

UK WOMEN'S BUDGET GROUP SUBMISSION FOR PUBLIC INPUT:
PROMOTION OF INCLUSIVE AND EFFECTIVE TAX COOPERATION AT THE UNITED NATIONS

Taxation and Gender
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Background

International tax cooperation can play a role in promoting gender equality by ensuring that tax policies do not discriminate against women and by raising revenues that can be used to fund gender-responsive public services such as healthcare, education, and social protection.

Women are often disproportionately affected by poverty and lack of access to basic services, and investing in these areas can help to address these disparities. By ensuring that multinational corporations pay their fair share of taxes, countries can generate additional revenues that can be used to fund these services.

International tax cooperation can help prevent tax evasion and illicit financial flows that disproportionately affect women. For example, when multinational corporations engage in profit shifting to low-tax jurisdictions, they deprive governments of the revenue they need to fund public services. This can have a particularly negative impact on women, who often rely more heavily on public services such as healthcare and education.

Transformation of the different tax systems will be key in creating more revenue to spend on social security and public services. By reforming the structure of taxation to make it more progressive, this will mean the proportion of revenue raised by income, wealth and corporation taxes is increased. With a progressive tax system, the tax rate increases as the taxable amount increases. The goal of a progressive tax system is to ensure that the responsibility of taxation falls more heavily on those who are better able to bear it, and that the government can use the revenue generated to provide services and benefits to all citizens, regardless of income level

The ways that taxes are raised can themselves reduce inequalities and promote wellbeing and sustainability, by impacting on the distribution of post-tax income and wealth, and by impacting on behavioural incentives, such as a frequent flyer levy. Taxes also have an indirect effect on equality, wellbeing and sustainability as they allow for financing of public spending to pursue these objectives.

Key points

- Taxation can alleviate or reinforce gender gaps in paid employment, unpaid care work, and income. More progressive taxes can reduce income inequality between men and women and incentivize people at the lower end of the earning distribution to participate in the labour force.
- Tax is the necessary financial contribution that individuals and companies make to a well-functioning society. Women tend to benefit particularly from the public spending that tax can be used to finance.
- A wholesale reform of the tax system is needed to make it more progressive and better able to contribute to the funding of public expenditure.
- High levels of wealth should be taxed and all forms of income and capital gains should be taxed in the same progressive way.
- Inheritance tax should be replaced by the progressive taxation of receipts to reduce wealth inequalities and promote social mobility.
- The income tax systems should be designed to raise more revenue by increasing the number of people who pay it, but with more progressive bands.
- New ways of using tax to prevent environmental damage that do not increase inequalities should be explored.
- Alcohol taxes should be increased, primarily to benefit the nation's health, including to mitigate against the effects of violence against women and girls.
- Tax reliefs, allowances and exemptions should be treated like any other expenditure with their gains rigorously assessed against their costs to the public coffers.
- Tax avoidance, through tax havens, should be tackled more effectively, through the abolition of tax reliefs and allowances and funding public tax agencies properly to employ more and better qualified staff.

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