts to corporate, personal, and capital income and gain tax rates, transnational corporate profit shifting to obtain low or zero corporate, business, and personal income tax rates in tax havens, and the widespread use of generous tax holidays and harmful incentives in developing countries.

On tax and corporations and other entities, we note that measures to exact greater tax transparency and accountability from corporations, other forms of business and investment entities, and wealthy individuals should go hand in hand with greater responsibility on the part of business and investment entities for environmental and climate legislation and ensuring that workers' rights are protected and respected at all times. For a fair global economy, just distribution of resources is needed. This means putting limits on monopolistic accumulations of capital and other abuses of property by enacting national and global tax reforms that increase the amount of revenues raised from wealthy individuals and entities in line with feminist visions of equality for all in [social, economic, political, and development laws, practices, and policies](#).

**Given the above, we ask the panel to:**

1. Support **progressive redistributive tax and fiscal systems that** take into account all forms of unpaid work to reduce inequalities and prioritize public funding of social services and infrastructure and social protection through the life course, at least for all who live within 25% of local poverty levels.
2. Support collection of **data disaggregated by gender/identities, intersectionalities of lived experiences**, multiple disadvantages, age, individual incomes, other resources, assets, debts, household and family composition, location, Indigenous, racialized, disability, and other factors relevant to the policy context in order to conduct tax, expenditure, resource allocation, and development impact assessments to track implementation of the CEDAW and all other human rights instruments.
3. Support **reforms of the current international tax and other components of financing for development systems and curb illicit financial flows**, including corporate, personal, investment and capital tax abuses.
4. Support **the call of the Africa Group in G77 and the CSO FFD Forum with thousands of members from the Global South for establishment of a UN Tax Convention and Tax Commission** that is transparent, coherent and promotes sustainable equality for all and climate security.
5. Ensure that **women's rights groups** in their full diversity are included in [meaningful consultations and participation](#) in all financing for development and climate preservation decisions.

In conclusion, it will not be possible to achieve sustainable development, biosphere preservation, substantive gender and all other equalities, and fulfillment of all related human rights, until current tax, expenditure, and financing for development systems, which currently are not fit for purpose, are transformed to end the perpetuation of unacceptable power disparities and to bring about after tax income and resource equality for all individuals within and between countries on a sustainable basis.

