

1. Introduction

This executive summary presents the advocacy initiative on tax justice, gender and race in Brazil, a collaboration between Inesc, the Tax Justice Network, Red de Justicia Fiscal de América Latina y El Caribe and Latinidad. This action consisted of delivering a *shadow report* and active participation in the 88th Session of the United Nations Committee on the Elimination of Discrimination against Women (CEDAW), to be held in May 2024. On this occasion, the Brazilian government will go through a review process, where the CEDAW committee will assess its commitment to the Convention¹ and women's rights in the country. Prior to the session, all countries provided a State Party's Report outlining the main measures taken to guarantee women's rights, as well as responding to the demands made during the pre-session (held in November 2023). The shadow report can strengthen the State Party Report's findings or challenge them, to ensure that the CEDAW Committee can monitor women's rights in Brazil.

This advocacy initiative has already had six stages: (1) coordinating the organisations involved and planning; (2) carrying out research into the impacts of the Brazilian tax system with an emphasis on gender and race; (3) drafting a shadow report; (4) meeting with 12 national and local women's and feminist movements in December 2023 to present the results of the research and the structure of the document, to gather suggestions on the content of the report and bring in more organisations to engage with this policy agenda; (5) submission of the shadow report to CEDAW in April 2024, when the committee received reports from various civil society organisations on the topics listed; (6) dialogues with national and international organisations to prepare advocacy actions. The next step will be to advocate in person at the 88th Session of the CEDAW Committee and, subsequently, provide feedback to the women's organisations who collaborated during the process and create spaces for future advocacy on the issue at the national and international level.

In the submitted document, we explore how austerity measures and regressive tax policies directly affect women's rights in Brazil, especially black women. In addition, we situate the country within the context of global tax policy and the current negotiations at the United Nations Framework Convention on International Tax Cooperation. We emphasise how the transition of global policymaking to the auspices of the United Nations rather than the OECD can boost the adoption of more inclusive and human rights-oriented tax policies. In addition, we emphasise the importance of Brazil's leading role

¹ [Convention on the Elimination of All Forms of Discrimination against Women](#)

through its presidency of the G20 in influencing more progressive fiscal policies at national and international levels. We end the text by presenting recommendations that could contribute to tax reforms centred on women's rights, considering the racial inequalities that still persist in the country.

It should be noted that the document presented by Brazil for 2024 (*Annex to State Part Report²*) does not mention fiscal justice at all. This absence demonstrates how urgent it is to broaden the debate on this issue in society, as well as to incorporate it into the field of promoting the rights of women and girls.

2. Who we are

Inesc - Institute for Socio-Economic Studies

[Inesc](#) is a non-governmental, non-profit, non-partisan organisation based in Brasilia (Brazil). For 44 years, we have been working politically with organisations and social movements to have a voice in national and international spaces for discussing public policies and Human Rights, always with an eye on the public budget. We believe that understanding and interpreting the budget is fundamental to promoting and strengthening citizenship and guaranteeing the rights of all citizens.

Tax Justice Network

The [Tax Justice Network](#) believes that our tax and financial systems are powerful tools for creating a just society that gives equal weight to everyone's needs. However, under pressure from corporate giants and the super-rich, governments have programmed these systems to prioritise the wealthiest, embedding financial secrecy and tax havens at the heart of our global economy. This fuels inequality, fosters corruption and undermines democracy. Every day, the Tax Justice Network seeks to inspire and empower people and governments worldwide to reprogram their tax systems so that they work for the benefit of all people.

Latindadd - Latin American Network for Economic and Social Justice

[Latindadd](#) is a network of institutions and social organisations from thirteen Latin American countries working to promote solutions to the problems arising from the systemic crisis and to create the conditions for establishing an economy at the service of the people, in which economic, social, and cultural rights are guaranteed.

Latin American and Caribbean Tax Justice Network

The [Latin American and Caribbean Tax Justice Network](#) is a network of Latin American organisations that seeks to strengthen the action of its members by stimulating the exchange of experience and collective action to enhance the impact of the search for a new tax model.

