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Gender and Tax: Programming and Evidence

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Question

- What gender-transformative tax programmes have been recently completed or are currently in operation?
- What does the evidence tell us about the nature of the interventions, their objectives, funder(s), and key stakeholders, measures of success and achievement against these measures, cost-effectiveness, and any unintended outcomes?

Contents

1. Overview

Generally, policymakers and tax analysts (as well as donors concerned about gender equity) have not made proper consideration about how tax policies and tax reforms can interact with gendered cultural norms in developing countries. However, there are worries that tax systems are biased against women and that recent tax reforms may increase the incidence of taxes on women and other underprivileged groups – while, at the same time, failing to garner sufficient tax revenue to fund social programmes necessary to enhance their lives (Grown and Valodia, 2010; Joshi, 207; Williams, 2019).

Since women in developing countries are particularly vulnerable to poverty, a comprehensive and rigorous assessment of tax systems (e.g., existing tax laws, tax administrations and new tax reforms) is needed to understand how they are uniquely affected. An enormous difficulty facing developing countries is, therefore, how to collect adequate financial resources in ways that do not place severe burdens on the poor and marginalised sections of the society (Grown and Valodia, 2010; Williams, 2019).

Gender-responsive tax programming by donors (and developing-country governments) requires dedication to assess the gender impact of tax policy and tax administration – i.e., who benefits and who is losing from existing tax arrangements or proposed reforms. Where existing tax policies impose unfair burdens on women, reforms must follow. Furthermore, it must be acknowledged that collecting tax revenue more equitably is just one part of the solution. Recognising how tax revenue is distributed is just as important to gender equity. Strong women's rights organisations, leaders that are willing to commit to gender equality, and inclusive spaces for women to take part in decision-making and tax policy analysis are necessary to achieve a fairer domestic resource mobilisation (DRM) (Coplin and Nwafor, 2019).

Although there is growing evidence in the academic literature about the gender dimension of tax, there is still very limited programming by donors on tax policy and tax administration with an explicit focus on gender. Similarly, rarely do donor-funded programmes targeting gendered inequities and empowerment of women incorporate a clear tax agenda. However, there is some evidence that this trend is changing. Some recent regional and country programmes on DRM (e.g., on tax administration, tax policy, tax research, etc.), as well as business and investment climate improvement programmes, are incorporating explicit gender targets into their tax programme components. Some of these regional and country programmes are briefly discussed below (with more information on these provided in Sections 4 and 5).

Regional Programmes:

- USAID has supported reforms around tax policy and tax administration (together with other programme components) in developing countries of the Middle East and Asia regions. In Tunisia, for instance, USAID's 'Asia and Middle East Economic Growth Best Practices' has carried out a fiscal analysis into tax policy reform and has developed a practical Gender Equality and Mainstreaming methodology and gendered Environmental, Social, and Governance assessment tool. Through a Tax and Customs Reform Pilot project, the programme helped to develop and manage equitable tax policies. Through the creation and training of a Fiscal Analysis Unit (partly staffed by women), the program enabled tax policy analysis and simulation of revenue estimates.

- The International Centre for Tax and Development, funded by FCDO and the Bill and Melinda Gates Foundation, is running a programme that manages several research projects in African countries on the “gender and taxation” theme. A research project in Uganda funded by the programme, for instance, studied the engagement of women in tax administration while another study in Sierra Leone separately studied taxes paid by male and female-headed households. Further, based on studies conducted in Nigeria, Tanzania, Zimbabwe, and Sierra Leone, the programme has shown the importance of using tax collectors composed of both women and men.
- The International Development Research Centre, through funding from the government of Canada, has run a programme targeting research on tax policy (with some gender dimension) and enterprise development in South Asia. Through research projects in countries like India, Pakistan, Sri Lanka, Bangladesh, and Nepal, the programme has analysed the impacts of value-added taxes and tax exemptions/concessions on the development of small enterprise (also looking at those run by women).

Country Programmes:

- In Armenia, the tax administration modernisation project run by the World Bank has worked on increasing voluntary tax compliance; reduce tax evasion; reduce compliance costs; and increase administrative efficiency. The project has strived to make women receive equal access to tax administration training opportunities as well as devised and used gender-disaggregated indicators in surveys. These have helped to better address gender inequities in tax administration and realise better taxpayer engagement.
- In Tunisia, a fiscal reform programme which was funded by USAID supported reforms around tax policy and tax administration, and other fiscal reforms. It was noted that reform scenarios (e.g., on value-added tax) addressed how women and men (and different income groups) could be differently affected by tax exemptions and tax rates differentiations. Further, all data gathered by the programme was sex-disaggregated and surveys and monitoring and evaluation tools included questions that helped to separate outcomes by gender. However, despite explicit goals in programming, little was achieved in concretely advancing opportunities for women in the fiscal domain.
- In Kenya and Vietnam, the Ministry for Foreign Affairs of Finland funded a tax administration modernisation programme that had a gender component – where women, youth and marginalised groups were made to be priority beneficiaries of the programme. However, the gains appear to be successes in involving women in project activities rather than in broader gender mainstreaming across tax administrations in the two countries. The programme in Vietnam had particularly succeeded in working with women-focused development agencies and NGOs.
- In Ethiopia, an investment climate improvement programme funded by the government of Canada (and implemented through the International Finance Corporation) had a tax policy and tax administration review component. The programme stated that realising gender equality is a key objective and it worked to improve the investment (and tax) environment so that women (and men) entrepreneurs benefit more.
- It is also worth noting that some developing countries (e.g., Sierra Leone) are coming up with own initiatives (with little or no direct external support) to reform their tax system in a way that addresses gender-related tax inequities (see Annex-1).

2. Context: Tax and Gender

2.1 Linking Tax and Gender

‘Gender and taxation’ (as research/policy theme) is witnessing a growing interest among researchers. However, most studies on the topic thus far focus on high-income countries – or seek to investigate gender bias in ‘formal taxes’, including personal income tax. This is, nevertheless, less relevant for poor developing countries where the economy heavily constitutes informal business activities and where most underprivileged groups (particularly women) are dependent on income from the informal economy (Akpan and Sempere, 2019).

