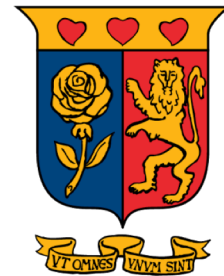


# Gender and taxation

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WHO KNEW?

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# Gender and taxation

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## Gender

Refers to the result of social relations that ascribe different roles, rights, responsibilities and obligations to males and females

Gender analysis involves examining the inequalities between women and men that result from social power relations in households, markets, and organizations.

# Taxation and gender

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## Taxation – principles

Neutrality – Taxation attempts to ensure that it does not impact taxpayers preferences. Historical examples of the impact of tax neutrality is the case of the narrow buildings in Amsterdam. The tax was levied on the surface area on which houses were constructed. As such people opted to build taller narrower buildings.

Equity – this has to do with horizontal and vertical equity.

Horizontal equity – people at the same level should pay similar taxes – mainly achieved through a flat rate as is the case with corporate tax.

Vertical equity – the more you earn the more you pay. Achieved through progressive rates as is the case with most wage tax systems.





# Gender and taxation

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Tax neutrality poses a problem for gender purposes. Problem arises because of 4 aspects

- Disparities in employment
- Disparities in wages earned
- Disparities in consumption habits
- gender differences in property rights and asset ownership-

# Gender and taxation

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## Disparities in employment

- In Uganda for example 79% of the population is self-employed. Of this 83% comprises women. Women are therefore in the informal sector. This despite the fact that at of the employment population, women make up 53%.
- 16% of the employees are in the formal sector. Of this 75% are men.
- In Kenya, females constitute only 29% of the total modern sector employment and earn 33% less than their male counterparts
- Due to the disparity, men tend to bear the heavier burden of income tax. Women form majority in the informal sector. The informal sector is the least compliant leaving the income tax burden to men.



# Gender and taxation – Income tax

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The majority of income taxpayers are men, owing to their relatively higher participation in the wage labour market and other income-generating activities.

Increasing women's contribution to total personal income tax will require increasing women's participation in wage employment

Income tax policies have not really addressed gender concerns. Women are treated the same way as men, with no deductions or allowances to compensate for their greater vulnerability to poverty

# Gender and taxation

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## **Incentives**

Some incentives indirectly discriminate against women

In Kenya the 150% deduction works against women since it encourages development of malls which kill women's roadside business

# Gender and taxation

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Pension income is exempt in Uganda. Likely to benefit men more than women since there are more men in formal employment.

In Uganda - The official employment income of people employed in the armed forces, the police or prison services is exempt from income tax. Until very recently, the forces employed only men. Even now, the proportion of women in the Uganda People's Defence Force is below 5 per cent, and women make up only 25 per cent of Uganda's police force.

# Gender and taxation - VAT

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As a result of gender norms that assign women responsibility for dependants' care, women tend to use larger portions of their income on basic consumption goods such as food and clothing. Therefore, VAT places a heavier burden on women.

Since women already earn much less than men it means that they are more likely to spend to spend a greater portion of their income on taxes.

This is normally cured through exemptions and zero-rating. Uganda have done an excellent job. Zero-rating things like books as well as cereals, drugs and tampons as well as their inputs

Kenya on the other hand has opted to exempt. This is different and may result in increased prices.

# Gender and taxation

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Excise duty – the impact. Recent introduction on essential services. How does this impact the poorest sector. The introduction of excise on mobile money transfers.

Men tend to spend more money on luxury items and therefore bear heavier burden on excise

# Way forward

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Gender sensitive incentives

Need to review exemptions and VAT

Excise

Introduction of dependant relief