## Key resources

1. **Global Alliance for Tax Justice Tax and Gender Resources**
2. **Womankind Worldwide Resources on Women's Rights**
3. **Kathleen Lahey, Gender, Taxation, and Equality in Developing Countries: Issues and Policy Recommendations (New York, UN Women, April 2018), at <http://gender-financing.unwomen.org/en/resources/g/e/n/gender-and-taxation-discussion-paper>**
4. **Do Taxes Influence Inequality between Women and Men? (Aug 2019)**  
<https://oxfamilibrary.openrepository.com/bitstream/handle/10546/620852/rr-taxes-influence-gender-inequality-lac-200819-summ-en.pdf>
5. **Survey on Tax & Gender at Addis Tax Initiative Conference (July 2019):**  
<https://www.surveymonkey.com/results/SM-LYR8J6387/>
6. **Should We Talk About Gender at a Tax Conference? (Sept 2019)**  
<https://politicsofpoverty.oxfamamerica.org/should-we-talk-about-gender-at-a-tax-conference/>
7. **Gender and Taxes: The gendered nature of fiscal systems and the Fair Tax Monitor (Sept 2019)**  
<https://oxfamilibrary.openrepository.com/bitstream/handle/10546/620868/gd-gender-fair-tax-monitor-130919-en.pdf?sequence=1>
8. **A Short Guide to Taxing for Gender Equality – with 6 case studies (March 2019)**  
<https://oxfamilibrary.openrepository.com/bitstream/handle/10546/620629/gd-short-guide-taxation-gender-equality-070319-en.pdf?sequence=9>
  - a. Case Study example - this includes overview of findings from research looking at informal female traders in Nairobi, but I can't find link to full study right now:  
<https://oxfamilibrary.openrepository.com/bitstream/handle/10546/620629/cs-tax-gender-equality-6-kenya-women-traders-070319-en.pdf?sequence=15&isAllowed=y>
9. **ICTD research. Hidden Inequalities: Tax Challenges of Market Women in Enugu and Kaduna States, Nigeria** <https://www.ictd.ac/publication/hidden-inequalities-tax-challenges-of-market-women-in-enugu-and-kaduna-states-nigeria-2/>
10. **Expensive To Be a Female Trader: the Reality of Taxation of Flea Market Traders in Zimbabwe**  
<https://www.ictd.ac/publication/expensive-be-female-trader-taxation-flea-market-traders-zimbabwe/>
11. **Uganda: 5 Ways to Tackle Gender Inequality Through Tax Justice (April 2020)**  
<https://www.globaltaxjustice.org/en/latest/uganda-5-ways-tackle-gender-inequality-through-tax-justice>
12. **Heintz, J. and Balakrishnan, R. (2012): 'Debt, Power, and Crisis: Social Stratification and the Inequitable Governance of Financial Markets', American Quarterly, vol. 64(3) pp. 387-409:**  
[https://womens-studies.rutgers.edu/images/stories/Faculty\\_Image/64.3.heintz.pdf](https://womens-studies.rutgers.edu/images/stories/Faculty_Image/64.3.heintz.pdf)
13. **Working towards a just feminist economy: The role of decent work, public services, progressive taxation and corporate accountability in achieving women's rights (March 2019)**  
<https://www.womankind.org.uk/docs/default-source/default-document-library/working-towards-a-just-feminist-economy---final-web.pdf?sfvrsn=0>
14. **AWID (2017): 'Illicit Financial Flows: Why we should claim these resources for gender, economic and social justice'** <https://www.awid.org/publications/illicit-financial-flows-why-we-should-claim-these-resources-gender-economic-and-social>

15. Bretton Woods Project (2017): 'The IMF, Gender Equality and VAT: The gender dimensions of the IMF's key fiscal policy advice on resource mobilisation in developing countries' in 'The IMF and Gender Equality: A Compendium of Feminist Macroeconomic Critiques' <https://www.brettonwoodsproject.org/2017/04/imf-gender-equality/>
16. FEMNET (2016): 'Unraveling Gender Dimensions in Macroeconomic Policy Frameworks in Africa' <https://femnet.org/wp-content/uploads/2016/06/AWJ-English-Issue-9.pdf>
17. FEMNET (2017): 'Factsheet: What are the Gender Dimensions of IFFs? Strengthening African Woman's Engagement and Contribution' <http://femnet.org/wp-content/uploads/2017/10/Factsheet-on-Gender-and-IFFs-by-FEMNET-2017.pdf>
18. FEMNET (2017): 'What are the Gender Dimensions of IFFs? Strengthening African Women's Engagement and Contribution' <https://femnet.org/wp-content/uploads/2017/07/FEMNET.-Full-Research-paper-on-Gender-Dimensions-of-IFFs-21.7.2017.pdf>
19. It's time to tax for gender justice: Unfair tax systems hit women and girls the hardest. We need to make corporations pay their share. (Oct 2019) <https://www.opendemocracy.net/en/oureconomy/its-time-tax-gender-justice/>
20. ActionAid (2018) Short-Changed: How the IMF's tax policies are failing women. <https://actionaid.org/publications/2018/short-changed-how-imfs-tax-policies-are-failing-women>
21. ActionAid (2016) Making Tax Work for Women's Rights. <https://actionaid.org/publications/2016/making-tax-work-womens-rights>
22. ActionAid (2020) Who Cares for the Future. <https://actionaid.org/publications/2020/who-cares-future-finance-gender-responsive-public-services>
23. OECD, Global Outlook on Financing for Sustainable Development 2019: Time to Face the Challenge (OECD Publishing, Paris, 2018), <https://dx.doi.org/10.1787/9789264307995-en>