

***Gender, Anti-Corruption, and
Tax Administration in Africa:
Research Issues***

**c 2016 by Kathleen Lahey
Faculty of Law, Queen's University**

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'Going for growth' and 'taxing for growth' drive detaxation and income inequality --

- 'Going for growth' claims that reducing governments programs will grow GDP by accelerating business investment with tax cuts and thus increase employment
- 'Governing for growth' reduces government costs and business taxes but leaves human and social costs on the ground – with private individuals and communities
- The formula for 'going for growth' combines detaxation, flattening tax rates, reducing employment benefits and security, increasing income inequalities – and making the 'business case' for women's increased involvement in paid work –
 - 1 Reduce corporate and top personal income tax rates
 - 2 Increase local taxes – property, VAT, and environmental taxes
 - 5 Reduce benefits for retirement, disability, unemployment
 - 6 Eliminate subsidies for housing costs
 - 9 Use tax subsidies only to reward business investment (eg, SEZs)
 - 11 Eliminate sector and trade subsidies and barriers to capital flows
 - 12 Implicit acceptance of offshoring, tax havens, and illicit flows
 - 13 Increase married women's involvement in paid work**

The political economy of gender --

- Women are not considered to have the same entitlement to fulltime fullyear sustainable wages on the same terms as men
- Employment, pay, retention, promotion, and benefits discrimination is only weakly discouraged by governments even when they have strong sex equality rules on their books
- Women are socially presumed to be responsible for child or other care and even for unpaid support of spouses/partners who are in paid work
- Only one country has taken steps to fully socialize care resources so women engage in paid work as free of childcare costs as men
- Women work more combined hours of paid and unpaid work per week than men everywhere, but have –
 - Globally, between 10% to 50% lower earnings than men
 - Higher rates of part time, seasonal, family business, and precarious work
 - Smaller entitlements to unemployment benefits, pensions, and employment benefits
 - Unequal access to care resources as compared with men
 - Inadequate maternity leave pay to support selves without spouse/partner
 - Lower lifetime earnings, capital accumulation, and private or public supports
 - Less financial capacity to save, borrow, or raise business finance capital and profits

'Taxing for gender equality and poverty reduction' as counter discourse:

- 'Taxing and spending for sex equality' that takes gender and racialization, Indigenous, disability, poverty, and other inequalities into consideration can promote economic equality and development
- Solutions with proven track records include --
 - 1 *Restore progressive taxes on incomes and capital -- ability to pay*
 - 2 Individualize all spending and tax measures completely
 - 3 Eliminate all inequalities in hiring, wages, promotion, and benefits
 - 4 Invest in affordable education and skills training at low costs to all
 - 5 Secure full affordable early childhood and child care services for all
 - 6 Reduce taxes on low earned incomes and provide earned income credits
 - 7 Increase income security, pension, and other economic supports for low and middle income individuals
 - 8 Income security for single parents, low-income, and low-skill workers
 - 16 Reduce imbalances of capital incomes at high income levels
 - 17 Eliminate residual tax/benefit penalties that penalize women's paid work
 - 18 Reduce tax loads on low-income self-employed
 - 19 Support the informal sector in slow growth, incremental formalization

2015: recognition of importance of gender impact of tax and fiscal laws:

- Sustainable Development Goals (SDGs) for 2030 confirm that gender equality and biosphere sustainability are core outcomes
- UN Financing for Development (Addis) includes gender equality and life sustainability in all macroeconomic and other fiscal policies
- Beijing+20 outcome documents confirm that gender-based analysis apply to all economic, fiscal, regulatory, and development policies
- The SDG indicators include almost all the indicators and data commitments needed to carry out comprehensive GIA of tax and fiscal policies -- *but more action is needed on this issue*
- CEDAW, UN Rapporteurs, and major international organizations are all recognizing the binding status of commitments to tax and fiscal gender equality (CEDAW cases of Blok and Canada; Sepulveda)

Blok et al. v. The Netherlands,

UN Committee on the Elimination of Discrimination against Women (2014)

Par. 8.6: ‘...by ratifying the Convention and the Optional Protocol thereto, the State party committed itself to providing remedies to individuals who were victims of violations of their rights under the Convention.’

