

Gender and Taxation: Role of Taxation in Promoting Gender Equity

Tuesday, January 26, 2021 | 3:00 PM – 4:00 PM ET

Meeting Minutes

1. The World Bank Gender Group and IFC Gender and Economic Inclusion Group jointly hosted the first-ever Gender Learning Week in collaboration with the Open Learning Campus (OLC) team from January 25-29, 2021. The learning week aims to support a stronger approach to knowledge sharing across the WBG and partner organizations and help teams learn about state-of-the-art approaches to closing gender gaps within and across sectors to do more and better. As of the distribution of these minutes, the Gender Learning Week has received more than 2,000 registrations for the sessions.
2. The Global Tax Program's virtual panel, "Gender and Taxation: Role of taxation in promoting gender equity", raised awareness of the role of taxation in promoting gender equity; and, highlighted the existing and planned work on gender and taxation in the World Bank and in Partner Institutions who are active on tax matters. The panel session saw 124 total participants.
3. The complete list of panelists and supporting staff is presented in Annex 1.
4. This presentation signals the World Bank's commitment to exploring the role of taxation in promoting equity. It shared the Platform for Collaboration on Tax's scoping exercise on gender-focused tax work of the Platform Partners (IMF, OECD, UN, and WB) and detailed country project work from the Global Tax Program and upcoming project work from a partnership between the Gender GP and Global Tax Program. It ended with open dialogue with participants and collected valuable feedback as the Bank team furthers this work program.

Summary, Opening Remarks, Ceren Ozer, Program Manager, Platform for Collaboration and The Global Tax Program

Ceren Ozer, Program Manager for The Global Tax Program and The Platform for Collaboration on Tax, clarified that not enough is being done in the field of taxation and gender equity, and that this is what drives the work of the teams sharing their work throughout the presentation. Indeed, out of 494 active World Bank projects led by the Macroeconomics, Trade & Investment (MTI) Global Practice, only 19 have a gender tag indicator, demonstrating the scope to do more (a gender tag in the World Bank Operations Portal prompts task team leaders from the outset to assess the extent to which a project identifies gender gaps, addresses those gaps). A key vehicle in expanding the scope of this work within MTI is the Global Tax Program Umbrella. The GTP Umbrella is supported by Australia, Denmark, France, Japan, Luxembourg, Netherlands, Norway, Switzerland, and United Kingdom. With its USD 72 million allocation for tax related technical assistance plays a key role in contributing to the WB's work on taxation with a particular emphasis on equity and tax instruments that affect behavior toward better development outcomes.

Summary, Ashima Neb, Domestic Revenue Mobilization Expert, Platform for Collaboration on Tax

Ashima Neb, Domestic Revenue Mobilization Expert, Platform for Collaboration on Tax, outlined the common themes in the work on tax and gender equity of the four PCT Partners' (IMF, OECD, UN and the WB), being the four leading multilaterals on tax matters. The Partners' work reveals that women's participation in the work force, access to health and education, capacity for savings, ownerships of assets and consumption decisions are impacted by country tax systems. She mentioned that recent studies by PCT Partners recognize that as a group, women and children have been disproportionately negatively affected by the COVID-19 pandemic as a larger proportion of women work in services and the informal sectors that are more susceptible to job and wage cuts. Women also have a greater responsibility in household work, supervision of children learning at home and care of the elderly and sick restricting their participation in the workforce. Decades of progress made in the sphere of gender equity may be reversed as a fallout of the pandemic. She mentioned that a scoping exercise of the work of the PCT Partners revealed that:

- (i) there is limited research and consequently limited availability of gender-disaggregated data on the impact of taxation and fiscal policies of national and sub-national governments on men and women,
- (ii) there is a need to encourage and support countries, particularly developing countries, to assess the impact of their fiscal systems (tax and expenditure) on gender equity, and
- (iii) tax policy and the tax mix adopted by countries should be designed to remove gender distortions and promote gender equity.

Ms. Neb invited the participants to the forthcoming PCT virtual event on gender and tax and asked them to sign up for the PCT newsletter for further details. Please find the newsletter registration [here](#).

Summary, Berni Smith, East Africa Regional Tax Advisor in Ethiopia and Gender & Tax Lead at Foreign, Commonwealth & Development Organization (FCDO)

Berni Smith, East Africa Regional Tax Advisor in Ethiopia and Gender & Tax Lead at Foreign, Commonwealth & Development Organization (FCDO), explained the basis of FCDO's interest in gender and taxation is that gender equality is a right, an SDG in itself and it is a legal obligation to consider gender equity when delivering development. However, there is much more scope to meet this legal obligation and the FCDO is committed to doing so. As an organization, the mandate is poverty reduction and while it can be difficult because there is no silver bullet, it is understood that gender permeates every aspect of policy-making.

