

TAX JUSTICE

and gender equality

Lead

Kathleen Lahey, Queen's University, Canada; Liz Nelson, Tax Justice Network

Contributors

Valérie Bichmeir, Make Mothers Matter, Elisabeth Klatzer, WIDE Netzwerk Austria; Olivia Lally, Eurodad; Gea Meijers, WIDE+Europe; Pradha Khosla, CRIAW; Caroline Othim, Global Alliance for Tax Justice; Silke Steinhilber, WIDE+ Europe; Claudia Thallmayer, WIDE Austria

Tax justice policies and practices are fundamental to achieving gender equality for women and girls. They are called for in the CEDAW treaty (1981), the Beijing Declaration and Platform for Action (BPA) (1995), and the 2030 Sustainable Development Goals (SDGs) in sections of revenue generation and redistribution outcomes. See the sections: ICESCR Article 2, CEDAW Articles 2 and 3, BPA 58b,179f, 205c, and Agenda 2030, SDGs 5 (Gender Equality),10 (Inequalities),16 (Peace,Justice and Strong Institutions) and 17 (Global Partnership).

Tax justice supports government obligations to identify and mobilize maximum available revenues that are capable of progressively realizing the full human rights of women and girls. And it calls for redistributive and regenerative tax policies and a transparent international financial architecture that supports the realization of gender equality through gender equal tax laws and budgetary practices.

Tax justice and gender equality

Sufficient tax revenues are necessary to ensure that governments can provide adequate social protection and public services, including education, healthcare, housing, access to effective judicial systems, prevention of violence against women, access to clean water, sanitation, and adequate incomes. Failure to mobilise maximum available domestic revenues put gender equality and the well-being of women and girls at risk.

The failure to mobilise maximum domestic revenue often results from domestic tax systems that under-tax the wealthy and capital at the expense of heavy taxation of those with less financial resources to pay taxes. In these systems there is a lack of willingness to enact on addressing tax domestic and transnational tax avoidance on labour, oil, mining, gas, land use in

combination with extractive, and environmental laws demanded by powerful investors. And there is a failure to protect the integrity of their fiscal systems. Undeclared wealth held 'offshore' in secrecy jurisdictions is estimated between: **'US\$8 trillion to US\$32 trillion, with US\$200 billion annually in associated revenue losses,'** and shifts taxable profits from source countries to tax havens at the rate of \$500 billion annually.

A tax system based on the 'ability to pay' principle taxes those with lower incomes and with little or no wealth far less than those with higher incomes and greater wealth. Tax justice and gender equality requires durable progressive tax systems that tax higher incomes, wealth and capital; reprices goods and services to bring about positive social, ecological, and environmental changes, and strengthens representative democracy.

Financialisation and the 'race to the bottom'

Continuous cuts to corporate income tax (CIT) rates (since 1985, the average global CIT rate has fallen from 49% to 24%), tax incentives and 'light' regulation of offshore corporations and investors have created a fiscal culture of 'tax competition.' As a result, domestic and international tax laws enable small numbers of powerful individuals and businesses in high income countries to take advantage of lower income countries (LICs) willing to participate in this competition by shifting wealth and revenue from higher tax jurisdictions to such low or no-tax jurisdictions. Tax competition results in dramatic revenue losses for both high- and low-income countries where 'real' economic activity takes place (e.g., production, extraction, sales, drives control over land and real estate) into offshore ownership that forces out productive labour and jobs. This in turn, increases unemployment and income inequalities that disproportionately impact women and girls.

Secrecy jurisdictions and illicit financial flows

Secrecy Jurisdictions and Illicit Financial Flows (IFFs) enhance illicit finance practices such as profit shifting, tax avoidance, and **'bleeding'** vital sustainable resources from countries that especially in Lower income countries should be used to fund social protection and public services. Both are also used by criminals and corrupt elites engaged in money laundering and trafficking of women and girls. The secrecy policies in Lower income countries enable elites, multinationals (MNCs), and the corrupt to avoid financial regulations and taxation.

National tax systems

Governments at all levels have permitted their once-progressive tax systems to become ever more unequal through numerous routes: enactment of growing numbers of joint tax and benefit laws that create tax incentives for households to prioritize women's unpaid work and lifelong income dependencies; tax exemptions; failure to take after-tax disposable and consumable incomes into account when increasing reliance on consumption taxes such as VAT. Indirect taxes create particular hardships for women and girls who provide unpaid care and productive services, often have low or no income, and must use more of their low incomes to pay VAT when purchasing nonexempt daily necessities.



Recommendations beyond Beijing+25

The working group in this process also recommends the following (*See [Bogota Declaration on Tax Justice for Women's Rights](#)):

Governments must establish progressive revenue systems which ensure maximum available resources and gender equitable redistribution. Additionally, they must:

- Eliminate the negative and discriminatory gender effects of all existing tax and other fiscal laws as a matter of urgency.
- Ensure that no government adopts new tax or spending laws or programmes that increase market or after-tax disposable and consumable income gender gaps.
- Ensure maximum available resources to invest in high quality, gender-equal public services, social investments, the care economy and social protection.
- Raise all tax revenues in the most progressive way possible – through progressive direct personal and corporate taxation of income, wealth, and high net worth individuals – to ensure that all, including MNCs, pay their fair share. Flat-rated low and minimally graduated rates of personal, corporate, wealth and capital taxes should be converted immediately to robustly graduated tax structures with truly 'progressive' rates that base tax liability on factual ability to pay by those with low incomes and by those with high incomes.
- Ensure that national and regional tax and financial secrecy policies do not contribute to large-scale tax abuses in other countries and do not favour wealthy countries, corporations or wealthy individuals.
- Establish an inclusive intergovernmental UN Global Tax Commission with equal seats at the table and equal voices for all countries in setting international tax policies.

- Ensure that taxes and regulatory policies collect the full costs from fossil fuel producers and consumers (MNCs and individuals) of eliminating and remediating all climate, ecological, and environmental damage and their disproportionate burden on women and girls

The working group during UNECE Women's Civil Society Forum held on 28 October 2019 formulated the following two priority recommendations:

- Raise all tax revenues with truly 'progressive' rates that base tax liability on the factual ability to pay by those with low incomes and by those with high incomes through [applying] robustly graduated tax rates in all direct personal and corporate taxes on income, wealth, and high net worth individuals, [which can clearly] ensure that all, including multinational corporations (MNCs), pay their fair share.
- Ensure that national and regional tax and financial secrecy policies do not contribute to large-scale tax abuses in other countries and do not favour wealthy countries, corporations or wealthy individuals, and that international tax policies support the fair distribution of global taxing rights and establish publicly available data to tackle illicit financial flows (i.e. tax evasion and tax avoidance).