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Domestic Resource Mobilization/Taxation in Sub-Saharan Africa: Gender Equality Considerations

Final Report

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Domestic Resource Mobilization/Taxation in Sub-Saharan Africa: Gender Equality Considerations

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April 23, 2018

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Table of Contents

EXECUTIVE SUMMARY

Purpose

The purpose of this paper is to provide a short guide for Sida staff and partners on gender issues to consider in the provision of technical assistance and capacity building for Domestic Resource Mobilization (DRM) through tax systems in Sub-Saharan African countries.[1] The paper is intended as background for the May 2018 conference to be hosted by Sweden on Global Solutions to Capacity Building in Tax Policy, which follows the first Global Conference of the Platform for Collaboration on Tax (PCT), held at the United Nations in February 2018. Given the importance that Sida and Sweden attach to gender equality, it is essential to highlight the interaction between taxation and gender equality in preparations for the Swedish conference.

Main findings

The main finding of this study is that, by expanding the traditional public finance concepts of tax equity to reflect gender as well as income, tax policy and tax administration efforts to enhance Domestic Resource Mobilization (DRM) can ensure that women, especially the majority of women in Sub-Saharan Africa who are poor, are treated fairly as taxpayers.

By providing stable and sufficient revenues to the expenditure side of the budget for services and investments which can "level the playing field" for women relative to men, tax systems can also contribute to the 5th Sustainable Development Goal (SDG) of gender equality – full rights for women as well as men in all spheres of social, economic and political life. Additionally, tax systems can actively advance national commitments to attaining Goal 5 by setting goals of 50% women employed at all levels within the tax system, and training all staff on gender issues in tax policy and administration.

As Domestic Resource Mobilization efforts advance, research on pre- and post-impacts of changes in each tax should include not just revenue effects, but also the impact on women and men and girls and boys living in poverty. An analysis of gender impact will require an assessment of changes in the expenditure budget as well as in revenue policy, and tax policy officials should undertake research on the combined effect of taxation and expenditures on women's status.

[1] Terms of Reference: "Given the wide variety of contexts in Sub-Saharan Africa, the report must necessarily be impressionistic, covering typical issues and challenges, even if these do not prevail in all countries in the region or in all Sida's partner countries."

Key Recommendations:

Domestic Resource Mobilization (DRM) should aim at key fulcrum points for addressing gender equity in tax systems, while identifying the most productive and stable revenue sources possible to support expenditures on services to reduce women's poverty and advance gender equality.

Recommendations toward the twin goals of tax equity and overall gender equality are:

1. Support tax policy offices with resources and training to:

a) Review and revise existing tax laws as needed to eliminate explicit gender bias due to sex-specific rules, allocations, rates, deductions, exemptions, etc.; and to address where possible implicit bias from provisions which in themselves are neutral but because of societal gender roles effectively are not.

b) Propose and design Domestic Resource Mobilization (DRM) measures that can raise funds while avoiding excess burden on the poor and especially women, including special tax rates, credits, exemptions, etc. as appropriate to the tax base.

c) Collect and analyze sex-disaggregated tax data, and undertake research studies on the interaction between women's economic roles (paid and unpaid) and the tax system, with proposals for moving more women into the formal economy and the tax net as equal citizens.

2. Support tax administration authorities to:

a) Set targets for employment of women at all levels throughout the tax system including in tax policy, auditing, enforcement and citizen service, to eventually attain 50%.

b) Provide training to all employees on gender and tax issues

c) Create citizen bureaus which can respond to individual needs and/or complaints, and increase trust and confidence as well as knowledge of taxes and fees.

3. Support DRM measures that can benefit the poor and especially women:

a) Prevent "leakage" of tax revenues from corruption and tax evasion in order to provide the maximum revenue possible to fund needed services

b) Emphasize taxes, at least in the long-run, with progressive rate structures on individuals and businesses so that a greater share of taxes is paid by those most able to pay.

The upcoming May conference in Stockholm on Global Solutions to Capacity Building in Tax Policy could provide an ideal forum for discussion of issues in this paper. For example, the draft agenda has an afternoon session on "Effective Implementation of Tax Policy: Capacity building learning by sharing experiences," with three parallel working sessions where each facilitator could encourage inclusion of gender issues in the group discussion.