In recent years, **developing-country governments are stepping up their DRM efforts** – including the strengthening their tax base, reforming tax legislation, and improving the efficiency of their revenue collection processes. Nonetheless, the DRM **reform processes in most developing countries involve a shift towards regressive taxes** like value-added tax (VAT) or goods and services tax (GST) rather than increasing corporate, property, other income and capital gains taxes. Furthermore, there are **efforts to tax the informal economy**. Although this is done with ‘formalisation’ in mind, it has led to **adverse consequences for many women-owned micro-enterprises and informal businesses** (Williams, 2019).

Moreover, fiscal decentralisation has forced many sub-national governments in developing countries to rely evermore on their own sources of revenue. These often involve the use of **service payments, like user fees, so-called ‘market taxes’ or ‘informal taxes’ that are onerous to (informal) women informal traders**. These (tax like) fees, for instance, include protection payments to local police or payments by street vendors to acquire vending-space on a sidewalk to sell their merchandise. Women who run such informal trades are negatively impacted by these fees or ‘informal taxes’, as their small businesses are usually the main users of sidewalks and other informal market settings (Joshi, 2017; Williams, 2019).

The design process of tax systems in developing countries is often not gender-neutral and the nature of existing tax codes (and the way tax administrations treat their taxpayers) may have an explicit negative bias towards one gender (e.g., women). The way tax policies are designed and how they are enforced will also determine the wider economic decision process of households and businesses – e.g., regarding employment and the overall distribution of income (or asset/wealth) between men and women (Williams, 2019).

Barnett and Grown (2004) and Grown and Valodia (2010) note four ‘stylised facts’ about gender differences in economic activity that should be used to understand the distinct impact of taxation on men and women. These being: i) gender differences in ‘paid employment’ – including formal/informal employment, wages and occupational differences; ii) women’s work in the unpaid ‘care’ economy; iii) gender differences in consumption expenditure; iv) gender differences in property rights and asset ownership.

i) **Paid employment and implications to ‘tax and gender’**: generally, women’s employment rates in developing countries are far lower than that of men’s, even though women put in more time to paid and unpaid work overall (United Nations, 2009). As a consequence of the disadvantaged employment profile of women (e.g., their intermittent employment, relatively lower earnings power and over-representation in underpaid forms of informal employment) they are unlikely to account for a more significant portion of the personal income tax revenue in many developing countries. Nevertheless, their unequal participation in the (particularly formal) labour market may also inhibit them from obtaining certain benefits granted to employees via the tax system (Grown and Valodia, 2010).

ii) **Unpaid (care) employment and implications to 'tax and gender'**: The way in which unpaid work such as housework, cooking and caring for children, the elderly and the sick (i.e., tasks that are often done by women) are valued affects the concept of income and the perception of who bears the burden of taxes (Grown and Valodia, 2010). Women's and girls' time is limited by these 'unpaid' activities - thus, reducing their participation in other productive, income-generating activities or educational prospects.
Women, therefore, suffer from 'time poverty' and that might lead to a decline in their well-being (Hirway, 2015; Williams, 2019).

iii) **Consumption patterns and implications to 'tax and gender':** compared to men, women on average appear to spend a more significant percentage of their income on essential items such as food, education and health care that improve the well-being and skills of children. Thus, it is necessary to separately investigate how variations in prices (and taxes) of consumption items will affect women's and men's spending patterns (and household welfare) differently (Grown and Valodia, 2010).[1]

iv) **Property rights (ownership) and implications to 'tax and gender':** Women often face difficulties on the right to own and inherit a property in many developing countries. For instance, men hold formal land titles when land is private in many parts of Africa and Asia. Further, cultural norms may decide that male family members (and not women) can own businesses. Because of this, some countries (e.g., India) are now using the tax system to offer incentives to boost female property ownership (Grown and Valodia, 2010). India is among the few instances where taxes are used as a policy of 'affirmative action', with women explicitly benefiting from certain aspects of the tax system and tax reforms (Chakraborty et al., 2010).

    There is a growing understanding that property tax might be one of the most efficient and equitable taxes (Norregaard, 2013). Since women lag behind men in land ownership, property taxes can also become a gender-responsive tax. However, property taxes have not historically contributed significantly to the collection of revenues in most low-income (LICs) and lower-middle-income (LMICs) nations – thus partially limiting their appeal (Coplin and Nwafor, 2019).

[1] Governments dedicated to gender equality should think about how tax policy can help lower the cost of care work. In this case, governments would be able to test tax exemptions for equipment that enhances access to water. However, they should be careful not to apply tax exemptions for expensive equipment (e.g. washing machines) that can only benefit wealthier households. More studies are needed to better explain how tax policy can reduce the burden of unpaid work for women (Coplin and Nwafor, 2019).

2.2 Evidence from Studies on Tax and Gender

Taxes and women in (formal) businesses

Yimam and Asmare (2020)[2], who study the role of business owners' gender on tax compliance in Ethiopia using a combination of taxpayers' administrative and survey data noted that:

- There is a statistically significant difference in the tax compliance behaviour of enterprises owned (or majority-owned) by men and women.
- The probability of being tax compliant increases as the ownership share of women in a business increases. That is, women are more tax compliant than men. Compared with men's enterprises, those owned by women are, on average, 19.8 percentage points more likely to be tax compliant.
- Women are compliant not just because they fear audit and/or penalty. Instead, women have a more positive evaluation of the tax system than their male counterparts.
- The correlation between the owner's gender and tax compliance also becomes stronger as enterprises get larger in size. Thus, the likelihood of being tax compliant becomes higher for women-owned enterprises than men-owned ones as firm size increases.

Yimam and Asmare (2020) argue that policies aimed at improving the tax administration system, introducing new tax enforcement and audit practices, and increasing compliance, should consider 'behavioural differences' between male and female business owners. The authors recommend that the Government of Ethiopia emphasise improving women's participation in business, particularly in large companies and semi-private government enterprises. Since tax evasion and the tax revenue potential of large enterprises are more substantial than small enterprises, they argue that the government can exploit women's ethical and tax-compliant behaviour at a larger scale.