‘... the State party has thus an obligation to give effect to the provisions of the Convention (art. 18 of the Convention) or to fulfil or ensure the application of the provisions of the Convention....’

Par. 8.7: ‘...notwithstanding the existence of a certain margin of appreciation of States parties in respect of the application in practice of their obligations under article 11(2)(b) of the Convention....’

Par. 9: The CEDAW found that the Netherlands had violated its treaty obligations of nondiscrimination, and recommended that the state ‘provide reparation, including appropriate monetary compensation, for the loss of maternity benefits.’

Inquiry Report concerning Canada,

UN Committee on the Elimination of Discrimination against Women (2015)

Par. 215: 'The Committee is of the view that the State party has violated the rights of Aboriginal women victims of violence, in particular those victims of murder and disappearance and their family members, under articles 1, 2, paragraphs (c) (d) and (e), 3, and 5 (a), read in conjunction with articles 14 (1) and 15 paragraph (1), of the Convention and has failed to fulfil recommendations in the Committee's previous concluding observations and its General Recommendations Nos. 19 and 28. The Committee makes the following recommendations to the State party, which should be considered and implemented as a whole, namely including the recommendations to improve the socio-economic situation of Aboriginal women, in order to fully address the issue of missing and murdered Aboriginal women as well as all other forms of violence that they experience.'

Par. 216: Five pages (47-51) of detailed recommendations requiring --

- Combating violence against Aboriginal women
- Improving socio-economic conditions of Aboriginal women
- Overcoming the legacy of the colonial period and eliminating discrimination against Aboriginal women
- National public inquiry and plan of action

Inquiry Report concerning Canada,

UN Committee on the Elimination of Discrimination against Women (2015)

Par. 216(X)(B):

- i. Take comprehensive measures to significantly improve the socio-economic condition of the Aboriginal community, including the particular conditions affecting Aboriginal women, both on-and off-reserve.
- ii. Collect data, disaggregated by sex and Aboriginal/non-Aboriginal status on social and economic conditions of members of the Aboriginal community, both on- and off-reserve;
- v. Develop national anti-poverty, food security, housing, education and employment strategies focusing on women in the Aboriginal community; take measures to increase access to health services, including mental health services and drug dependency treatment; ensure access to sanitation and safe drinking water; and develop adequate public transport in areas and along highways where Aboriginal women are in danger when moving between communities and travelling to work or school;
- vi. Address the issue of the disproportionately high number of Aboriginal children institutionalized by child welfare authorities which impacts on Aboriginal women's vulnerability to violence as they are reluctant to seek help from authorities for fear that their children be taken away.

Central Government Revenues, 1997-2001
(% of total tax revenue)