SECTION 1 - INTRODUCTION

This paper is intended as a short guide on gender issues to consider in Domestic Resource Mobilization (DRM) efforts through tax systems in Sub-Saharan Africa.

The fundamental purpose of any tax system is to raise revenue to fund the expenditure side of the government's budget in a stable, fair and predictable way that minimizes administrative costs and grows with growth of the economy without creating economic distortions and disincentives. The tax system can also be used for redistributive goals, such as through higher income tax rates on the wealthy than the poor, or for socially-agreed disincentives such as "sin" taxes on cigarettes or liquor, but care must be taken regarding the impact on revenue of unexpected or undesired consequences, such as increased tax evasion or creation of a black market for highly taxed goods.

Traditional public finance principles assumed that taxation was gender-neutral, falling on individuals and businesses without regard to sex. However, today there is an awareness that women and men have different gender-prescribed economic roles which affect their relationship to the tax system and which DRM must take into account.

More specifically, since the goal of DRM is to finance a country's social and economic development, and such development requires women's full participation, DRM must consciously avoid gender-specific tax burdens that could create disincentives to the ultimate goal of women's participation in and benefit from both the economy and the tax system in the long term. As summarized in World Bank notes from the recent February 2018 Platform for Collaboration on Tax (PCT) conference at the United Nations: "For many policies whose objective is not directly aimed at gender equity (e.g., in this case, taxation), the lack of attention to gender issues can undermine effectiveness."

A major challenge in countries in Sub-Saharan Africa is the level of poverty of both women and men, but especially of women. Therefore, a key question for domestic resource mobilization is how does greater DRM affect those living in poverty - women and men, girls and boys? The purpose of this paper is to explore this question, including the identification of challenges and opportunities to promoting DRM while enhancing gender equality.

The report follows the following outline: Section 2 Gender & Public Finance Tax Principles; Section 3 Gender & Tax Bases; Section 4 Gender & Tax Administration; Section 5 DRM and Gender Equality: Opportunities and Challenges; Section 6 Recommendations and Section 7 Conclusion.

SECTION 2 - GENDER & PUBLIC FINANCE TAX PRINCIPLES

Tax policy and practice have long agreed on public finance standards of equity, efficiency of administration, and avoidance of distortion in economic decisions, but these standards were traditionally gender-blind: taxpayers were individuals or businesses, with no relevant gender differences.

With increased activism and international protocols on women's rights, and research evidence on how gender roles deny women full participation in economic and civic life including an extensive literature on gender and taxation since formative work by Stotsky in 1997, there is now awareness of the importance of incorporating gender perspectives into tax policy and tax administration. It is recognized that since women and men have different gender-defined economic roles and different relationships to income, assets and consumption, tax systems will impact women and men differently and efforts must be made to ensure gender equity. However, many tax practitioners remain unsure about how to integrate gender in practice.

The following is a discussion of the two most important tax principles and how gender can be incorporated:

Tax Equity - A basic principle of taxation since Adam Smith is that every person should pay to the government, in return for services and security, according to his/her ability to pay. Horizontal equity is the concept that taxpayers with equal abilities to pay should pay the same amount of tax, and vertical equity means that those with a greater ability to pay should pay more. Together these principles ensure fairness of a tax system, which is essential to compliance and to stability of the revenue stream.

> ***Gender & Equity*** - Expanding tax equity concepts to include gender means that when male and female taxpayers are similarly situated with respect to income and assets, they should be treated similarly (horizontal equity); and where gender roles create differences in access to or use of resources, women and men may need to be treated differently and tax burdens may differ (vertical equity). In assessing the gender equity impact of Domestic Resource Mobilization (DRM) in Sub-Saharan Africa, a key problem is that most women are not currently in the tax system or the formal economy, and data on women's income from activities in the informal economy and small-scale agriculture are scarce. Also, most women are in male-headed households where it is difficult to know: a) whether a woman's informal income is controlled by her, the male spouse/partner, or shared; b) if income is merged, which partner's share is the largest; and c) to what extent consumption is paid for with the male partner's income or the woman's (regardless of who does the shopping). The answers to these questions may vary by country as well as within countries. It should also be noted that, since the majority of women are poor, gender equity requires that DRM targets do not cause excessive burdens on the poor. In many countries of Sub-Saharan Africa, this means that international aid will continue to be needed to fill revenue-expenditure gaps until basic standards of

human development are attained for all, and the national economy and DRM are stronger.