Taxes and women in small (and often informal) businesses

Akpan and Sempere (2019), who study tax challenges faced by women using data collected from market women in Nigeria stated that two main findings emerge from their study: i) the benefits of having female tax collectors and ii) the harmful effects of presumptive taxation on market women, given their lower earnings.

- **Benefits of recruiting more women as tax collectors**: the presence of (adequate number of) women tax collectors help reduce incidences of sexual, physical and verbal harassment faced by female Market traders. Although male tax collectors made up only 73% of tax collectors in the markets the researchers visited, they were reported to be responsible for 97.9% of all cases of physical and verbal harassment and 91.6% of all cases of confiscation of goods.
- **Implicit gender biases related to presumptive taxation**: No gender differences were found by the study regarding tax and non-tax payments in the market. Yet, presumptive

[2] The study uses a combination of taxpayers' administrative data and survey data, combining audit registry data from the Ethiopian Ministry of Revenue and survey data from 408 enterprises in Addis Ababa.

taxation affects women negatively as they earn less but are taxed uniformly. Women traders earn less than men – even in cases where they sell the same type of product. These findings add to the literature on gender implicit biases in taxation – and show the importance of acknowledging implicit gender biases related to presumptive taxation in the informal sector.

Akpan and Sempere (2019) advise that Nigerian tax authorities increase the number of female tax collectors and create a segmented presumptive tax based on actual earnings. If shop assessments (i.e., presumptive taxes) are required due to limited government capacity, then segmented tax rates can be agreed with market unions and associations.

Ligomeka (2019), who studied the gender dimension of taxation in Zimbabwean fleamarket (using face-to-face survey interviews, qualitative in-depth interviews and focus group discussions) found that:

- Zimbabwe is slowly, but increasingly taxing small-scale businesses.[3] The interest to tax the small-scale sector emanates from the gradual (but significant) increase in the number of small-scale traders and the reduction in formal tax revenue as a result of a decline in economic activities.[4]
- The taxes flea market traders pay are regressive. Those who earn a higher income have a lower relative tax burden than those who earn less, unlike those who pay personal income tax or corporate income tax.
- Women have a higher effective tax rate than men because most women earn less than men and are therefore more adversely affected by the regressive tax system in Zimbabwe. Thus, female small-scale traders are subject to more burdensome taxation practices than male traders in the same sector and area.
- Most flea market traders double as cross-border traders. This results in these traders paying presumptive taxes twice – first as cross-border traders, and second as small-scale traders renting property for their businesses within Zimbabwe.
- Most traders who operate in flea markets have a higher tax burden compared to formally salaried individuals who are subject to personal income tax, or companies that are subject to corporate income tax.[5]

[3] Zimbabwe has the world's second largest informal sector, with 60.6% of its economy engaged in small-scale enterprises (Ligomeka, 2019).

[4] In 2005 the country introduced a simplified tax regime for small enterprises, requiring them to pay a presumptive tax instead of a standard corporate tax. At first, only a limited number of types of business were subject to the presumption of tax. However, additional small-scale business types were included in the scheme in 2011 (Ligomeka, 2019).

[5] Flea market traders are subject to tax-like payments apart from presumptive taxes, such as storage fees, market fees and toilet fees. Consequently, when taking into account the taxation of the small-scale sector, it is critical to analyze all other payments made by traders other than formal taxes (Ligomeka, 2019).

Ligomeka (2019) warns that it is important that tax authorities in zimbabwe consider the impact new taxes have on the growth of small businesses (and specifically on gender equality) – since they are considering the expansion of presumptive taxes targeted at the small-scale sector. The researcher argues that the threshold for exemption (particularly for the crossborder presumptive tax) should be high enough to ensure that low-income traders are not adversely affected.

Effectiveness of tax administrations with more women staff

Mwondha et al. (2019), based on their research on the Uganda Revenue Authority (URA), make the case that tax authorities in developing countries (particularly those in Africa) should employ more women. They assert that:

- Taxes have historically been collected almost entirely by men, partly reflecting patterns of authority and privilege in society – and partly owing to the traditionally coercive and confrontational approaches used to enforce taxes.
- However, tax administration is changing, with women entering the profession in increasing numbers – in part because of changes in the ways in which taxes are collected. Tax collection is now less likely to involve face-to-face interactions, and more likely to use indirect approaches such as self-assessment and online platforms that minimise physical interaction.
- Both the changes in the character and skillsets of tax administration jobs and broader changes in labour markets and gender relations, contribute to the increasing presence of female employees in tax administrations.
- Although the study found that women are present (in significant numbers) in different departments of the URA, they are found least frequently in the Customs Department.
- They found that the majority of women work in junior positions, with a few in leadership positions. Further, the employment of women is lower in URA's branches located at peripheral regions – and the highest in the capital/Central region. The authors attribute this to the relatively more challenging rural living and working conditions, especially for mothers with young children. They argue that this job posting pattern gives rise to some perceptions of unfairness and bias in favour of women.
- Performance data suggests that compared to men, women working for URA have slightly higher performance appraisal ratings, slightly lower rates of job turnover and much lower rates of disciplinary action.

Mwondha et al. (2019) argue that the employment of significant numbers of women is likely to enhance tax administrations' effectiveness. They also advise the formulation of an institutional gender policy to carefully mainstream considerations and harness the benefits of gender parity in institutional staffing and management.

3. Donors and 'Tax and Gender' Programming

Donors and partner developing country governments should not focus solely on raising more tax revenue while carrying out DRM reform programmes. Instead, they should make an effort to make revenue mobilisation more equitable, gender-responsive and transparent – where taxpayers and businesses pay their fair share (Coplin and Nwafo, 2019). The latter argue that developing countries will gain better DRM capacities from implementing more equitable tax systems than from further 'squeezing' the average taxpayer.[6]

With a growing understanding of gender issues in developing countries' tax systems, donors are supporting gender-equity reviews of tax codes and policies – particularly in countries whose governments are dedicated to identifying and eliminating explicit and implicit gender biases in their tax system (Pfeuffer and Weissert, 2006; Coplin and Nwafor, 2019).[7] Examples on tax and gender programming by donors are given in sections 4 and 5 of this report.

