6

Conclusions and Recommendations

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Government's revenue generation measures affect a wide range of social and economic decisions due to the fact that they alter both disposable income and relative prices of goods and services. Decisions about work, savings, consumption and investment are influenced by taxes. The main tax policy objective is to raise revenue through ad hoc increases in tax rates to achieve targets with little regard to the impact on women and men.

Gender positions women and men in uneven and differentiated spaces. As a result revenue generation policies, laws and strategies have different impacts on them. At another level, ignoring gender inequalities in work, bargaining power, access to and control over resources and income may negatively affect the purposes of policy and may ultimately undermine them, resulting in inefficiencies in revenue generation. The rationale for considering gender is therefore not only based on issues related to social justice but also because of its link to economic growth and development.

Gender analysis of the taxation laws shows that whereas there is no overt discrimination based on gender, no specific consideration is given to the differences between women and men that may influence how they are affected by the laws. According to a senior officer in the taxation department at MOFPED, the only explicit gender-specific exemption from tax is sanitary towels – and if there is any other gender sensitivity in the laws and policies, this is by default not design.

Despite their apparent gender-neutrality, however, indirect taxes have gender implications. For instance, VAT was introduced to provide a broad-based consumption tax with relatively simple administration. This moved the burden from the producer to the consumer, a burden that is disproportionately felt by non-income earners and low-income consumers, the majority of whom are women.

The non-market/care economy is often left out in the discussion of revenue generation and yet it underpins the market economy. None of the taxation laws acknowledge the unpaid work carried out in the care economy. Many of the laws are, however, poverty sensitive. Attempts have been made to protect the poor and low-income earners through exempting or zero rating goods under VAT and by raising the threshold of personal income. The presumptive tax system for small-scale enterprises is less onerous than other corporate tax. Due to lack of gender-disaggregated data, we cannot say for sure to what extent women relative to men benefit from these tax measures. However, the information available suggests that men benefit more than women since they are the majority of income earners and entrepreneurs.

Recommendations

1 Revenue generation measures play an important role of redistribution and should be designed to address the inequities in resource allocation between women and men. Improved security of access to resources would improve women's productivity and thus contribute to broadening the tax base.

2 In addition to revenue generation, taxes have a steering function to encourage or discourage certain types of behaviours and should also be used to promote gender equity.

3 The MoFPED should integrate gender aspects in the evaluation of taxes in order to ensure that women and men have the same tax burden in the same situation and a different tax burden in different situations.

4 The Government plans a major review of the tax system in order to make it more appropriate in meeting national objectives. Since the National Gender Policy states that gender is integral to these national objectives, the review should, among other things, explicitly assess the gender impact of the system.

5 The LGFC should give explicit consideration to gender in any future identification of potential sources of revenue for local governments and incorporate gender in the grants allocation formula.

6 While it is difficult to assess the economic value of women's work in the care economy, this should be recognised and planned for as a form of tax – an invisible tax imposed on women by society. Resources need to be allocated to support work in the care economy, e.g. through childcare provision, as a measure to maximise returns from this (social) revenue base. On that basis, the social tax imposed on women's labour should be reflected in resource generation strategies.

7 The URA, local governments and the LGFC should institutionalise the collection, analysis and utilisation of sex-disaggregated data. The URA should collect information on filers by sex, local governments should disaggregate revenue sources, and LGFC should include gender in the allocation formula and in all revenue generation guidelines to the local governments.

8 The key players need to be aware of the significance of gender budgeting to their respective mandates and have the necessary capacities. Some tailor-made gender capacity building should be organised to strengthen sensitivity and the necessary skills.