3. On the Document to be submitted to CEDAW

3.1. Background

In the List of Issues Prior to Reporting in November 2020, the CEDAW Committee requested Brazil to *"provide information on the steps taken to address the elimination of discrimination against women in employment, including...any disproportionately negative impact of austerity measures and tax policies on women."*³ However, neither the State Party Report (submitted in March 2022 by the Brazilian government) nor the Annex to State Party Report⁴ (submitted in 2024) mention fiscal policies or austerity measures, representing a gap in the State's accountability and duty towards women in Brazil.

In a 2022 OECD study on gender and taxes, Brazil reported that it has not implemented any tax policies or measures focused on gender equity, on the grounds that there is no guidance on how to consider implicit gender bias in tax policy design and that the country does not practice any form of gender budgeting⁵.

3.2 Brazil context

Since 2016, with the approval of "Constitutional Amendment 95", more commonly known as the "Spending Ceiling", Brazil has implemented regressive fiscal policies and austerity measures. Between 2015 and 2017, public investments that specifically benefited women were cut by 58%, and specialised services offered to women victims of violence were reduced by 15% (David & Rossi, 2019⁶). According to the authors, *"Instead of updating fiscal systems with progressive measures to widen fiscal space and maintain social policies, Brazil has chosen the path of reducing the distributive power of fiscal policy and increasing inequalities."*⁷

³ [List of issues and questions prior to the submission of Brazil's combined 8th and 9th periodic reports](#): You can find the report in Spanish, English and French at this link. Unfortunately, the UN does not yet recognise Portuguese as an official language.

⁴ [Annex to the State Party Report \(Brazil\)](#)

⁵ [OECD - Fiscal Policy and Gender Equality: An Assessment of Country Approaches](#): Here you can read the OECD report in English and French.

⁶ ["Why Brazil's permanent austerity policy is jeopardising its economic future"](#)

⁷ Our translation.

In 2018, UN Human Rights experts called on Brazil to reconsider its harsh austerity measures and build its economic policy centred on human rights⁸. They noted that infant mortality rates in the country increased for the first time in 26 years, as financial and fiscal decisions have affected the realisation of many fundamental rights, and *"women and children in poverty are among the most affected"*. They concluded by stating that *"Achieving macroeconomic and growth targets must not be at the expense of Human Rights: the economy is society's servant, not its master."*

Austerity measures and regressive fiscal policies particularly affect women and, in a country marked by structural racism like Brazil, black women more specifically. Women, especially impoverished women, are more likely to use social programmes such as Bolsa Família and essential public services such as care services (daycare, nursing homes and healthcare services, among others). Thus, budget cuts that result in a reduction in the value and scope of social benefits and the provision of these services contribute to an increase in unpaid domestic labour. The lack of a social protection network, therefore, puts an even greater burden on women and, in many cases, girls, who are denied their full right to childhood and education.

As a result of the impoverishment caused by fiscal austerity policies, the dismantling of public policies and the effects of the COVID-19 pandemic, Brazil has returned to the Food and Agriculture Organisation's (FAO) Hunger Map. According to the PENSSAN network (2022), between 2021 and 2022, in households where women are the main providers (19.3 per cent), the hunger rate was 8 per cent higher than those where men assume this role (11.3 per cent). These figures become even more serious when we consider that in households headed by black or brown people, food security is guaranteed in only 35 per cent of households. In comparison, in households where the reference person declares themselves to be white, this rate rises to 53.2%⁹.

In several countries, economic reforms and fiscal austerity policies are preventing the realisation of women's Human Rights¹⁰. In Brazil, moreover, the presence of deep-rooted patriarchal norms, which in some cases are accompanied by high rates of gender-based violence in the domestic environment, perpetuate a reality where women are often deprived of the exercise of their rights.