Donors who support tax reforms in partner countries through 'capacity building' (e.g., of revenue administration offices) are also considering gender as a critical component. A growing trend of gender-disaggregated studies on tax incidence and taxpayer surveys are offering practical observations. Together with local tax authorities, donors need to build more awareness (including through gender-disaggregated data and analysis) so as to establish gender-transformative revenue mobilisation policies and legislation that represent the diverse experiences of women and men in developing countries. Statistical agencies in developing countries would also need to regularly collect, maintain and publish gender-disaggregated data on wages, consumption, landownership and unpaid care work (Coplin and Nwafor, 2019). However, despite the growing interest from donors, still only about 0.3% of overall official development assistance (ODA) is invested in statistical capacity-building in partner countries (OECD, 2017) and less than 1% of the DRM projects supported by the donors of the Addis Tax Initiative (ATI) concentrate on gender (Oxfam, 2018c; Coplin and Nwafor, 2019).

Donors and international development partners are also increasingly accounting for explicit and implicit gender bias in tax systems – as well as other 'equity' problems in tax systems. Recent pieces of research on the theme are pushing donors in this direction (see Section 2). For example, Coplin and Nwafor (2019) advised that IMF/World Bank Tax Policy Assessment Framework (TPAF)[8] and IMF's Fiscal Transparency Evaluations (FTEs)[9] should

[6] Some donors are also starting to encourage the implementation of stronger property and land tax systems, and some civil society campaigns have resulted in revenue-sharing processes for extractive sector revenues (Coplin and Nwafor, 2019; Global Communities, 2013). These positive changes may contribute to more and better tax revenues for local councils. However, they will need to absorb, handle and distribute these revenues effectively. Coplin and Nwafor (2019) note that donors and national governments need to invest more in building the capacity of sub-national governments and local accountability stakeholders - for a more equitable distribution of these revenues.

[7] For instance, the government of Ghana and Germany collaborated (GTZ's Revenue Mobilisation Support (RMS) programme, Gender Law Project)[7] with the aim to improve gender equity and establish an environment supportive of the enforcement of gender equity in Ghana (Pfeuffer and Weissert, 2006; Coplin and Nwafor, 2019).

[8] https://www.imf.org/en/Data/TPAF

[9] https://www.imf.org/external/np/fad/trans/

assess the effect of tax policy on equity; run programmes in consultation with civil society organisations; encourage the publication of citizens' budgets; reduce public revenue and its sources, and include a strong gender dimension.

4. Regional Programmes with Tax and Gender Programming

4.1 Asia and Middle East Economic Growth Best Practices (AMEG)[10]

Brief Details:

Country/Region: Asia and the Middle East

Budget: Not Available (NA)

Donor: United States Agency for International Development (USAID)

Implementors: Banyan Global; Chemonics International; USAID

Period: Jan. 2013 to Sept. 2017

Overall Objectives:

AMEG has collaborated closely with governments across the Middle East and Asia to (among other activities) **test and introduce enhanced public financial management systems and procedures – including tax policy and tax administration reforms, budgeting processes, and procurement and payroll systems**. AMEG concentrated primarily on empowering and developing national and sub-national governments' capacity to design and enact reforms by themselves (USAID, 2017).

Further, AMEG has supported systematic policy and structural reforms in favour of increased trade and investment, broad-based economic growth and poverty reduction in Asia and the Middle East. It also included identifying and promoting interventions, best practises and pilot activities that promote economic, financial, budget and public sector performance reforms; investment in the private sector; and more sustainable, inclusive development (Banyan Global, 2020a).

Gender Focused Tax Outcomes:

Evidence from AMEG tax reform project in Tunisia (USAID, 2017):

[10] Project page: https://banyanglobal.com/project/asia-and-middle-east-economic-growth-best-practices-project/; Project completion report: https://www.chemonics.com/wp-content/uploads/2018/06/AMEG_Final-Report.pdf

- AMEG integrated **high-quality fiscal analysis into the decision-making process of tax policy reform by collaborating with the Tunisian Ministry of Finance to set up a Fiscal Analysis Unit. Several women were part of the newly formed fiscal analysis team**.[11] The new Fiscal Analysis Unit provides policy analysis, revenue forecasts and an analysis of revenue trends. For example, when the Tax Directorate prioritised a revenue-neutral reform package to fix shortcomings in multiple areas of the tax code, the new departmental unit created microsimulation models to illustrate the revenue effect of such policy scenarios. However, **details of gender dimensions in tax policy analysis have not been adequately provided.**
- Reforms on the tax policy system have been a priority to the programme - both **to increase revenues and to promote renewed investment and job growth (in women and men run businesses)**. Tax reforms were needed in Tunisia because high tax rates, unnecessary administrative burdens and low levels of "tax certainty", along with a special tax incentive regime favoured by a few large corporations, had rendered Tunisia a challenging environment for foreign direct investment.
- As a component of its **Tax and Customs Reform Pilot** (TCP), AMEG set out to reinforce the capacity of Tunisia's Ministry of Finance to **create suitable and equitable tax policies (i.e. gender sensitivity, among other targets)**.
- AMEG has partnered with Tunisia's tax administration agencies to develop a tax compliance improvement scheme, a framework for reform priorities for enhancing tax administration. Nevertheless, it **was not very clear how well gender targets were incorporated into the tax administration reforms.**

For other key gender-related programme outcomes for AMEG (i.e., beyond direct tax-gender nexus), see Annex-2.

[11] A photo of the members of Tunisia's newly created Fiscal Analysis Unit shows several women (USAID, 2017: p. 53). This is useful because the share of women in the workforce in the MENA region is generally far lower than any other region in the world (USAID, 2017).