Ms. Smith outlined the three stages of gender-informed tax interventions:

- Stage 1: Addressing direct discrimination (Explicit Bias); rule or legislation which treats men and women differently. Less of these around but easiest to tackle.
- Stage 2: Removing indirect discrimination (implicit bias in tax systems); on their face, these regulations appear to treat genders the same but create different impact on the genders in their application. Development partners should be supporting interventions at this level.
- Stage 3: Using your tax system as a tool for greater gender equality, having gender transformative tax policies (helping women go back to work, for example); perceiving Tax as a Tool.

These three levels of ambition can order our policy. Increasingly, the FCDO is doing more work around borders; for example, the economic corridor project between Somaliland, Somalia and Ethiopia. Here, the FCDO commissioned research around female traders at borders and the results were grim. On average, women were subject to violence, abuse, and the different application of tax rules by tax officials. Customs rules were complex and put women at a disadvantage.

Additionally, the FCDO is thinking more about women working in tax, such as within the revenue authorities. Ms. Smith argues that we focus too much on the RA and MoF alone and instead, need to look more broadly at the tax ecosystem, including civil society leaders, judges, and accountants.

She suggests we also need to think about the people that are delivering the work, the people being sent out to do capacity building work. We need diversity in the service delivery. The FCDO has found it very easy to build alliances in this work; however, there is a block between being enthusiastic and doing the programming. Often, enthusiasm is not being translated into action. The World Bank has increasingly become actionable and FCDO is pleased to be part of this.

[Summary, Tuan Minh Le and Alemayehu Ambel, The Ethiopia Taxation and Gender](#)

Tuan Minh Le, Lead Economist, MTI and TTL for the Ethiopia Tax Policy project echoed Ms. Smith, suggesting there is ample enthusiasm for the work, but the real question is how we make that interest actionable. Injecting gender equality into taxation is always politically challenging but it is possible. To do so, it is integral to take the social economic dimensions of policy reforms into account and consider how gender equity can further the objectives of the tax system.

The political and technical challenge lies in both levels of theory and practice. Traditional literature largely omits its formal listing of gender equity in the full set of principles of a good tax system. In practice, many governments come to terms with tax reforms under the immediate need for raising revenues. The TA must consider how to support governments to raise the revenue while balancing the inherent trade-offs of various reform objectives and incorporating the gender equity elements in the full menu of revenue policy and management options.

In the Ethiopia Tax Policy project, the teams aim to incorporate the broader issues of equity (vertical and horizontal) and fiscal incidence in the overall framing of tax and tariff reforms. Mr. Le advises we consider tax mixes with this comprehensive approach, considering multiple forms of taxes and multiple entry points. He illustrated the feasible approach to attain both the political buy-in and gendered fiscal incidence objective in designing a simplified regime for Micro-Small-Medium Enterprises (MSMEs). The regime can be built in such a way that we simplify the compliance procedures, provides equal tax treatment across businesses within and outside the standard tax regimes, and give the tax relief to the specific segment of micro/household businesses with low earnings (e.g., equivalent to the basic exempt threshold under the standard personal income tax regime). This policy setting would support the governments to raise revenues efficiently and equitably and **encourage women's participation in the labor force (in the form of micro/household businesses)**.

Alemayehu Ambel, Senior Economist, Development Data Group, DEC and TTL for Ethiopia Taxation and Gender, confirmed that data generation is important in this context: there are a range of issues on gender and taxation and all of these require evidence. Across economic contexts, gender differences in expenditure, employment, ownership patterns and social norms can cause gender differentiated impact of taxation. Disaggregated data analysis of taxation can illuminate these differences.

One of the challenges of tax work in a country like Ethiopia is the presence of high levels of informality. In fact, the share of informal employment to total employment in Ethiopia (with the exclusion of the agricultural sector), is 79-89% (ILO 2018). Often, individuals and businesses are operating without formal arrangements and cannot be taxed under formal tax assessments (Joshi, Prichard and Heady, 2014); additionally, local public goods are financed by informal/local contributions (Olken and Singhal, 2011). Notably, women in low and middle income countries are overrepresented in this sector (ILO, 2018). The availability of more and better data helps to design equitable tax policy in this sector and to convince policy-makers, as the evidence shines light on the gendered differences. With support from the Global Tax Program, the Ethiopia Technical Assistance on Data and Policy Guidance on Gender and Taxation Project is currently exploring these issues from the gender angle. The project is producing data and analytical evidence on various teams including: (i) tax burdens on individuals and businesses, (ii) fiscal incidence, and (iii) informal taxation.

[Summary, Parvina Rakhimova, Analyst and TTL, Strengthening Property Taxes in Developing Countries](#)

Ceren Ozer, Program Manager, asked what compelled the team, who work on several countries on Property Taxation, to bring a gender dimension to the work in India and the anticipated impact of the work.

Parvina Rakhimova, Analyst and co-TTL, Strengthening Property Taxes in Developing Countries, explained that there is very little information about tax incentives given to women. She and her

team came across this question and decided to learn about incentives given to women across the world.

They found that India gives tax incentives and decided to research further on what kind of incentives are being given to women in relation to property taxes. Moreover, the team sought to understand if the incentives are having an impact on property ownership by women and vice versa, if there is impact of women's ownership on tax collection.