⁸ [Brazil must prioritise human rights before austerity, warn UN experts, as infant mortality rises](#)

⁹ [2nd National Survey on Food Insecurity in the Context of the Covid-19 Pandemic in Brazil](#)

¹⁰ [The impact of economic reform policies on women's human rights](#): This report is available for consultation in English, French and Spanish.

For example, at the beginning of the COVID-19 pandemic in 2020, when the rules for tenders and contracts were relaxed, only 29.45% of the resources authorised to tackle domestic violence were spent¹¹. At the time, women needed support from the State more than ever, as their living conditions worsened in general, and also because domestic violence [increased](#), as many girls and women had to endure social isolation with their abusers. After the most critical period of the pandemic, there was a small reduction in the femicide rate, of 2.4 per cent, [according to the Atlas of Violence](#) (2021), but there was a 3.7 per cent increase in rape cases. In 2022, however, according to the Atlas, there was [a 5 per cent increase in femicides](#) compared to the previous year. In this context of increasing violence against women, in 2021, the budget for tackling violence against women fell by 45% compared to 2020 and by 17% compared to 2019¹².

Gender inequalities are exacerbated when we consider the regressive nature of Brazilian taxation. The national tax system is primarily based on taxation on consumption, to the detriment of taxation on income. As a result, it is impoverished people who pay proportionally more taxes. This reality deepens gender inequalities even further by indirectly imposing higher taxes on women. That is, precisely because women have lower salaries or are unpaid and are responsible for looking after children, the home and sick people, they have less stability and volume of income, while at the same time, they tend to use their income to spend on the consumption of basic items such as food, hygiene, personal care and health care. Furthermore, excessive indirect taxation penalises black women, in particular, who belong to the poorest sections of society.

After ten years in Congress, a tax reform that contains positive points for women has finally been approved¹³, it includes measures such as to reduce taxes on cleaning and personal hygiene products, tax exemptions for basic food baskets and tax refunds (*cashback*) for the poorest. The *cashback* model to be adopted still needs to be regulated, which will define the beneficiaries, the limit for the refund, whether or not it will be linked to a specific type of consumption and also how the refund will be made. It will be a unique opportunity for Brazil to tackle gender and race inequalities, i.e., for the regulations to take into account the base of the social pyramid, black women, and to create refund mechanisms.

The government divided the tax reform into two phases, the first focusing on indirect taxes on consumption and the second on taxes on income and wealth. The consumption-focused tax

¹¹ [A suffocated country - Balance of the Union Budget 2020 - INESC](#)

¹² [The dismantling bill - Balance of the Federal Budget 2021 - INESC](#)

¹³ [pec 45-19 - final \(camara.leg.br\)](#)

reform was approved by the House and Senate and promulgated by President Lula on 20 December 2023. Regulation of the approved text is in process. The proposal for the second phase has not yet been sent by the government to Congress.

The tax reform approved so far is insufficient to tackle the structural inequalities of the Brazilian tax system because it makes no proposals to improve the progressivity of **income** or **wealth**, with the exception of the modification of inheritance taxes, which are now progressive.

This means that the low-income population, black people and women will continue to be the most disadvantaged by the tax system until a more structural reform is made. There is still a need to increase taxation on income and assets, regulate the tax on large fortunes and institute a tax on dividends, among other recommended changes.

3.3 Research on which the document is based

Inesc and Oxfam (2014)

In 2014, Inesc carried out an unprecedented study in Brazil¹⁴, in partnership with Oxfam and developed by Evilásio Salvador, which showed that black women pay proportionally more taxes compared to other social groups. According to the research, the poorest 10 per cent of the population spent 32 per cent of their income on taxes. In comparison, the richest 10 per cent spent only 21 per cent. Gender and racial inequalities became evident when analysing the data for each of these population groups. Among the poorest 10 per cent, 68.06 per cent were black, 31.94 per cent white, 45.66 per cent were men and 54.34 per cent were women. Of the richest 10 per cent, who pay less tax in proportion to their income, 83.72 per cent were white and 16.28 per cent black. In this category, 62.05 per cent were men and 31.05 per cent women. This study was essential for the political defence of the feminist and black movements in Brazil, as it drew attention to a previously invisible problem: tax injustice is also marked by the intersectional biases of racism and sexism.