4.2 Tax and Development Programme (Gender and Tax Research Project)[12]

Brief Details:

Country/Region: sub-Saharan Africa and South Asia[13]

Budget: £13.3 million

Donors: FCDO and Bill and Melinda Gates Foundation[14]

Implementors: *ICTD.*

Period: October 2018 to September 2025

Overall Objectives:

The 'Tax and Development'[15] (TD) programme run by the International Centre for Tax and Development (ICTD), and funded by the FCDO and Bill and Melinda Gates Foundation, **is helping to assess and fill the evidence gaps on how to make tax systems in developing countries more equitable (across gender and other dimensions)** – and also make tax systems efficient, favourable to poverty reduction, sustainable economic growth, and enhanced governance (TD Business Case, 2018).

The programme is closely working with tax specialists and tax administrations in developing countries (particularly in sub-Saharan Africa and South Asia) to i) provide high-quality research findings, ii) build up tax research capacity in low-income countries, and iii) engage with tax authorities, policymakers, and other stakeholders – in order to **increase the uptake and impact of its research on 'tax and gender' and other tax issues** (TD Annual Review, 2019).

The programme provides research grants (through grant competition) and facilitates partnerships among researchers. It **provides financing** for research on three core topics (provided below) – where the **'gender and tax' research line is a key component** (TD Annual Review, 2019):

i) National tax policy and administration:
   - **Gender and tax;**
   - Tax, welfare and inequality;

[12] Business Case: http://iati.dfid.gov.uk/iati_documents/34665392.odt ; Annual Review 2019: https://iati.fcdo.gov.uk/iati_documents/52311031.odt

[13] In Phase 1 (2010-18), ICTD research concentrated on sub-Saharan Africa, supported by a substantial 'field-work' in Africa. In Phase 2, ICTD is further strengthening research in Africa, while also developing a new programme in South Asia.

[14] ICTD formally commenced its programme on gender and taxation with funding from the Bill and Melinda Gates Foundation. The current (2018-2025) "phase 2" tax and gender research programme (funded by FCDO) has enabled ICTD to i) identifying more research projects to fund; and ii) disseminating research findings.

[15] Full programme title is "Tax and Development: Equity, Efficiency and Accountable Governance".

   - Managing the domestic taxation implications of changes in international tax regimes;
   - Tax administration and compliance (including the role of digital technologies);
   - Tax and governance;.
ii) Sub-national and informal taxation:
   - Analysing links between **gender and tax**;
   - Analysing links between central and local government;
   - Research on the realities of sub-national/informal taxation.
iii) Tax capacity of civil society: working together with civil society partners, headed by the international budget partnership, to create capacity, co-produce research, and evaluate tax education and advocacy efforts.

Gender Focused Outcomes:

This programme has particularly focused on fostering gender equity in tax systems by **researching gender and taxation as well as promoting greater participation/employment of women in revenue agencies** of developing countries.

The programme launched its research projects on "gender and taxation"[16] through funding from the Bill and Melinda Gates Foundation. The **goal was to identify and illustrate how the gender component of taxation (e.g. personal income taxes and VAT) in developing countries varies from the problems that are frequently highlighted in rich countries**. For instance, gender and tax research in high-income countries focuses on the treatment of women in relation to men in the mobilisation process of personal income taxes. However, problems in the gender component of personal income taxes are not as important for developing nations. This is because the majority of people in those countries (e.g. LICs and LMICs in Africa) are not in formal jobs and, as such, they (e.g. women in informal businesses) are not expected to pay income taxes (TD Business Case, 2018; TD Annual Review, 2019). Similarly, the focus put on the gender component of consumption taxes, such as VAT in LICs, frequently oversimplified nuanced issues pertaining to the burden of VAT and overlooked the fact that products purchased by women were often either zero-rated or excluded from VAT in several countries (TD Annual Review, 2019).

The programme initiated its 'Gender and Tax' initiative through the sponsorship of six research projects, specifically: i) three projects, each focused on market taxation in Tanzania, Nigeria and Zimbabwe respectively; ii) a project on women in tax administration, particularly focusing on the Uganda Revenue Authority; iii) a project on taxes paid to male and female households in Sierra Leone; and iv) a project on local government taxation in Ghana (TD Annual Review, 2019).[17]

The efforts under this programme have focused on two key issues: the **identification of good research projects (mainly on 'tax and gender') to be financed; and the dissemination of research findings** to policymakers and the general public (TD Annual Review, 2019).

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[16] https://www.ictd.ac/theme/gender-and-tax/

[17] https://www.ictd.ac/publication-type/working-paper/

- **Identifying Research Projects**: Calls for proposals on 'gender and tax' research were put out in March 2019, and attempts were made to ensure that high-quality proposals were accepted. New insights into how taxes affect women have started to emerge from the research on gender and taxation, particularly in African countries. The research on businesses (owned by women and men) in Nigeria, Tanzania and Zimbabwe and households in Sierra Leone have emphasised the significance of using tax collectors of mixed genders, i.e., staffing/training more women in tax administrations.
- **Research Dissemination**: The findings from the 'gender and tax' research have been circulated through newsletters, social media channels and 'Research in Briefs'. Several prominent research forums have also hosted presentations for key pieces of research.[18]

4.3 Tax Policy and Enterprise Development in South Asia[19]

Brief Details:

Country/Region: South Asia

Budget: CAD 450,000 (about USD 350,000)

Donor: Government of Canada

Implementor: International Development Research Centre

Period: 2012 to 2015

Overall Objectives:

This was a tax programme with a gender component, primarily carrying out research to investigate the tax policies (tax exemptions, value-added tax, property tax) restricting small and off-farm enterprises in South Asia. The Pakistan Governance Institutes Network International (GINI) collaborative research programme included researchers from policy think tanks in India, Pakistan, Sri Lanka, Bangladesh and Nepal who have produced country studies. The objective was to provide decision-makers with data and insights to support more informed policy formulation and implementation of inclusive growth, productive employment and business development (IDRC, 2020; Budhathoki and Khadka, 2014; Rao et al., 2014).