<u>Tax Efficiency</u> - Taxes are considered efficient if they raise the desired amount for government services - with a stable revenue stream, minimum "leakage" due to administrative costs including corruption, and minimum distortion of economic decisions by individuals and businesses including evasion. Since all taxes implicitly increase the price of the item taxed – whether labor or a commodity or an investment, this can shift preferences to non-taxed areas (at local, national or international levels including capital flight) and/or increase evasion and black markets. To minimize negative impacts, efficient tax bases are those that are as broad as possible with rates as low as possible.

Gender & Efficiency - Gender can be incorporated into targets of efficiency by ensuring that DRM measures do not create disincentives to women's income-earning opportunities, and that "leakage" in tax systems is reduced so that the maximum revenue possible is provided to the expenditure side of the budget for services that benefit women and advance gender equality.

In most tax systems, **progressive** income taxes, with marginal tax rates increasing at higher income levels, have been adopted to increase fairness in the tax system through both horizontal and vertical equity (those with the same income pay the same level of taxes, and those with higher income pay higher taxes), and also efficiency of revenue administration and collection.

However, as mentioned above, the majority of women in Sub-Saharan Africa do not have declared income, or sufficient income, to pay income taxes. They contribute to DRM primarily through consumption or value-added (VAT) taxes, along with specific fees and charges such as for positions in markets, permits for cross-border trade, or licenses for small businesses. VAT and consumption taxes, along with fees and charges which can be numerous at the local level, are considered **regressive,** since they impose a greater burden on those with less income, although many countries have implemented lower or zero VAT rates for essential items thereby lessening the regressive impact. Income and wealth taxes, along with user fees and charges, are considered **direct taxes**, and consumption taxes are considered **indirect**.

SECTION 3 - GENDER ISSUES IN TAX BASES IN SUB-SAHARAN AFRICA

The potential for domestic resource mobilization (DRM) in each country of Sub-Saharan Africa reflects the type and level of its economy, the level of resources in the tax agency including human capital, and the country's political leadership. The most common taxes are: personal income taxes (PIT); business income taxes; property taxes; and value-added (VAT) or selective sales taxes on consumption. Revenues may also include charges and fees for specific activities or services, and in some countries, selective trade taxes and tariffs and/or extractive fees on natural resources.

The following is a discussion of how gender interacts with the principal tax bases in African countries, today and in the long-term, with a final note on gender issues that are primarily dealt with through the expenditure side of the budget but which require DRM to fund.

1. Short-term Perspective

In every country, the potential for DRM reflects gender-defined economic roles and status of both men and women. Sex-disaggregated economic and tax statistics are needed for a rigorous gender analysis but the following is a broad, generalized picture of the current relationship of many or most African women to each tax base, and specific gender issues.

- Personal Income Tax (PIT) – The majority of women in African countries do not pay the PIT because their labor is not counted in the tax base. Women primarily work in the informal economy and in personal or family agriculture, and spend a significant amount of time in unpaid work in the care economy, none of which is captured by personal income taxes. This is true for women in male-headed households as well as those who are themselves heads of households. A very small percentage of African women currently work in formal economy jobs in the public or private sector, and these women pay personal income taxes either as single filers or jointly with a spouse/partner, according to the country's PIT structure. The small share of PIT revenues realized from the few African women who work in the formal economy is likely to be even smaller due to gender segregation in positions and/or discrimination in wages.
- Business Income Tax – Many African women are engaged in micro or small businesses of sales or personal services but these activities are often not captured by the business income tax net due to factors such as income too low to be required to file, illiteracy and/or lack of knowledge or distrust of tax processes, and the ability to evade taxation as do many male-owned small businesses.
- Property Tax – Most women do not pay property taxes, either because they do not own property, or because they lack formal titles in their own names.
- VAT/consumption and selective excise taxes – The value-added tax (VAT) is an efficient tax which provides steady revenue to governments and is fairly easy to administer, with incentives for vendors to collect and remit the tax in order to be reimbursed for their own prior tax payments. African women are the principal consumers of basic household needs and pay VAT and other sales taxes, which are generally regressive - imposing a greater burden on those with lower incomes, unless there are zero/low rates set for basic goods and gender-specific needs such as sanitary products. It is difficult to determine precisely the gender impact of consumption taxes since in most countries the majority of households are male-headed, and money for household purchases may be from male earnings even if the woman is the shopper.