Inesc and MAD/USP (2023)

In 2023, Inesc launched a new study¹⁵, in partnership with the Centre for Research in Macroeconomics of Inequalities (Made/USP), and developed by Luana Passos, Fernando Gaiger and Matias Rebello Cardomingo. Although the methodologies of the 2014 study and the 2023 study were different, the results showed that the scenario did not change significantly in the almost ten-year interval. This was precisely due to the absence

¹⁴ [The implications of the Brazilian tax system for income inequality - INESC](#)

¹⁵ [Distributive impacts of taxation and public income transfers: a look at gender and race - INESC](#)

of a comprehensive tax reform and the lack of effective public policies to reduce social, racial and gender inequalities.

General Federal Balance Sheet - Inesc (2019 to 2022)

Inesc's analyses of the dismantling of public policies for women and the promotion of racial equality from 2019 to 2022 were also used¹⁶. For example, in 2020, the most critical year of the pandemic, the Ministry of Women, Family and Human Rights was unable to implement 70% of the resources earmarked for combating violence against women. At the same time, violence against women has increased in at least 20% of Brazilian cities during the pandemic¹⁷. The mismanagement did not go unnoticed by the judicial system, which, provoked by complaints from researchers and women's social movements, filed a request for an investigation by the Joint Budget Commission (“Comissão Mista de Orçamentos” or CMO); and the opening of an enquiry by the Federal Public Prosecutor's Office (MPF) to investigate the Ministry's unsatisfactory management of resources.

The policy of promoting racial equality and combating racism has been completely dismantled under Jair Bolsonaro's government. In the 2019-2023 Multi-Year Plan, the government made its racist bias very clear by excluding any mention of the black population or Quilombola communities. The exclusion of these groups from the plan had consequences, as it extinguished planning for implementing public policies and specific budget programmes to promote their rights. The budget was cut by 80 per cent over the four years. During the pandemic, racism generated a frightening statistic: the black population was four times more likely to die from the Coronavirus than the white population¹⁸.

In 2023, the government of Luiz Inácio Lula da Silva re-established the Ministry of Women's Affairs and the Ministry of Racial Equality, beginning the path towards the programmatic resumption of the public budget centred on gender and race issues. This includes specific programmes and actions in the new Multiannual Plan (PPA) 2024-2027, as well as the publication of several decrees creating measures to guarantee rights for the black population and women.

Unfortunately, with the new fiscal framework drawn up for 2023, which replaced the spending ceiling, the effective implementation of the public policies being proposed by the new government in 2023 may be jeopardised. It could also affect the

¹⁶ [INESC balance sheet archives - INESC](#)

¹⁷ [Violence against women increases in 20 per cent of cities during the pandemic](#)

¹⁸ [After the Dismantling: A Review of the 2022 Federal Budget](#)

beneficiaries of the new PPA's social policies, especially black women.

3.4 Contributions from women's and feminist movements

Below are the suggestions made by the women's and feminist movements at a meeting on 8 December 2023. The suggestions were incorporated into the shadow report sent to CEDAW.

- Assuming as a premise that tax reform is an obligation of the State is also a historic reparation;
- Emphasise that the dismantling of public policies involves transferring responsibility for implementation to the private sector;
- To criticise the challenge of public funds to pay off the debts of companies and banks. These incentives shouldn't go to big companies but to small businesses that pay more taxes;
- Work on diversity since women are not a homogenous group. Include women from the north (which has been impacted by major investments in the Amazon region) and northeast (whose challenges centre on land and territory) in the debates;
- Reinforcing the popular economy model: made, organised and lived in the communities;
- Correlate the impact of taxation on issues such as agrarian reform, food security, education, health and other issues.
- Consider the climate issue;
- Promote reflection on the National Care Policy: tax reform must be able to guarantee the concrete existence of public services, so that responsibility does not fall entirely on families, or in other words, on women;
- Consider menstrual dignity and that the tax is very high on sanitary pads and nappies, the products most consumed by women;
- On the subject of land and territory, criticise subsidies to agribusiness, as opposed to food sovereignty;
- The recommendations include access to digital communication and training for women as a relevant strategy.