The programme noted that most off-farm employment in South Asia is characterised by low productivity and low wages. Various policy and institutional factors hinder the development of these enterprises and their potential for job creation. **Some of the most important constraints**

[18] ICTD's first phase research programme ran from November 2010 – March 2018 and was "highly successful" (TD Business Case, 2018; TD Annual Review, 2019).

[19] https://www.idrc.ca/en/project/tax-policy-and-enterprise-development-south-asia

(e.g. to women-owned businesses) are tax policy and the way in which it is administered (IDRC, 2020; Budhathoki and Khadka, 2014; Rao et al., 2014).

Gender Focused Tax Outcomes (Research Findings):

The gender component of business development in South Asia is a significant factor but has often been overlooked in policy analysis. Country studies were undertaken within this project, and they examined (among others) the impact of property and value-added taxes, tax exemptions and concessions on small business development in South Asia region (IDRC, 2020).

The goal of the programme was to explore (among other objectives) issues as they affect women entrepreneurs, to facilitate positive learning experiences among countries, to create productive exchanges and to foster successful policy discussions in the regional context (IDRC, 2020; Budhathoki and Khadka, 2014; Rao et al., 2014).

The **Indian country study** observed that there is a pervasive **perception that female entrepreneurs are at a disadvantage relative to male entrepreneurs**.[20] Women are believed to face problems in recruitment and receipt of payments and often get threatened by officials from different regulatory organisations and tax authorities (Rao et al., 2014).[21]

The country study on Nepal argues that there is no negative effect of taxes inhibiting the growth of woman entrepreneurs in the country. It has also been noted that offering bribes when meeting with tax inspectors is less of a problem in Nepal than in other neighbouring countries of South Asia. Nevertheless, women entrepreneurs still face difficulties in extending and improving their network within business groups due to social and family obligations. Furthermore, as security conditions worsened during the years of political turmoil in Nepal, a large number of employees and owners (women and men) migrated within and outside the country, shutting down their businesses (Budhathoki and Khadka, 2014).

There are both positive and negative (sometimes implicit) biases towards women-led businesses. For instance, Nepal's 'Industrial Policy 2010' provided a range of tax benefits (seen as positive biases to female entrepreneurs). These include concessions to women-run small and medium-sized enterprises (SMEs) as well as rural, cooperative, hydro and information technology sectors. Tax credits are also given to small industries during their grace time. Also, as per Industrial Policy 2010, woman entrepreneurs benefit from gender/women targeted credit schemes, discounted registration fees for land registration on their behalf, etc. On the other hand, the reluctance displayed by financial institutions towards women businesses (often due to their lack of confidence in women-led businesses) constitute some of the negative bias (Budhathoki and Khadka, 2014).

Key programme outcomes involved country studies and reports on tax policies relating to exemptions, value-added tax, and property tax (and how these affect women-run businesses, among others) in each of the five focus countries (i.e., India, Pakistan, Sri Lanka, Bangladesh,

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[20] However, some Indian respondents expressed a different view – arguing that in their organisations (i.e., female-run, with the bulk of staff being women) most people (i.e., tax departments, officials, clients, etc.) are cooperative, and it is not a major problem to attract customers (Rao et al., 2014).
[21] http://docplayer.net/storage/102/152900104/1611678315/Btl24mJvnG9E-AYGKzWZEA/152900104.pdf

and Nepal).[22] While preparing this report, country reports for India and Nepal only have been used since the other reports were not publicly available.

5. Country Programmes with Tax and Gender Programming

5.1 Tax Administration Modernization Project (TAMP)[23]

Brief Details:

Country: Armenia

Budget: USD 10,966,928

Donor/Creditor: World Bank

Implementor: State Revenue Committee, Government of Armenia

Period: Dec-2012 to Jan-2019

Overall Objectives:

The key objective of the project was to modernise the country's tax administration to (i) increase voluntary tax compliance, (ii) reduce tax evasion, (iii) reduce compliance costs; and (iv) increase administrative efficiency (World Bank, 2020).

The programme worked towards achieving its objectives by (World Bank, 2020):

- Enhancing data exchange between the State Revenue Committee (SRC) and other agencies to improve better risk management and targeting of compliance activities ("third-party information");
- Expanding eGovernment, including e-filing and e-payments to lower the compliance burden for the private sector.
- Instituting modern, integrated information technology to support SRC operations; and
- Re-engineering and automation of business processes to increase efficiency and effectiveness.

Gender Focused Outcomes:

The use of survey and gender-disaggregated indicators has helped to shape and improve the overall strategy on taxpayer engagement and gender. Two key gender-disaggregated indicators in the programme were i) Perception of taxpayers in relation to the level of professionalism and honesty in tax administration as measured by bi-annual surveys

[22] https://www.idrc.ca/en/project/tax-policy-and-enterprise-development-south-asia

[23] https://projects.worldbank.org/en/projects-operations/project-detail/P127734

(disaggregated by gender); and ii) Number of tax inspectors trained (also disaggregated by gender). The programme has successfully trained a large number of tax inspectors, consisting of 11,133 women and 21,310 men (World Bank, 2020; 2019).

The TAPM initiative funded gender-neutral IT applications and hardware. At the same time, **TAMP made sure that women had fair access to programme funded training** (World Bank, 2019).

Despite facing a challenging political economy environment in the country during the course of the programme, the programme accomplished all its stated overall objectives, i.e. i) increased voluntary compliance, ii) reduced tax evasion, iii) decreased tax compliance costs and, iv) increased administrative efficiency. These improvements in tax administration efficiency and provisions of training to staff in revenue agencies have (proportionally) accrued to both women and men. For example, women constituted 32.6% of the State Revenue Committee (SRC) in the country. Conversely, 32% of all tax inspectors trained over the course of the project were women (i.e. out of well over thirty thousand tax inspectors). The training has given the women tax inspectors good educational opportunities, and it has enhanced their skills (World Bank, 2019).

5.2 Fiscal Reform for A Strong Tunisia (FIRST)[24]

Brief Details:

Country: Tunisia

Budget: USD 17.3 million

Donor: USAID

Implementor: Chemonics International.

