Blunt tool or sharp scalpel? **Taxation as a means to achieve justice on gender equality**

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On 2 and 3 August 2023, the University of Pretoria organised and hosted an international taxation conference with the theme: 'Distributive Tax Justice in the Global Economy'. On the first day, there was a panel session titled: 'Taxation as a Means to Achieving Justice on Gender Equality'. This brief article provides a synopsis of some of the information shared in that panel.

The panel was chaired by Yvette Lind, Professor of Tax Law at the Norwegian Business School. The panellists were: Professor Margaret Chitiga-Mabugu, the Dean of the Faculty of Economic and Management Sciences at the University of Pretoria who holds a PhD in Economics from the University of Gothenburg in Sweden; Professor Lisa Marriott, Professor of Taxation at the School of Accounting and Commercial Law Victoria University of Wellington; Professor Attiya Waris, affiliated with the law school of the University of Nairobi; and Ms Sumarie Swanepoel, senior lecturer at the University of Pretoria.

The panel commenced with a discussion about the panel members' research on gender, taxation and inequality. The point was made that tax laws generally do not explicitly discriminate according to gender. However, in practice, they often impact differently on women and men. There are multiple factors that result in different types of impact on women, including: gender pay gaps; the greater time spent on average by women to undertake caring responsibilities; time out of the workforce due to parental responsibilities; working part- or full-time; and even the types of paid work that are undertaken by women.

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The specific example of New Zealand was discussed. New Zealand taxes income and consumption very well. However, it does not tax wealth in any meaningful manner. There are no comprehensive capital gains taxes, inheritance or estate taxes. Most land sales also do not attract tax on gains. Wealth is a particular area in New Zealand where women are disadvantaged. Men hold more wealth than women but, as wealth has preferential tax treatment, this disadvantages women. As inequality grows in New Zealand (average wealth holdings by the top household quintile are approximately 200 times than that of the lowest household quintile), there is a strong argument to be made that some form of wealth tax is needed.

Retirement savings is a key issue. On average, women live longer than men. Women are also more likely to have time away from paid employment as they engage in caring activity. Furthermore, the gender pay gap remains (globally, women in 2022 earned on average 17% less than men). These factors combine to result on average in lower savings balances for women. However, tax systems tend to amplify these problems, as men have a greater ability to take advantage of, often generous, tax concessions, deductions and incentives in relation to retirement savings. This results in large gaps in savings by the time of retirement—with more tax benefits accruing to men.

The panel agreed that one of the biggest hurdles in achieving greater gender equality was access to gender-disaggregated data. At present, it is difficult to get good data to quantify the problem and, therefore, to effectively advocate for change. For example, while it is generally accepted that men, on average, have higher incomes than women, in some countries, tax reforms have focused on lowering the tax rates for top-income earners. However, it is well established that increasing the progressivity of the income tax rates is an effective tool to help address gender inequality. Usually, these reforms are not accompanied by a gender analysis that would facilitate transparency regarding the impact of these reforms on women.

When it came to possible ways in which the tax system could be utilised to improve gender equality for women, one suggestion was assistance with childcare. The costs of childcare are high; deducting tax, crediting or ringfencing tax money in order to provide childcare centres are ways in which tax can be very specifically used as a 'sharp scalpel' to address a specific area of gender inequality. This may allow some women to enter or re-enter the workforce, which would then further improve their financial position, autonomy and access to resources.

The VAT system was also discussed, with general agreement that consumption taxes are regressive and can be discriminatory when levied on essential items that comprise a greater share of the income from the poor (often female-headed households). The example of sanitary products was raised. While most VAT systems have zero ratings for some essential or basic items, some do not zero-rate sanitary products. This is an example of indirect discrimination.

The issue of positive discrimination was debated. Most panellists were in favour of discriminating in favour of women in order to address systemic inequality. Although perhaps contentious, this stance can also be constitutionally justified in South Africa in particular and it is one way to uproot and eradicate systemic discrimination.

The panel discussion revealed that the incipient field of gender equality and taxation holds a great deal more intellectually stimulating deliberations in store and that taxation could most definitely be a means to achieve justice on gender equality.