*The only recommendation that was not incorporated into the report was: "Address municipal taxes and how they impact the ability to generate progressive fiscal policies". This suggestion is highly pertinent considering Brazil's fiscal architecture, so it will be included in future actions, as it requires specific studies.

3.5 Summary of the Shadow Report

- In this document, we explain the domestic context of the Brazilian tax system, including recent reforms, and explore the effects of Brazil's austerity measures and regressive fiscal policies on women's rights, especially black women.

- We then discuss Brazil's place in the global tax system and the effects of tax abuse by wealthy individuals and multinationals in Brazil. We also address Brazil's participation and cooperation in global efforts to regulate an international tax convention with the support of the United Nations in order to create a more inclusive negotiating environment between the countries of the Global South and North.
- We then pointed out the measures within Brazilian tax policy that jeopardise women's rights. From there, we made recommendations on how the country can address the issues presented in order to create a tax system that promotes women's rights and has a gender and race perspective as one of its central elements.

3.6 Recommendations

Based on an analysis of the issues mentioned above, we recommend the following measures to improve the tax system in order to make it an effective tool for eradicating all forms of discrimination against women, including black women:

Tax system

- Recognise the unequal impact of austerity measures on women, especially black women, and adopt strategies that take gender and race issues into account when developing tax policy.
- Regulate the changes to the tax system in the reform approved in December 2023 that directly impact women. This includes the expansion of subsidies for health and personal care products, especially those most consumed by women and their dependents (children, the elderly, sick or disabled), as well as measures to refund taxes paid by the impoverished, especially black women.
- Transferring the tax burden that currently falls on women to other sectors that need to be heavily taxed as a way of regulating their externalities, such as products that are harmful to health, agrochemicals and ultra-processed foods.
- Likewise, tax incentives for large projects should have more effective transparency mechanisms and stricter penalties. This is because black, Quilombola, and indigenous women are the most affected by projects with a major socio-environmental impact on their territories (such as agribusiness, mining, and infrastructure projects) and by the effects of climate change. Consequently, the tax system should also be used to give back to these populations and contribute to climate justice.

- Promote a broader tax reform that tackles the shortcomings of income and wealth taxes in promoting equality.
- Redistributing the regressive tax burden from consumer taxes to progressive taxes on wealth and income.
- Promoting taxes whose proceeds are used to redress historical and current violence against black people and black women in particular.

Fiscal transparency

Improve transparency about legal vehicles.

- Eliminate or invalidate the use of bearer shares for all companies incorporated in the country. In addition, prevent entities that use bearer shares in their chain of ownership from registering with the National Register of Legal Entities.
- Improve the definition of final beneficiary and follow the example of other Latin American countries by adopting lower registration thresholds.
- Improve the registration criteria for foreign legal entities and, in particular, require every foreign *trust* with a local administrator to register with the National Register of Legal Entities.
- Reform RFB Ordinance No. 34 of 14 May 2021 to remove tax secrecy on final beneficiary information and publish it in open access format, along with information on legal owners.
- Require multinational companies to publish reports broken down by country.
- Produce and publish statistics disaggregated by gender and race/ethnicity to analyse the impact of tax policies on women, black women and indigenous people.
- Publish statistics related to the country's efforts to create a more progressive tax system.

International tax policy

- Actively participate in the Latin American Tax Platform. To effectively guarantee women's economic and social rights, it is imperative to persist in active, engaged and decisive participation in regional initiatives aimed at establishing inclusive, sustainable and equitable tax standards. These efforts are crucial to tackling challenges that disproportionately impact women, such as increasing poverty and inequality.
- Support the UN Framework Convention on International Tax Cooperation as the official forum for policymaking on international tax norms and rules.