- Fees and Charges – African women, especially those engaged in ambulatory, market or small business/entrepreneurial work, often pay a significant number of fees and charges at the local level, which are regressive in that they pose a higher burden on those with lower incomes.
- Tariffs and trade taxes and extraction fees – Women are far less likely than men to be owners of businesses engaged in import/export activities or natural resource extraction, and low-income women are unlikely to purchase imported goods, so these taxes and fees are not likely to burden the majority of women.

2. Long-term Perspective

- Personal Income and Business Taxes – Although the majority of women may not currently pay personal or business income taxes, the importance of these tax bases for gender equity in DRM in the long-term should not be ignored. As the economy grows, with more women as well as men earning formal sector income, the PIT can become the fairest tax for women because of its progressive rate structure and because the PIT possesses mechanisms for deductions or credits for costs of care for children, the elderly and the ill and of electricity and water, helping to free women's time for income-producing activity. An important issue for further study under the PIT is whether a single-filer requirement is best in the long-run for gender equity, compared to joint filing. In the gender and tax literature there is an assumption that in male-female households, based on developed country data, the woman's income is a secondary or smaller share of household income, supplementing the man's greater share, and taxed under a joint filing structure at a higher marginal rate, creating a gender bias which can discourage women's work. The assumptions about male-female household partners' relative shares of income and who actually bears the burden of the tax under joint filing may not be true in the African context, but a system of single filing, where each individual – female or male - files her/his own taxes, can be important to establishing women's equality as citizens and taxpayers. With regard to business taxes, establishing mechanisms to formally license women's businesses that are now informal, perhaps with zero or low rates, could be important in the long-term for women's access to credit and as protection from exploitation and abuse (see Sec.4.3).
- Property Taxes, VAT, and Fees & Charges - With regard to property taxes, the property tax system could be used to provide titles and registration for women's property, and/or incentives for dual titling of property between spouses, laying the basis for future revenue growth as women attain greater economic autonomy and power. With regard to VAT taxes which can be regressive and impose a greater burden on the poor including women, Grown and Vallodia (2010) found little evidence that VAT taxes in the countries studied were actually regressive, after exemptions and low rates on essential products. Also, it should be noted that even if a tax is regressive, if it collects revenue that then provides funds for social service expenditures, the net result for poor women may be positive. With regard to fees and charges, where possible fees could eventually be replaced with revenues allocated to localities from broad-based taxes to lessen individual tax burdens for

the poor. In the long-term, a system which derives a greater share of revenue from income taxes than from VAT/consumption taxes will be more able to address income and gender equity issues.

3. Relationship of DRM to Gender-specific Expenditure Needs

Tax systems can be a cumbersome mechanism for social policy because targeted measures often have unintended consequences and may lead to revenue losses, for example, if tax preferences intended for poor women also benefit those who are rich, or if the complexity of targeted rates, credits or deductions creates high costs of administration. Therefore many gender-related issues such as support for health, education and employment are dealt with on the expenditure side of the budget. However, DRM is also critical to these needs, first in providing needed revenue for their support, and secondly because without change, these gender-based constraints will continue to prevent girls and women from realizing their human rights as well their ability to contribute to, and benefit from, their country's social and economic development. Four key gender-related issues that, although best addressed by the expenditure side of the budget, are highly relevant to the need for enhanced DRM are: women's unpaid care responsibilities; women's informal and transient employment; reproductive and maternal health needs; and protection from violence against women.