Period: 2017 to 2020

Overall Objectives:

The FIRST **programme supported the country's Ministry of Finance to streamline tax policy, modernise tax administration,** and embark on other fiscal reforms to ensure a strong fiscal foundation for sustainable economic growth. The programme aimed to assist the Tunisian government in enhancing tax revenue mobilisation, lower taxpayer compliance costs, improve the budgeting and expenditure process; and develop public accountability – including having better communications, public engagement and consultation on key tax reforms (e.g. with civil society and other actors). The programme also worked to strengthen local capacity to develop and manage tax policy and deal with other fiscal reform priorities (USAID, 2020).

[24] https://www.usaid.gov/tunisia/fact-sheets/first

Gender Focused Outcomes:

The programme 'systematically' considered the gender aspects of the Tunisian tax system and assessed implications of specific interventions, including on ways of decreasing gender-related biases (implicit or otherwise) and broader risks rooted in tax and revenue policies, systems, and procedures of the country. Social and cultural norms still restrict women's access to economic opportunity in Tunisia – and women account for just less than one-third of Tunisia's workforce. Nonetheless, despite their under-representation, women could be found in all areas of trade and commerce, and they constitute a vital, under-utilised segment of the working-age population of the country (USAID, 2019).

The policy reform scenarios for VAT that were analysed by the programme simulated the different effects of exemptions and different VAT rates on women and men – as well as the rich and poor. Furthermore, alternative proposed options to reform subsidies were supplemented by proposals and options to **improve target transfers to match the needs of women and other underserved groups** (USAID, 2019).

The programme used an analysis that helped it identify ways of lessening gender-linked inequities affecting programme activities. Programme documentation indicated that gender considerations were integrated into all planned deliverables. The programme also sought opportunities to encourage the equitable professional development of women in government institutions. For that purpose, all data collected for monitoring and evaluation reasons was gender-disaggregated, and surveys and other monitoring and evaluation tools contained questions to produce information that enables the differentiation of impacts that are based upon gender (USAID, 2019).

- There was gender parity in FIRST staffing, in Ministry of Finance (MOF) beneficiaries, and in training attendees, but not in short-term technical assistants (STTAs) implemented by FIRST (USAID, 2019).
- During a midterm review of the programme in 2019, attempts were made to disaggregate data by sex, ensure full participation by women in focus group discussions, and document important metrics that could be used to analyse a wide range of challenges that could affect women's participation in FIRST assistance (USAID, 2019).
- Nevertheless, in spite of FIRST having a robust gender strategy and 'Monitoring, Evaluation, and Learning' (MEL) Plan, the programme demonstrated partial successes in improving opportunities for women in the fiscal domain (USAID, 2019).

5.3 Mobilising Progressive Domestic Resources for Quality Public Services [25]

Brief Details:

Country: Kenya and Vietnam.

[25] https://oxfamilibrary.openrepository.com/handle/10546/620521

Budget: € 2,100,000.

Donor: Ministry for Foreign Affairs of Finland

Implementor: Oxfam

Period: 2014 to 2018

Overall Objectives:

The project was designed to be a **comprehensive intervention connecting tax revenue-raising with public service provision – as a strategic way to tackle gender and other inequities**. The project had the overall objective of transforming the fiscal systems in Kenya and Vietnam to make them more progressive and effective at confronting inequality and poverty (Oxfam, 2018a).

Key target results from programme intervention included (Oxfam, 2018a):

- Empower women, youth, marginalised groups and civil society organisations (CSOs) to actively influence and hold government and to realise a more progressive, equitable and accountable revenue-raising, budget allocation and public expenditure processes.
- Use quality evidence and policy analysis to inform and influence equitable tax policies.

Gender Focused Outcomes: [26]

Project documents repeatedly highlighted that **women, youth and marginalised groups were priority targets and beneficiaries of the programme** (Oxfam, 2018b). However, it was difficult to see how gender had been effectively mainstreamed in the project beyond women's participation in project activities. In neither of the countries (i.e., Kenya or Vietnam) was a systematic approach to dealing with these gender issues found. The theories of change of the programme also appeared to be gender blind. This was particularly evident in the **Kenyan project where there was no clear evidence of gender approach** - aside from inviting women to join in as social auditors or as Health Facility Management Committee (HFMC) members (Oxfam, 2018b).

In **Vietnam**, a clear/systematic gender lens was not present in programme documentation, but **gender issues have been tackled during project implementation**. For instance, the Migrant Workers Coalition (Mnet) project in Vietnam was part of a women's rights project - although this was largely due to the characteristics of the target population, which mostly constituted of young migrant women, and the (gender) expertise of some of the organisations participating in the project. The gender dimension of the project began to be even more evident during and after the research work done to lobby the reform of the VAT law in Vietnam. While conducting the research on VAT, a women's empowerment partner, the Centre for Education Promotion and Empowerment for Women (CEPEW), and UN Women were called upon to **provide input and make sure that the gender implications of the VAT reform were adequately taken into**

[26] Gender Equality and Taxation in Vietnam: Issues and Recommendations, http://www2.unwomen.org/-/media/field%20office%20eseasia/docs/publications/2016/12/gender%20and%20tax%20_final%20_print_en.pdf?la=en& vs=1812

account. UN Women Vietnam delivered a discussion paper following this collaboration in 2016 (Oxfam, 2018b).

Gender-related issues and challenges in the tax system were identified in the midterm review of the project – where the review proposed that the project should draw on specific gender expertise within Oxfam. The final project evaluation (Oxfam, 2018b) recommended that, in future initiatives, **more attention should be paid to ensuring a gender-sensitive programme design. This goes beyond ensuring the equal participation of women as project beneficiaries (e.g. trainees) – and will guarantee that the contents of tax programming interventions align with women's priorities and concerns**.

Overall, the data collected by the programme (in Kenya and Vietnam) showed that it has been 'reasonably effective' in raising taxpayers' awareness of the link between taxation and the provision of public services – despite the lack of systematic gender lens in programming. Further, the innovative approach of the project to link fiscal and social justice issues (including gender related inequities) has proved to be effective in raising citizens' awareness of the link between public service provision and tax revenue collection (Oxfam, 2018a).

