1
Introduction

Efforts to integrate a gender perspective into public budgeting decisions have been going on for almost 20 years. In 1984, the Australian government introduced the first 'gender budget' exercise, which led ultimately to a gender review of all federal, state and territorial government expenditures and some elements of revenue. At the 1995 United Nations World Conference on Women in Beijing, governments made a commitment to incorporate a gender perspective into budgetary processes in order to support gender equality. Since then, work by women's NGOs, other civil society organisations, academics and multilateral organisations has shown that the analysis of government expenditures can be an important tool for addressing gender inequities.[1] Analysts and activists are now increasingly interested in how to bring a gender perspective to the revenue side of the budget, as well as how to use gender revenue analysis as a tool for advancing gender equality.

Taxation and expenditure need to be analysed together for a full understanding of the income and gender impacts of government fiscal policy. The level of taxes to be levied is decided in conjunction with the level of needed expenditures. The ultimate ratio of tax burden/social benefit for individual women and men depends on the gender distribution of both taxes paid and services received, as well as the gender distribution of the long-term gains from social and economic development. The goal of gender revenue analysis is to identify and monitor the flow of sufficient financial resources so that gender equity is achieved in revenue generation and women and men, and girls and boys, benefit equally from programmes and services.

This paper reviews the literature on the gender dimensions of taxation and the implications for tax policy with special reference to developing countries. Taxation is a critical subject for a gender analysis of development policy for several reasons. First, in the developing world, the majority of the population – and the vast majority of women – are poor, so adequate financing of public services is a pressing issue with special gender relevance. Second, since taxes are governments' principal own-source revenues, tax policy is at the heart of the public debate on what services government should provide and who should pay for them. Third, taxes in developing countries constitute 10–40 per cent of a country's gross domestic product (GDP), which means that out of every rupee or pound earned, a significant share goes to the government (IMF, 2002). Such a large extraction of resources affects all aspects of social and economic life and – matched with expenditures – determines the path and distribution of development.

The Commonwealth Secretariat commissioned this paper as part of its commitment to integrate gender concerns into economic policy. The paper follows important prior work on the gender dimensions of public expenditure. Its purpose is to provide information to assist in the analysis of potential gender bias in tax systems and the design of gender-sensitive revenue measures.

The intended audience is a broad spectrum of government, NGO and civil society organisations, as well as economists concerned with public finance, macroeconomics and gender. The paper has an applied rather than an academic focus, and the material and language are designed to be accessible to readers without a formal public finance background. Since the issue of gender bias in taxation is a fairly new discussion, the literature on the subject is limited. There is a large literature on gender biases in the personal income tax systems of developed countries and a relatively smaller literature on the gender dimensions of direct and indirect taxation in developing economies. The literature from developed countries, although specific to conditions of high-income countries, provides helpful information on how gender bias can be identified and corrected in current tax systems, and avoided in future tax policy decisions.

The structure of the paper is as follows. Section 2 explains the concept of gender, and the implications of gender for taxation policy. Section 3 provides an overview of taxation issues in developing countries. Section 4 outlines some basic concepts of tax analysis and provides a feminist critique of them. Section 5 reviews the existing literature on the gender dimensions of tax policy, including a general overview of types of taxes and specific literature reviews on the gender impact of taxation on labour supply, household production and time use, and fertility. It also reviews the gender impacts of user charges which, while not taxes, are also a source of government revenue. Section 6 summarises current tax policy debates and issues, and Section 7 discusses methodologies and tools for gender revenue analysis, and data and modelling requirements. Section 8 concludes with recommendations on how to improve gender equity in tax policy and suggests areas for future research.