From a behavioral and compliance perspective, a number of studies prove that women are more knowledgeable and more compliant in tax paying. The team asked, if women are offered the incentive to receive property ownership, does this contribute to overall increased tax revenues?

In India, there are two taxes related to property: Stamp Duty (levied during the transaction related to the transfer) and the Property Tax. Stamp duty taxation is relatively well documented. However, property tax is levied by local cities, which means given the scale of the economy, where every single small city can levy its own tax, data collection an overwhelming task. While reviewing, the team found the city level and state level difficult but used a sample to gauge concessions. From sample of 20 cities, 16 Indian cities are giving property tax concessions to women and out of 30, 9 Indian states give stamp duty concessions to women.

The team is considering subsequent property ownership, disaggregated by gender, and looking at states that are offering concessions and not offering concessions to compare how many women are property owners in those respective spaces.

The team will then relay to the government that they expect that property ownership by women may lead to enhanced compliance. In terms of policy measures for the government, at the moment, the Indian government is tapping on the property taxes as a possible extension of the tax revenues. This work, then, is interesting because this may be helpful in understanding the behavior of the taxpayers and may inform the government offering increased incentives for women for enhanced compliance.

[Summary, Caren Grown, Global Director, Gender GP](#)

Caren Grown, Global Director of the Gender Group, introduced the new and critical GTP work on supporting the reform process of ministries of finance and tax and customs administrations in countries with significant gender equality gaps. This work will fall into three general buckets and build on synergies with the work of the World Bank Group's (WBG's) Gender Group and Poverty Global Practice: incorporating gender equality objectives into tax incidence analysis; incorporating gender equality objectives into reform of tax policies; and Incorporating gender equality objectives into tax and customs administration reforms.

Ms. Grown then laid out the three "E's" of tax policy, which contain both explicit and implicit biases:

- Equity: (vertical and horizontal), or who bears the burden of different taxes do actors have the ability to shift to other actors;
- Efficiency: ensuring that the tax systems have as few loopholes as possible, capturing all potential people who can pay into the net;
- Ease of Administration: the nuts and bolts of tax administration. What happens on the ground, how policy gets translated into action.

Ms. Grown then provided an example of explicit bias in Personal Income Tax, noting that in Morocco, the tax code stipulates that men are heads of households. Men are allowed to receive deductions for up to seven dependents, including dependent spouses, but women have to prove they are a head of household to receive the same deductions. Globally, explicit biases used to be more present in personal income tax (PIT) and less so in trade or VAT or natural resources.

The work ahead of us is understanding the implicit biases in these taxes. This comes from the economic roles that men and women have in societies and the norms that govern their roles. Implicit biases are very subtle but are certainly present: for example, they exist in VAT systems, in the way that zero rating or exemptions are structured, etc.

The Global Tax Program and the Gender GP are developing proposals for new work that looks to expand the analytical base. Ms. Grown echoes Mr. Le and Mr. Alemayehu, suggesting the collection of data is the necessary first step. She also confirms Ms. Rakhimova's point, citing the necessity of data collection from household and firm-level surveys.

Moving forward, there are issues on behavior that we need to understand, bringing a behavioral science lens to the understanding of tax compliance, for instance. What are the factors that compel women and men to be more compliant or not? Ms. Grown shared an example, referencing the work done with cross-border traders and customs authorities in the Great Lakes region. Simplifying customs procedures and enhancing transparency were good for the customs authority and women traders, reducing both leakage and helping women understand their rights.

Summary, Closing Remarks

Ceren Ozer closed the webinar, thanking everyone for their participation and welcoming feedback and further engagement from participants as this work moves ahead.

Annex 1. Panelists and Supporting Staff

Panelists

Alemayehu A. Ambel, Senior Economist, Development Data Group, DEC and TTL for Ethiopia Taxation and Gender

Ashima Neb, Domestic Revenue Mobilization Expert, Platform for Collaboration on Tax

Berni Smith, East Africa Regional Tax Advisor in Ethiopia and Gender & Tax Lead at Foreign, Commonwealth & Development Organization (FCDO)

Caren Grown, Global Director, Gender Group

Ceren Ozer, Program Manager, The Global Tax Program and Platform for Collaboration on Tax

Parvina Rakhimova, Analyst and co-TTL, Strengthening Property Taxes in Developing Countries, The Global Tax Program

Tuan Minh Le, Lead Economist, MTI and TTL for the Ethiopia Tax Policy TA project, The Global Tax Program

Supporting Staff

Brittany Walters, Communications Specialist, The Global Tax Program

Fabio Thoma, Communications Specialist, The Platform for Collaboration on Tax

Hande Ayan, Communications Specialist, The Platform for Collaboration on Tax

Sandra Karolina Jensson, Knowledge Management Analyst, Gender Global Practice

Shaobo Zang, GLW 2021 Support Staff, Open Learning Campus (OLC)

Simbi Wavinya Anzaya, GLW 2021 Support Staff, International Finance Corporation (IFC)

Simona Palummo, Knowledge Management Officer, Gender Global Practice

Xue Feng, GLW Support Staff, OLC