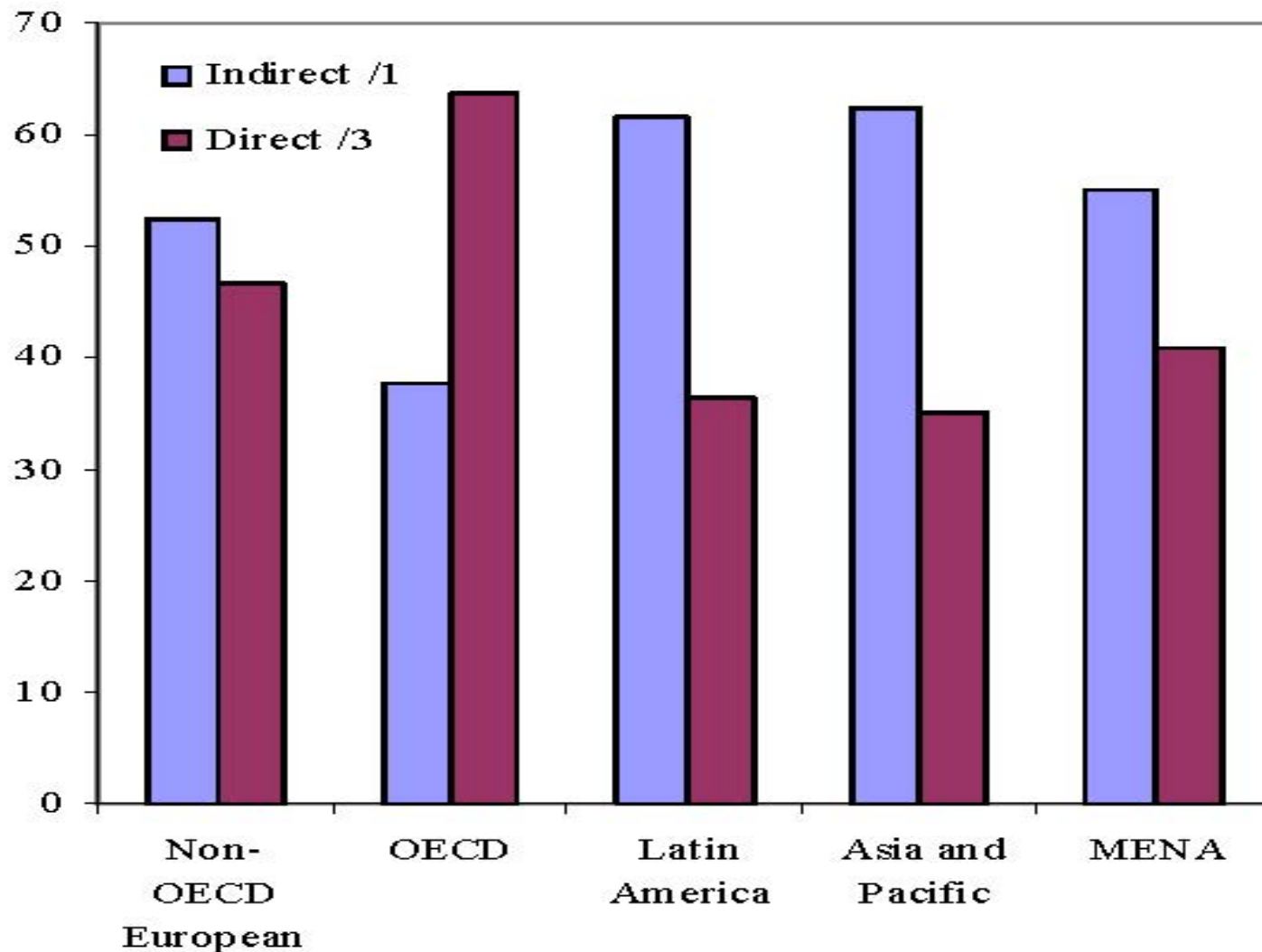
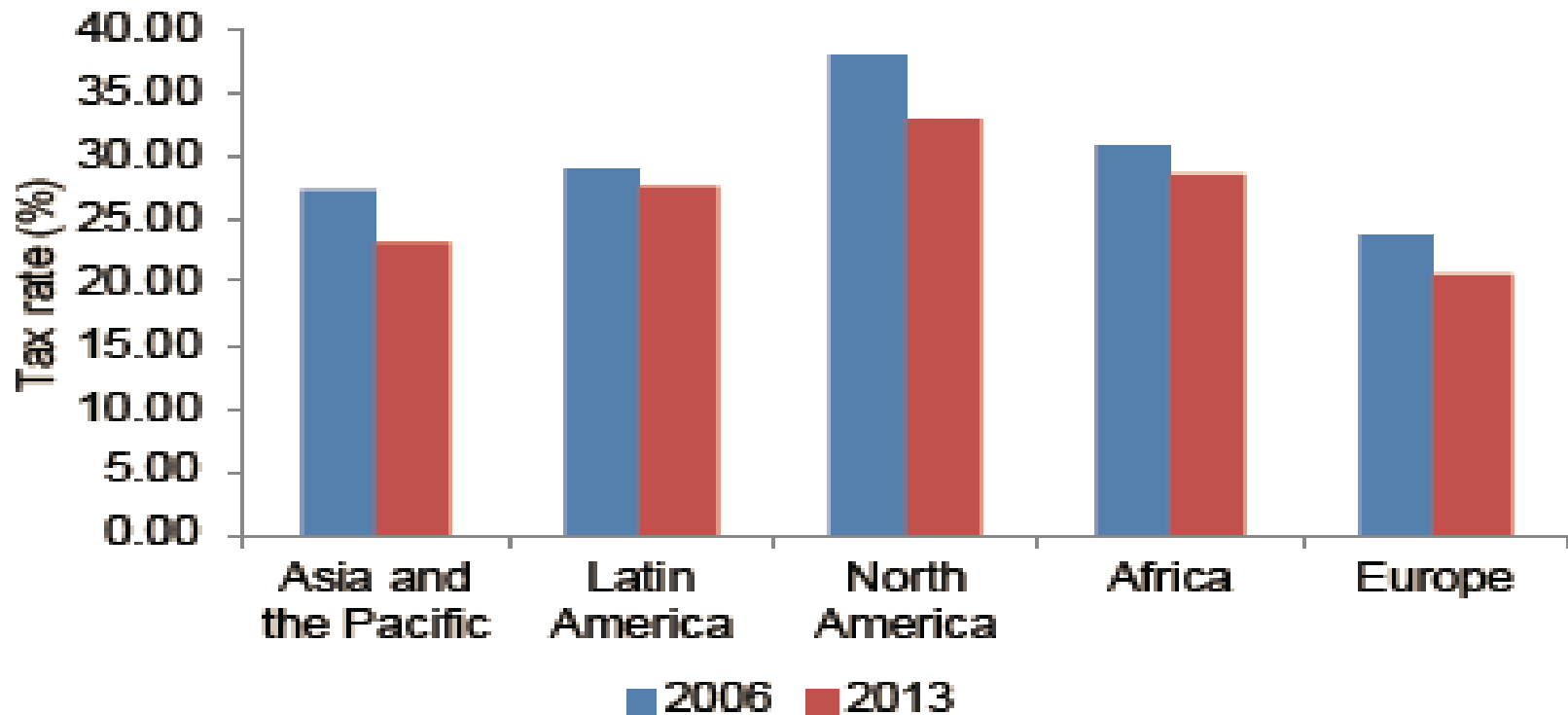
