EXAMPLES OF TAX AND GENDER WORK

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Gender in the Fair Tax Monitor

Among its efforts to support country teams to diagnose key flaws in their national tax systems, Oxfam has partnered with the Tax Justice Network – Africa to develop the Fair Tax Monitor (FTM). The FTM is an evidence-based advocacy tool that identifies bottlenecks within tax systems and provides evidence for advocacy work at national and international levels. It enables tax policies and practices of different countries to be compared, using a standardized methodology and unified research approach. The Fair Tax Monitor relies on the data and analyses presented in country reports being written within a common research framework. Efforts are also being made to expose explicit and implicit negative biases towards women in tax policies, and as such FTM will be used to advocate for the removal of such biases from the tax codes of the countries in which Oxfam and partners operate.

The national reports of the countries participating in the FTM suggest there are legislative and administrative reforms currently being advanced to simplify the tax collection system and broaden coverage. The findings also shed light on other tendencies and similar challenges faced by developing nations in their efforts to strengthen their tax systems:

- Tax compliance is a significant issue, as the number of income tax payers in such countries is very low. Instead of broadening their tax bases by enforcing taxation on companies and individuals, countries tend to rely upon VAT and other indirect taxes. Pakistan is a clear example, raising its reliance on indirect taxation by 48% over the past three years. While indirect taxation is according to some, easier to impose and collect, it is highly regressive and places a disproportionate burden on the poorest elements of society.
- All countries face high losses of tax revenues due to numerous tax exemptions, especially those directed at major corporations, which do not benefit poor people but contribute instead to raising the profits and revenues of the wealthy. For instance, Uganda lost 15.7% of its revenue between 2010 and 2017 due to tax incentives and exemptions. Countries must undertake proper studies before implementing exemptions, since in the majority of cases the funds could be better employed in other areas (such as infrastructure and education) to promote sustainable economic development.
- The taxation of wealth and property is still incipient in many countries, due to poorly structured and barely funded tax administrations, tax avoidance by wealthy individuals and low levels of compliance. Nigeria is an unfortunate example of this trend, with tax compliance rates below 10%. A properly functioning tax administration is paramount for an increase in the collection of revenue necessary to providing essential public services.
- Gender sensitive taxation remains a largely unaddressed topic, resulting in women and girls being unfairly taxed while also in need of access to better funded essential public services. An interesting policy in Bangladesh is the establishment of a more generous income tax threshold for women, taking into account the wage gap and the high rate of informal labour.

The revenues collected through taxation must also be utilized to benefit the population, especially the poorest and most marginalized groups. The category of ‘public spending’ in the FTM reveals that not enough funds are allocated to basic services. Countries need to meet the international benchmarks for spending on education and healthcare in order to motivate taxpayers to higher compliance.

Finally, unless the tax collection processes are transparent, data is disaggregated by sex, and tax data is made available to the public, a tax system cannot be considered fair. More transparency and fewer discretionary powers will also contribute to higher tax revenues and therefore to more resources being available to essential services. Citizens’ rights to information should also include fiscal policies. Governments must collect and publish data and information on tax systems in a way that is useful to further analysis (i.e. in a disaggregated manner), and also make taxation more understandable to the general public.

As these findings demonstrate, the Fair Tax Monitor is a unique tool for evidence-based advocacy that highlights country-specific issues. It focuses on six components of a fair tax system, analysing each with qualitative and quantitative techniques to identify bottlenecks and opportunities for advocacy.

The FTM approach has been developed with Tax Justice Network – Africa through a participatory process, building on the experience of local and international organizations. The use of a common research framework allows for comparison of tax policies and practices over time as well as between countries. In 2016, Oxfam published the *Fair Tax Monitor Composite Report* with the overall findings and country reports of Bangladesh, Pakistan, Senegal and Uganda.

Currently, the FTM is being expanded to include developing countries from distinct socio-economic backgrounds, thereby widening the comparative pool of tax systems and the significance of this project. The next series of country reports, which are expected to be published in 2018, will include Cambodia, Nigeria, Vietnam, Tunisia and the Occupied Palestinian Territory (OPT).

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