

**Intervention by Corina Rodríguez Enríquez, DAWN and WWG on FFD at the Roundtable 2:
Financing Gender Equality, Human Rights and Economic Justice**

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Taxation plays a key role in development and is essential to reach equity

- The generation of fiscal revenues is essential for governments to be able to undertake development policies. The availability of resources shapes the level and quality of public services, but at the same time, tax structures define who bears the burden of funding them (an equity concern). In brief, taxation contributes both to provision and redistribution.
- While Addis Ababa Action Agenda (AAAA) recognizes this central role of taxation, it is weak in stating how revenues should be collected.
- It is **weak in committing to progressive tax reforms** (weaker than previous versions) and it does not explicitly highlight the **gender dimension of taxation**:
 - Operating in a gendered economic terrain, taxation is not gender neutral. It affects women and men differently because of their unequal status as workers, producers, consumers and asset owners.
 - Women are overrepresented in the lower income population category and there is a tendency towards increasing feminization of poverty;
 - Women also have more restricted access to and control over economic resources;
 - Not least, they bear the burden of unpaid domestic and care work (thereby making a non-recognized contribution to the economy while facing more structural barriers to economic participation).
 - Given the above:
 - Evidence shows that **regressive taxation imposes a heavier burden on women in lower-income and female-headed households**. Tax systems that rely heavily on valued-added tax and other taxes on essential consumption items therefore negatively affect women's economic situation as well as gender equity.
 - At the same time, **while direct taxation has more potential for redistribution outcomes, it might also fail in meeting this objective if there is extensive use of deductions and exemptions**, which is often the case.
 - For instance, deducting for an economically inactive/dependent spouse in Personal Income Tax is a gender discriminatory practice in two ways: first,

because it mostly benefits men (who earn higher income and are more often the economically active spouse); second, because women who are considered economically dependent are actually the main providers of unpaid domestic and care work; yet the tax system neither recognises nor compensates their contribution, compensating instead the taxpayer, who then enjoys both a tax credit and the benefits of unpaid care work by his spouse.

- Therefore, progressive taxation is needed for gender equality, and concrete commitments in this sense should be agreed in the AAAA.
- The AAAA states clearly the **need to expand the tax base**, pointing to three issues:
 - **Improving tax administration** (for which they commit to international cooperation) and transparency (including gender responsive budgets), which is good.
 - **Formalizing the informal sector**. This is controversial for gender equality and women's economic participation
 - Formalizing the informal sector mostly means in practice to implement taxes on small scale producers. This might negatively affect self employed women including small-scale market vendors, farmers and fisherpeople and those in micro and small-scale enterprises, who would likely bear a disproportionate high tax burden, while further enabling big corporations and rich individuals to continue to benefit from tax exemptions and avoidance.
 - Instead, what we need is to address tax evasion, avoidance and dodging. This is the way to expand the tax base and states' revenues.
 - The commitment in this arena is also weak. Two examples:
 - The approach to **combating illicit financial flows**:
 - The commitment in this area is pretty **bizarre**: "redouble efforts to substantially reduce illicit financial flows by 2030, with a view to eventually eliminate them".
 - Eventually the draft consider some measures that might be useful to effectively combat evasion, corruption and avoidance.
 - However, (and this is the second example) it fails in committing to upgrade the Committee of Experts on International Cooperation in Tax Matters into an intergovernmental body. This **UN Tax body**, providing it with gender expertise, should be mandated to review national, regional and global tax policy according to gender equality and human rights obligations.
 - We agree with others among CSOs, that an upgraded UN Tax Committee should promote the adoption of country-by-country reporting standards for all transnational

corporations, automatic exchange of information between all tax authorities, and to review tax incentives and structures in compliance with human rights obligations, gender equality and environmental standards

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