From:
Sent: Friday, 15 March, 2024 11:33 AM
To: AHC-TAX
Subject: Submission on behalf of gender and tax advocates

Submission for UNTC ToR - Tax and Gender Equality

For the kind attention of:
Mr. Ramy Youseff, Chair of the Ad Hoc Committee to Draft Terms of Reference for a United Nations Framework Convention on International Tax Cooperation

15 March 2024

Subject: Joint civil society submission on the importance of Tax and Gender Equality in response to the call for inputs to the work of the Ad Hoc Committee to Draft Terms of Reference for a United Nations Framework Convention on International Tax Cooperation

Your Excellency,

We, the undersigned 17 women's rights organisations, civil society organizations and trade unions, strongly welcome the UNGA Resolution 78/230, including the work to develop a UN Framework Convention on International Tax Cooperation (FCITC). Furthermore, we appreciate the opportunity to submit inputs to the work of the Ad Hoc Committee to Draft Terms of Reference for a United Nations Framework Convention on International Tax Cooperation ('the Committee'). Annexed to this letter is a joint submission on behalf of undersigned organizations and trade unions.
We remain at your disposal if you would like to receive more information or would be very happy to meet to discuss this issue further.
Yours sincerely,
Undersigned organisations working on tax and gender issues

Signatories

1. African Parliamentary Network on Illicit Financial Flows and Taxation (APNIFFT)
2. ActionAid International
3. The African Women's Development and Communication Network (FEMNET)
4. Akina Mama wa Afrika (AMwA)
5. Arab NGO Network for Development (ANND)
6. Center for Economic and Social Rights (CESR)

7. Christian Aid
8. Equidad de Género: Ciudadanía, Trabajo y Familia
9. Financial Transparency Coalition
10. Green Tax Youth Africa (GTYA)
11. International Budget Partnership (IBP)
12. KULU Women and Development
13. Latindadd
14. Red de Justicia Fiscal de América Latina y El Caribe (RJFALC)
14. SEATINI
15 Tax Justice Network
16. Tax Justice Network Africa
17. Women's Environment and Development Organization (WEDO)

Joint Submission

Procedural elements

There are structural and systemic barriers that hinder equal participation of women in tax policy making, including the process of guaranteeing that tax policy is contextual and applicable to a country's development financing needs. The UN FCITC negotiations must be inclusive and accessible to all and therefore actively cultivating collaboration with women and diverse populations to ensure that decisions made in spaces of power are shaped by the voices of those most marginalized. The TOR must include fundamental principles which underpin, as part of its procedural and substantive aspects, the achievement of equality and social justice including inclusivity, participation, non-discrimination, transparency and accountability. These principles are crucial to establish as part of the current international tax policy discussions. They need to be embedded in the negotiations themselves as well as the set of standards for the TOR FCITC that will serve to address the structural discrimination against people from the Global South as well as against women and societal groups most marginalised.

Substantive elements

No country in the world has met its gender equality commitments under CEDAW and Beijing Declaration and Platform for Action. Global tax regimes are historically and systematically biased against the realization of women's human rights and gender equality. This is manifested in multiple ways by depriving States of tax revenue and thereby the means to redistribute resources to finance public goods and services that particularly benefit women, such as care, health, education, environmental and climate action. Moreover, the failure of States to generate adequate domestic revenue and, or to design regimes for the fair and progressive redistribution of resources, undermines the full range of economic, social and cultural rights of women and girls.

In this submission, we outline some of the key commitments that States have already made in ensuring that tax systems and, more broadly, all sources of financing for development to realize their human rights obligations. We highlight that international tax policy making must be subject to gender and human rights impact assessment beyond merely identifying negative impacts to an analysis of the positive obligation to fulfill the human rights of the population. We also outline some of the gaps in meeting these goals, with a particular emphasis on cross-border taxation issues. These form the central subject of the UN Framework Convention on International Tax Cooperation (FCITC). We also acknowledge and underline the important norm-setting function that the FCITC plays in terms of regional and national tax systems.