5.4 Investment Climate Improvements Programme [27]

Brief Details:

Country: Ethiopia

Budget: USD 5 million

Donor: Government of Canada

Implementor: International Finance Corporation (IFC)

Period: Mar. 2013 to June 2019

Overall Objectives:

The goal of this programme was to establish a more transparent and business-friendly environment for both **women and men entrepreneurs in Ethiopia**. The project sought to achieve this – in part – by reviewing policies and regulations related to trade logistics, business regulation **and tax administration** of the country (GoC, 2021).

Other programme objectives included (GoC, 2021):

- proposing reforms based on consultations with government and industry, as well as examples from other countries;
- delivering training and technical assistance to execute proposed reforms;

[27] https://w05.international.gc.ca/projectbrowser-banqueprojets/project-projet/details/a035510001

- carrying out outreach activities to business owners to encourage them to comply with and formalise their businesses; and
- lower the cost of doing business for women and men entrepreneurs by 10%.

Gender Focused Outcomes:

Gender equality was stated as a "significant objective" for the programme. Nevertheless, based on limited public information on the programme, it is challenging to evaluate how well gender targets have been attained. Overall, the specific tax-related results of the programme have added to the development of a more transparent and business-friendly ecosystem for both women and men business owners in the country (GoC, 2021).[28]

[28] The results achieved (based on intermediate evaluations as of March 2018) included the completion of guidance notes for new proclamations relating to income tax and tax administration; the implementation of the Customs Electronic Single Window System; and the issuance of a manual for the pre-arrival customs clearance procedure, which shortened the processing time for import declarations. Many programme accomplishments included additional programme achievements (GoC, 2021):

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7. Annexes

Annexe-1: National Policy Initiatives on Tax and Gender: Sierra Leone Finance Act 2021

Brief Details:

Country: Sierra Leone

Budget: NA

Donor: National policy initiative/reform by Government of Sierra Leone, with no clear information on direct donor support for the programme. However, in recent years, bilateral donors[29] (including FCDO/DFID) [30] and multilateral development agencies[31] actively support GoS on tax policy and tax administration reform/capacity building (through DRM and PFM programmes).

Implementor: National Revenue Authority (NRA); other local agencies

Period: Effective 1st January 2021 - 31st December 2023

Overall Objectives:

Sierra Leone recently passed the Finance Act 2021 – which incorporates several special tax exemptions and reliefs that lowers the tax liability for businesses and reduces the tax burden on citizens. The special tax exemptions and tax reliefs of Finance Act 2021 are grouped into income tax exemptions; goods and services tax (GST) exemptions; and other reliefs (Betts Firm, 2021).

Gender Focused Outcomes (Policies):

- **Tax Exemptions and Relief provisions**: A business **employing a female employee in management** from 1st January 2021 to 31st December 2023 can claim an Income Tax Credit of 6.5% of the Pay As You Earn (PAYE) Tax paid for that female employee (Betts Firm, 2021; Orbitax, 2021).[32]
- **Tax Compliance Implications**: Income Tax credits (such as **female employee reliefs)** are not automatic – and reaching an agreement on a Utilisation Plan with the NRA may restrict the tax credits that taxpayers can claim (Betts Firm, 2021; Orbitax, 2021).[33]

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[29] https://drm.taxcompact.net/project-map?donor=232&recipient=198
[30] https://devtracker.fcdo.gov.uk/projects/GB-GOV-1-300254
[31] http://documents1.worldbank.org/curated/en/307101560154425941/pdf/Sierra-Leone-Tax-Reform-Engagement-Note.pdf

[32] Although this tax credit will lower the business' tax liability, it will have to be approved under a Utilisation Plan with the NRA; therefore, it is not automatic (Betts Firm, 2021; Orbitax, 2021).

[33] The NRA's obligation to agree to the amount of tax credit to be claimed may cause businesses' to face problems of cash flow if they are not permitted to claim all their entitled credits (Betts Firm, 2021; Orbitax, 2021).

Annexe-2: Asia and Middle East Economic Growth Best Practices [34]

Apart from the 'gender focused tax outcomes' listed in section 4.1 above, there are other interesting gender components/outcomes of the programme that are not directly/exclusively linked to the tax reform component (or are crosscutting tools). To mention some:

- In 2016, AMEG worked with the Mennonite Economic Development Association (MEDA) to prepare a practical Gender Equality and Mainstreaming (GEM) methodology and gendered environmental, social, and governance (ESG) assessment tool (USAID, 2017).
- 'Gender lens investing' is an innovative investment approach that combines gender analysis with financial analysis to promote improved gender-based outcomes from private investment. In collaboration with the USAID's Regional Development Mission for Asia, AMEG and partner Criterion Institute carried out field research to assess the state of the 'gender lens investing' field in Asia and detect opportunities to assist in the wider adoption of this approach across the region and beyond. AMEG assisted in the gatherings of gender lens investing actors in Bangkok, Thailand, and Washington, D.C. in March 2015. The meetings hosted well over 100 impact investors, women's organisations, donors, finance experts, and implementing partners to initiate talks between gender and finance experts. The discussions were about alternative approaches to gender lens investing, data gaps and possible data sources, and frameworks for investing with a gender lens (USAID, 2017).
- USAID tasked AMEG with generating a series of case studies and a guide to incorporate gender into trade capacity-building programmes in the Middle East and Asia. The guide was intended to be a practical programming tool for USAID economic growth officers and practitioners and offers guidance on how to effectively integrate gender in tax and other 'economic' programmings of the USAID (USAID, 2017).

[34] Project page: https://banyanglobal.com/project/asia-and-middle-east-economic-growth-best-practices-project/; Project completion report: https://www.chemonics.com/wp-content/uploads/2018/06/AMEG_Final-Report.pdf

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Key websites

Gender and Tax, International Centre for Tax and Development

https://www.ictd.ac/theme/gender-and-tax/

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