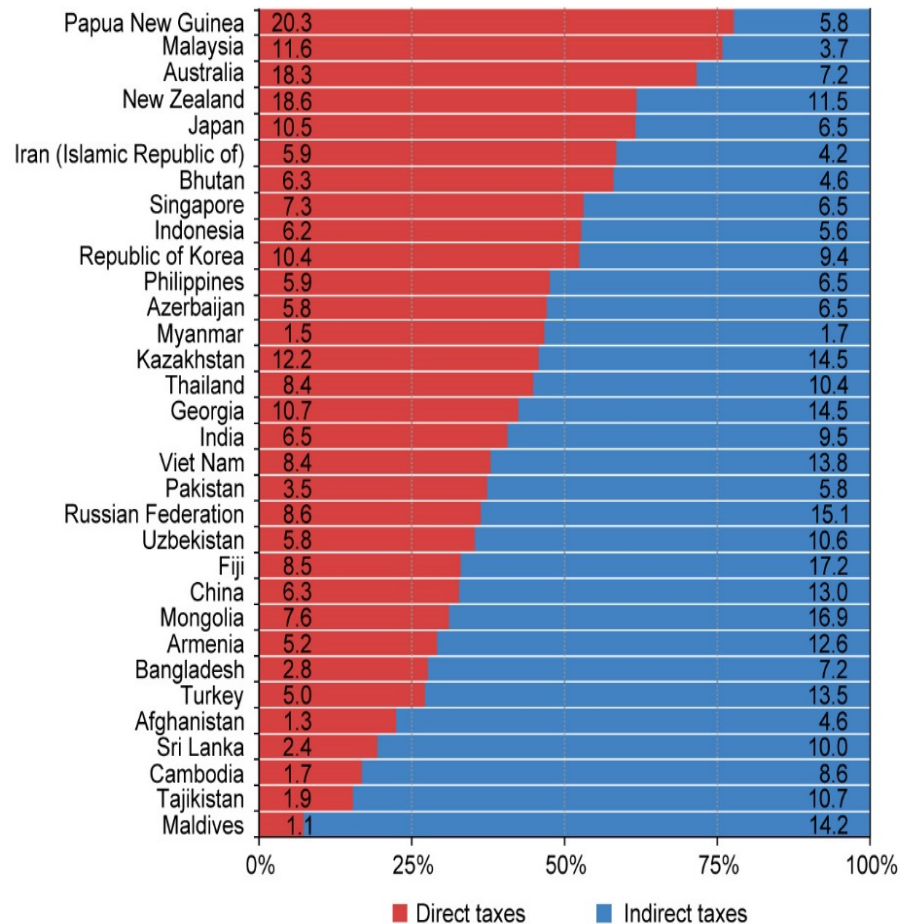