Gender inequality is exacerbated by gender-blind tax negotiations, policy design and institutionalized incoherence. The current neoliberal and orthodox tax governance and policy 'road map' has generated huge damage by the unequal distribution of resources and weak standards of transparency and accountability. As a result, gender-based inequality in ownership of property, wealth, enterprises, and offshore capital income is widespread and exacerbated through current tax regimes. Secondly, women's disproportionate unequal burdens of unpaid care and domestic work are persistent and have implications for work patterns, access to services, social security mostly not considered in tax policies. This unpaid care and domestic work amount to the largest unrecognized subsidy provided to the economy. Integrating gender equality and states human rights commitments made in the UN FCITC TOR is paramount to achieving the elimination of the existing bias against women and girls in international, regional and national fiscal policies and legislation.

Domestic public resources continue to be the primary source of financing for public goods and services and for reducing inequality through redistribution. The TOR must align with and reaffirm states' obligation to raise and use the maximum available resources to realize economic, social and cultural rights. Global tax abuse, estimated to be $480 billion each year, deprives states, particularly those in the Global South, from the necessary resources to finance gender-responsive public services. Women are disproportionately affected by tax abuse and regressive taxation systems, being overrepresented, as they are, in lower-income groups.

The TOR must recognize and provide the basis for a binding policy and regulatory framework that will redress the genderedimpacts of regressive taxation and tax abuse (including illicit financial flows (IFFs)), profit-shifting, and the unequal distribution of taxing rights stemming from colonial systems of extraction. Progress towards greater integration of progressive taxation and financing care is starting to take root in some of the regional tax governance platforms. For instance, in the Latin America and the Caribbean region the recently launched Fiscal Pact between States explicitly mentions the need to enable Care Societies.

Also, we have seen efforts to link care work and taxation in the financing of care conceptual framework, still unpaid care and domestic work disproportionately shouldered by women carried out by households continues to be an enormous 'subsidy' to the wider economy. In comparative analysis of competing priorities, also countries often support more corporates through tax exemptions than they support the care economy. According to Time Use Surveys, which account for hours dedicated to tasks identified as care work, and assign them a monetary value, we can estimate the contribution of unpaid care work to the wider gross domestic product. In this light, care work rivals many industries such as construction, commerce, and trade as a major economic contributor. It is of vital importance that tax and social protection policies ensure care is more equitable and properly valued, by reevaluating remuneration in the sector reducing economic reliance on unpaid care work and making care workers better represented in policy making, including taxation policy.

The reason we need progressive fiscal revenues to address the gender biases of care work, both paid and unpaid is twofold. Firstly, Consumption taxes like value-added tax (VAT) tend to be imperceptible, and they are applied equally to everyone, thereby rendering it difficult to decipher data about which sector of the population pays the most taxes from a proportion of their income. Secondly, regressive taxes disproportionately impact women and minorities who are more likely to be at the lower end of the income distribution, including in the informal economy where you still pay value-added taxes and sales taxes on most of the goods and services you purchase. Thirdly, in terms of revenue capacity, expanding progressive taxes has a greater long-term potential than regressive tax policies as the capacity to tax wealth and corporate incomes is greater than what can be mobilized by sales taxes alone if done in a globally coordinated way to prohibit tax abuses and other illicit financial flows. This when IFFs overwhelmingly reduce available public resources for gender equality programmes, while small and medium-sized companies and individuals which are dominated by women through the informal sector, continue to bear the tax burden.

Yet we see that the international institutions which provide tax policy advice still promote "austerity" under the banner of fiscal consolidation or fiscal discipline, often meaning cutting public expenditure like public wage bills or increasing value-added and sales taxes rather than taxing the rich or doing away with harmful corporate tax exemptions or their tax abuse behavior. Some bodies still promote false solutions like the World Bank's Business Enabling Environment (BEE) project, where lower taxes and less social protection are stated as good for the business climate in attracting investment (even if these no longer count towards the country ranking as it did in the earlier version of the Doing Business Report).   Inadequate revenues also have led to emphasising public-private partnerships (PPPs) as a way to address these funding gaps, but as these are often fee-paying services, these only lead to greater women's private indebtedness.