SECTION 4 - GENDER ISSUES IN TAX ADMINISTRATION

1. Gender, Poverty & Tax Administration

The majority of African women are poor, many are illiterate or at low literacy levels, and many live in remote rural areas. Even in urban areas, many women lack affordable transport, electricity or running water. Where women have formed agricultural or market cooperatives or business associations, they have created joint projects to meet needs and to pressure government for improved services, and all African countries have vibrant women's non-governmental organizations (NGOs) and other civil society actors which are active in promoting women's rights, with strong support from the international community including Sida and UN Women. Many of these efforts have focused on the expenditure side of the budget, through gender budgeting. However, on the revenue side, civil society as well as tax practitioners are often unsure of the relationship between gender, poverty and taxation. The solution may be greater coordination between the two sides of the budget – revenue and expenditures. According to Stotsky, et.al. (2016), among the many Sub-Saharan countries which have adopted some form of gender budgeting over a period of almost two decades, the two most successful have been Uganda and Rwanda because of integration with fiscal policies in the budget process.

The sub-sections below discuss gender in the context of selected issues of tax administration: Bias in Tax Law & Regulations; Corruption & Tax Evasion; Outreach & Services; Staffing & Training; Tax Data & Analysis

2. Gender Bias in Tax Law & Regulations

Gender inequalities persist in all societies. Gender bias in tax law may reflect and/or reinforce these inequalities, either explicitly or implicitly. Explicit bias arises from tax law, regulations or practices that explicitly define a different tax treatment of women compared to men. Stotsky (2018) finds that although explicit bias has diminished over time, it is still found in some tax systems in the developing world and eradication from every tax code should be a priority.

Implicit bias, which results from gender-differentiated impacts of a nominally gender-neutral tax law, is more common. Implicit bias may be found within a particular tax, or across the revenue system as a whole, and should be eliminated where possible but is often difficult to identify as it requires assumptions about behavioral effects. One of the challenges in assessing implicit gender bias of taxation in developing countries, as mentioned previously, is that women's income is largely informal and, with the exception of female-headed households, it can be difficult to separate male-female income shares and to know whose income pays for household consumption. This is a critical question for research and study of gender and tax.

An important work by Grown and Vallodia in 2010 assessed the gender burden in the tax systems of eight countries, including Ghana and Uganda in Sub-Saharan Africa, and new work by the Inter-American Development Bank (IDB) in five countries is pending. The International Center for Tax and Development (ICTD) is currently undertaking gender and tax studies in six African countries: market taxes in Tanzania and Nigeria; informal taxes in Congo and Sierra Leone; taxation of cross-border market traders in Zimbabwe; and the role of women in tax administration in Uganda, with results expected by the end of the year according to J.Kangave, ICTD Tax Program Lead.

3. Gender Perspectives on Corruption & Tax Evasion

DRM efforts targeted at preventing corruption and evasion will also benefit women and the poor, directly or indirectly. Corruption on the part of tax administrators, enforcement agents and other officials is a gender issue for three reasons: first, in most countries tax agents, including corrupt ones, are primarily if not entirely male so corruption benefits men over women; secondly corruption harms women more than men: as taxpayers they are highly vulnerable to demands for bribes or sexual favors in return for low or zero tax/fee charges, or to expedite needs such as documents or receipts from tax authorities; and the "leakage" of tax revenue through corruption means that there is less revenue available to support social services on which women rely more than men. Evasion by taxpayers is also a gender issue for the same reasons as corruption. Since taxpayers are primarily male, evasion is also primarily male. (Note that at lower income levels, evasion may be in the interest of retaining disposable income for household needs including those of women and children). And evasion leads to loss of revenues which could have been used for poverty alleviation and gender-specific services (e.g. maternal and reproductive health, prevention of violence against women and victim support).

4. Gender and Tax Administration Services & Outreach

Since there are more male than female taxpayers, tax administration services and outreach are currently not geared to women. Initiatives such as providing "one-stop shopping" for all citizen interactions with the government including taxes, as well as efforts to bring poor women into the social safety net through formal registration even if they do not pay taxes, merit further study. Outreach efforts that link tax registration for all with access to social benefits may help reach women who work outside the formal economy, aid inheritance issues for girls and women, and provide a base for future tax payments as income grows, along with data to analyze the gender distribution of both tax burden and expenditure benefits.