Figure 1. Comparison of corporate tax rates in 2006 and 2013



Source: Authors based on data from KPMG Tax Rates Online.

Figure 3.1 Share of direct and indirect taxes in tax revenue, and tax revenues as a percentage of GDP, 2011



Sources: ESCAP calculations based on data from International Monetary Fund, Government Finance Statistics database, and official data sources.

Notes: The numbers inside the figure denote the size of the respective taxes in terms of percentage of GDP. Data are for 2011 except for: Myanmar and Tajikistan (2004), Afghanistan (2007), Bhutan and the Islamic Republic of Iran (2009), and Maldives, Cambodia and China (2010).

Worldwide and in the SSA region, the corporate sector is not gender inclusive:

- **Women with some ownership or participation connections:**
Globally: 35% SSA: 36.2%
- **Companies with majority female ownership:**
Globally: 13.3% SSA: 16.3%
- **Corporations with a female top managers: 18.5%**
Globally: 18.5% SSA: 12.6%
- **Permanent fulltime corporate employees who are women:**
Globally: 33% SSA: 29.9%
- **Permanent fulltime production employees who are women:**
Globally: 25% SSA: 20.5%
- **Permanent fulltime nonproduction employees who are women:**
Globally: 36.1% SSA: 33.4%

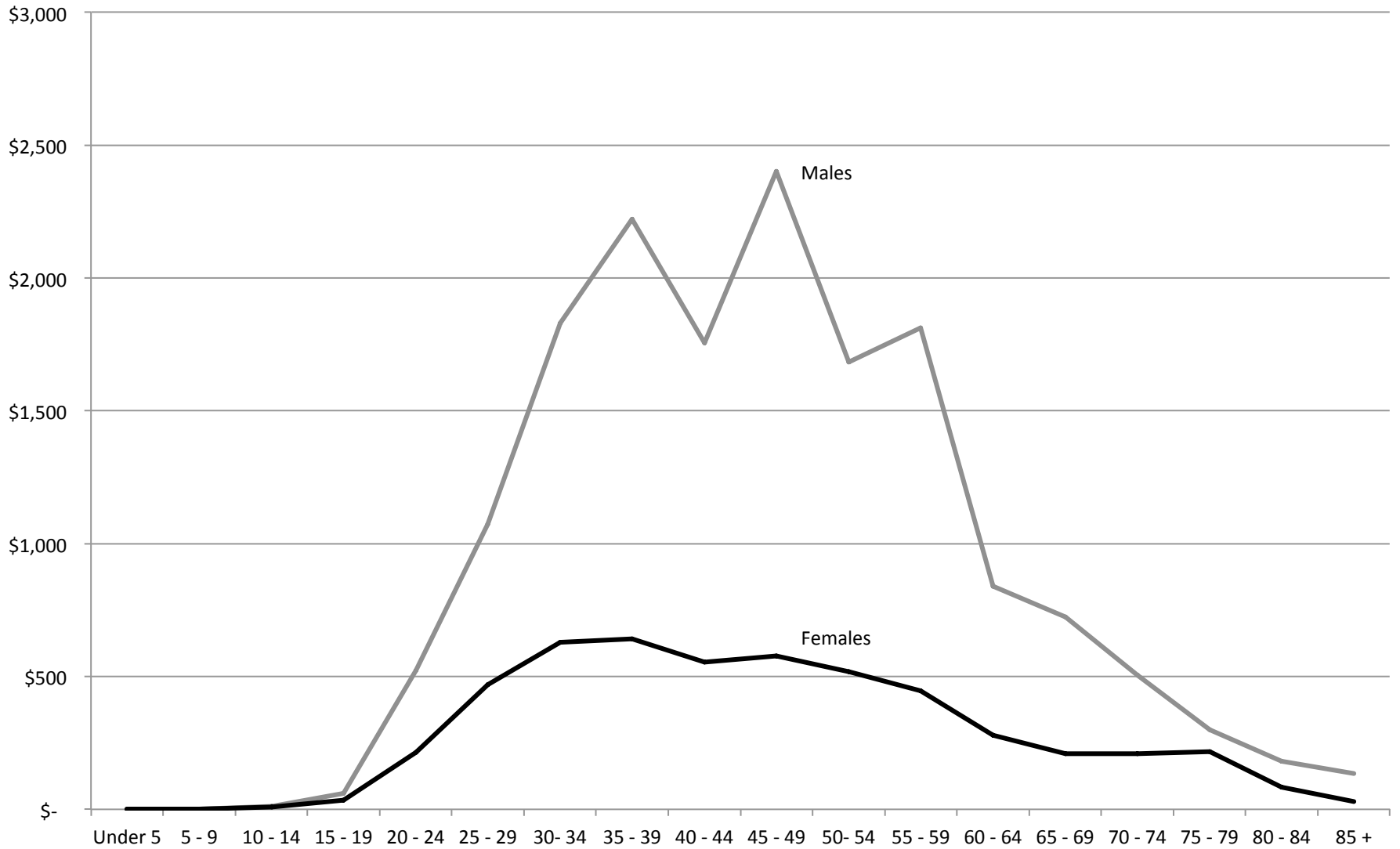
Gender hierarchies plus corporate concentrations of wealth in male hands intensify aftertax gender gaps:

- **Corruption at the household or small/medium corporate level hides behind tax planning methods in plain view of the government:**
 - Income splitting with family members, particularly using corporations, will accelerate accumulation of low-taxed incomes and capital assets in male hands