The approach taken by the World Bank, IMF and the OECD in particular as norm setters in international tax policy circles infinancing public services central to providing care and relieving women's disproportionate care burdens as set out in UNCSWhas been to support a contributory model, where care sectors are financed from both employee and employer contributions, often further subsidized by tax exemptions that then reduce taxable revenue for governments. This contributory model affects women, who work in the informal sector or are unemployed, as well as diverse social groups in a deficient position. It makes these tax expenditures in terms of revenue foregone invisible, as this is seldom estimated in expenditure terms.

The UN Tax Framework Convention needs to align with international human rights law and build on previous commitments that states have made, in particular:

Paragraph 6b of GA 78th Session of the Second Committee 'draft resolution'
"*To adopt a holistic, sustainable development perspective that considers the interaction of international tax rules with other important economic and social policy areas, such as trade and investment, inequality, the environment, gender, health and intergenerational aspects, and that recognizes the need for sufficient flexibility and resilience in the international tax system to continuously ensure equitable results as technology and business models and the international tax cooperation landscape evolve'';*

Paragraph 6 of AAAA
"*We reaffirm that achieving gender equality, empowering all women and girls, and the full realization of their human rights are essential to achieving sustained, inclusive and equitable economic growth and sustainable development. We reiterate the need for gender mainstreaming, including targeted actions and investments in the formulation and implementation of all financial, economic, environmental and social policies [...]*."

Paragraph 23 of AAAA
"*We will increase transparency and equal participation in the budgeting process, and promote gender responsive budgeting and tracking*."

Paragraph 53 of AAAA
"*We urge countries to track and report resource allocations for gender equality and women's empowerment*."

Paragraph 150 of BDPfA
"*There are considerable differences in women's and men's access to and opportunities to exert power over economic structures in their societies. In most parts of the world, women are virtually absent from or are poorly represented in economic decision-making, including the formulation of financial, monetary, commercial and other economic policies, as well as tax systems and rules governing pay*."

Paragraph 165(f) BDPfA
"*Conduct reviews of national income and inheritance tax and social security systems to eliminate any existing bias against women*;"

Paragraph 179(f) BDPfA
"*Examine a range of policies and programmes, including social security legislation and taxation systems, in accordance with national priorities and policies, to determine how to promote gender*

equality and flexibility in the way people divide their time between and derive benefits from education and training, paid employment, family responsibilities, volunteer activity and other socially useful forms of work, rest and leisure."

FACTI Panel Report, Recommendation 1C, p 17
"*Making financial integrity instruments consistent with human rights principles, including gender equality, is a way to ensure they have legitimacy in the eyes of individuals*. "

FACTI Panel Report, Recommendation 3C, p.21
"*Women are disadvantaged the most by existing frameworks to address tax abuse and corruption, due to gender-based inequality in the ownership of wealth, enterprises, and offshore capital income, as well as unequal burdens of unpaid work when public services are insufficient."*

FACTI Panel Report, Preamble to Recommendation 11, p.36
"*Efforts to improve financial integrity are severely impeded by the absence of neutral and authoritative bodies with the responsibility of collating and analysing data (including gender disaggregated data*)", this is linked to the issue that*: "There is no neutral, authoritative body tasked with publishing comprehensive global tax data*."

SG report for CSW68
"*Global tax regimes have affected the fiscal space available to low and middle income countries for crisis response and poverty eradication. High levels of illicit financial flows, including corporate tax evasion, avoidance and abuse, drain vital tax revenues and deepen poverty and inequality. Recent research indicates that an estimated 36% of multinational profits are shifted to tax havens globally. If shifted profits were to be reallocated to their source countries, domestic profits in developing countries would increase by 5%".*

These references create a basis of previous commitments or statements to build upon. We look forward to an ambitious UN Framework Convention on International Taxation that will enable greater resourcing and alignment of gender equality through fiscal systems.