5. Gender and Tax Administration Staffing & Training

In the short-term, training on gender awareness should be provided for all tax administration staff from upper management to the lowest levels, touching on issues mentioned above and in other sections of this paper. Additionally, a key area where taxation can be used to advance not only tax equity in practice, but also long-term social and economic equality is in tax administration hiring.

African tax agencies could set a target of 50% women at all levels, including senior managers, accountants, auditors, office and enforcement personnel in both national and local offices, with a requirement for annual reporting of sex-disaggregated staff data by division and title. To ensure a pipeline of qualified women applicants, tax agencies could establish links with appropriate university and high school classes and/or establish joint training programs or internships, possibly sponsored by regional or international organizations.

6. Gender and Tax Data & Analysis

In many Sub-Saharan countries, tax authorities lack adequate funding and capacity in all areas, especially and tax policy analysis, including with regard to gender, is often weak, and a hindrance to better DRM. The importance of sex-disaggregated tax data and analysis cannot be overstated. (See below, Sec. 5.1)

SECTION 5 - INCORPORATING GENDER EQUALITY INTO DOMESTIC RESOURCE MOBILIZATION: CHALLENGES AND OPPORTUNITIES

1. <u>Tax Policy</u>

Challenges

- Need for resources and technical assistance to strengthen tax policy offices with adequate resources and capacity to: a) perform assessments of explicit tax bias in tax laws and implicit bias in tax provisions, and recommend tax law changes; b) analyze, design and propose DRM measures which will respect gender-equity

- Need for sex-disaggregated tax data, including women in dual-partner households and women as heads-of-households, and increased gender analysis of impacts of current and proposed DRM measures, possibly joint with the expenditure side of the budget.
- Need to develop indicators for gender-equitable DRM

Opportunities

- Complexities in performing gender analysis of tax burden, especially in married/partner households and if earnings of one or both partners are from the informal economy, argue for focus on greater emphasis on direct taxes with progressive rates, and providing zero or low rates on essential commodities under VAT taxes.
- Rwanda and Uganda provide examples of linking gender budgeting efforts to DRM/revenue policy through budget processes, and assessing the joint impact of taxation and expenditure programs on tax equity for women. (Stotsky, 2016)
- Regional and African organizations already play a role in strengthening tax capacity and can help to share and coordinate information on gender-responsive DRM policies
- The new organization of the Platform for Collaboration on Tax (PCT) has flagged that "the collection of reliable, comparable revenue data is critical to tax analysis and to the Sustainable Development Goals (SDG) monitoring process...(and)...the International Survey of Revenue Administrations (ISORA) is a good precedent for collaboration and cooperation." The PCT also recommends "implementation of 3 to 5 pilot medium-term revenue strategies (MTRSs)." These MTRSs should be designed to ensure gender equity, with subsequent measurement of impact and a report on lessons learned.

2. Tax Administration

Challenges

- Need to bring the majority of women who work in the informal economy and/or in unpaid care into the formal tax system and devise appropriate credits, deductions, to address gender inequities in income
- Need to increase the share of women employed in all areas of tax administration including senior management, audit, policy, enforcement, etc.
- Need to incorporate gender-awareness training at all levels of tax administration

Opportunities:

- Explore example of Cabo Verde in its outreach to women through citizen service offices
- Enter partnerships with the private sector and/or educational institutions to train and recruit girls and women for tax positions

- Create targets for gender equality in key divisions of the tax agency, and monitor and report regularly

3. Tax Enforcement

Challenges

- Resources and training for enforcement measures, including gender-awareness, are needed.
- Corruption and tax evasion may be driven by crony arrangements that help to support the existing political and economic power system. Citizens or companies, in turn, may not have confidence that their money will be well spent and rationalize that it is therefore legitimate to avoid taxes altogether.