 - Women are often not aware of how being formally excluded from ownership of land, business assets, and corporate shares on equal terms with male family members uses them in tax reduction strategies.
- **Illicit financial flows make extensive use of corporations:**
 - Outright bribes and payoffs: 5% of corruption losses in Africa
 - Trafficking and criminal activities: 30%
 - Corporate transfer pricing and use of no/low tax locations: 65%
 - Not yet documented: use to avoid sharing wealth with spouses, children
- **The 'resource paradox' has increasingly squeezed out expectations and practices of responsible fiscal management**

Value Added Taxes/GST – differential poverty and gender effects

- **Introduction or increase in VAT rates increases prices – these increases are not offset by increases in wages or business profits**
- **VAT-induced price increases cut demand for goods and services – this causes businesses to absorb VAT or lose business = less profits**
- **Customers who are forced to pay the full price have less money for consumption**
- **Women are much more affected by this as they stretch their funds**
- **As business profits fall, unemployment increases, and social assistance needs increase**
- **Women are more vulnerable to all of these changes, regardless of their income sources or relative incomes, as compared with men**

Estimated income by age group and gender 'Country X', 2011



Individual vs joint/income splitting tax unit, by regions, 2014

Region	Individual tax unit	Optional joint/ splitting	Joint tax unit required
Asia Pacific	78%	2 countries	
Latin Amer. Caribbean	67%	3 countries	
Europe and No America	59%	38%	3%
Africa	50%		3 countries
Middle East No Africa	9%		91%