Opportunities

- DRM can be expanded without increasing the burden on the poor or on women by emphasis on greater control of "leakage" due to corruption, evasion, tax dodges/havens by wealthy individuals and businesses including multinationals, transfer pricing,[2] capital flight,[3] etc.
- Coordination through the Platform for Collaboration on Tax (PCT), international development agencies, and regional and African organizations
- Women are less likely than men to be part of crony networks involved in corruption and tax evasion, providing another reason to implement targets for equal hiring of women throughout tax administration, enforcement and policy offices. As stated by one informant in the World Bank study, "Gender and Economic Growth in Tanzania" (Ellis et.al. 2007): "Women try to follow the law. Men try to evade taxes."

SECTION 6 - RECOMMENDATIONS

Many tax practitioners are aware of the need to incorporate gender perspectives but are unsure how to do so. The following are specific recommendations.

1. Support Tax Policy Offices with resources and training to:

a) Review and revise existing tax laws as needed to eliminate explicit gender bias due to sex-specific rules, allocations, rates, deductions, exemptions, etc.; and to address where possible implicit bias from provisions which in themselves are neutral but because of societal gender roles.

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[2] According to the World Bank's website, the World Bank Group worked with the Kenya Revenue Authority to identify and prevent illegal transfer pricing, which led to an increase in the number of audit cases and revenue collected. A transfer pricing adjustment based on advice given by the program resulted in additional tax revenue of $12.9 million.

[3] One African commentator at an OECD forum in 2009 stated that: "Capital flight remains the single most impactful stumbling blocks to D.R.M. Tax flights from developing countries are estimated to be several times higher than aggregate inflows from development assistance. Capital flight severely weakens D.R.M. in Africa. It undermines social contracts and damages good governance." (OECD, 2009).

b) Propose and design DRM measures that can raise funds while avoiding excess burden on the poor and especially women, including special tax rates, credits, exemptions, etc. as appropriate to the tax base.
c) Collect and analyze sex-disaggregated tax data, and undertake research studies on the interaction between women's economic roles (paid and unpaid) and the tax system, with proposals for moving more women into the formal economy and the tax net as equal citizens.

2. Support Tax Administration Authorities with resources and training to:

a) Set targets for employment of women at all levels throughout the tax system including in tax policy, auditing, enforcement and citizen service, to eventually attain 50%.
b) Provide training to all employees on gender and tax issues.
c) Create citizen bureaus which can respond to individual needs and/or complaints, and increase trust and confidence, as well as knowledge, of fees & taxes.

3. Support DRM Measures That Address Issues of Poverty and Gender:

a) Prevent "leakage" of tax revenues from corruption and tax evasion in order to provide the maximum revenue possible to fund needed services for poor women.
b) Emphasize taxes, at least in the long-run, with progressive rate structures reflecting ability to pay.

SECTION 7 – CONCLUSION

Gender equity was a concept originally missing from traditional public finance but there is now a vast literature on its importance, and the need for a gender perspective on Domestic Resource Mobilization (DRM) is widely accepted. Women and men have different gender-defined social and economic roles which create differences in income, assets and consumption, and therefore tax systems will affect women and men differently. It is important for tax practitioners and DRM decision-makers to understand how, in practice, to integrate gender equity into tax policy and administration. This paper hopes to contribute to that understanding.

By expanding the traditional concepts of tax equity – horizontal and vertical – to reflect gender as well as income differences, tax policy and tax administration for domestic resource mobilization can fully integrate gender equity – treating women and men fairly as taxpayers.

By providing stable and sufficient revenues to the expenditure side of the budget for services and investments which can "level the playing field" for women relative to men, tax systems can contribute to the 5th Sustainable Development Goal (SDG) of gender equality – full rights for women as well as men in all spheres of social, economic and political life. Tax systems can also actively advance national commitments to attaining Goal 5 by setting goals of 50% women employed at all levels within the tax system, and training all staff on gender issues in tax policy and administration.

As DRM measures advance, research on pre- and post-impacts of changes in each tax should include not just revenue effects but also the impact on women, men, girls and boys living in poverty. This may require an analysis of changes in the expenditure budget as well as in revenue policy. Tax authorities should commit to research on the combined effect of taxation and expenditures on women's status.

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