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DRAFT REPORT

on gender equality and taxation policies in the EU
(2018/2095(INI))

Committee on Economic and Monetary Affairs
Committee on Women's Rights and Gender Equality

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(Joint committee procedure – Rule 55 of the Rules of Procedure)

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The European Parliament,

- having regard to Articles 2 and 3(3) of the Treaty on European Union (TEU),
- having regard to Articles 8, 10, 11, 153 and 157 of the Treaty on the Functioning of the European Union (TFEU),
- having regard to Articles 23 and 33 of the Charter of Fundamental Rights of the European Union,
- having regard to the EU Action Plan on Human Rights and Democracy 2015,
- having regard to the Council conclusions of 16 June 2016 on gender equality (00337/2016),
- having regard to the European Pact for gender equality for the period 2011-2020 annexed to the Council conclusions of 7 March 2011 (07166/2011),
- having regard to the Convention for the Protection of Human Rights and Fundamental Freedoms (ECHR), in particular Article 14 prohibiting discrimination,
- having regard to the International Covenant on Economic, Social and Cultural Rights and the UN report entitled 'Final study on illicit financial flows, human rights and the 2030 Agenda for Sustainable Development' by the Independent Expert on the effects of foreign debt and other related international financial obligations of states on the full enjoyment of all human rights, particularly economic, social and cultural rights, of 15 January 2016,
- having regard to the UN Convention on the Elimination of All Forms of Discrimination against Women (CEDAW) of 18 December 1979,
- having regard to the Beijing Declaration and Platform for Action adopted by the Fourth World Conference on Women on 15 September 1995, and to the subsequent outcome documents adopted at the UN Beijing +5 (2000), Beijing +10 (2005) and Beijing +15 (2010) special sessions,
- having regard to the Council of Europe Convention on preventing and combating violence against women and domestic violence (Istanbul Convention), and Article 3 thereof, defining 'gender' as 'the socially constructed roles, behaviours, activities and attributes that a given society considers appropriate for women and men', and the Inter-American Convention on the Prevention, Punishment, and Eradication of Violence against Women (Convention of Belem do Pará) of 1994,
- having regard to the UN General Assembly Resolution 70/1 of 25 September 2015 entitled 'Transforming our world: the 2030 Agenda for Sustainable Development',

- having regard to the key conventions of the International Labour Organisation (ILO) on gender equality, including the Equal Remuneration Convention (No 100), the Discrimination (Employment and Occupation) Convention (No 111), the Workers with Family Responsibilities Convention (No 156) and the Maternity Protection Convention (No 183),
- having regard to the Commission staff working document of 3 December 2015 entitled 'Strategic engagement for gender equality 2016-2019' (SWD(2015)0278),
- having regard to the Commission's Europe 2020 strategy for smart, sustainable and inclusive growth,
- having regard to the Commission's 2018 European Semester: Country Reports,
- having regard to the Commission's 2017 report on equality between women and men in the European Union,
- having regard to the Commission report entitled 'Taxation Trends in the European Union - Data for the EU Member States, Iceland and Norway, 2018 Edition',
- having regard to the Gender Equality Index of the European Institute for Gender Equality (EIGE),
- having regard to the 2015 UN Women report entitled 'Progress of the world's women 2015-2016. Transforming economies, realising rights'¹,
- having regard to the 2015 study of the European Parliament Research Service entitled 'Bringing transparency, coordination and convergence to corporate tax policies in the European Union - I - Assessment of the magnitude of aggressive corporate tax planning',
- having regard to the 2016 policy briefing of the Institute of Development Studies entitled 'Redistributing Unpaid Care Work – Why Tax Matters for Women's Rights',
- having regard to the study of April 2017 of Parliament's Policy Department C: Citizens' Rights and Constitutional Affairs entitled 'Gender equality and taxation in the European Union',
- having regard to its resolution of 11 September 2012 on the role of women in the green economy²,
- having regard to its resolution of 9 June 2015 on the EU Strategy for equality between women and men post-2015³,
- having regard to its resolution of 28 April 2016 on women domestic workers and carers

¹ http://progress.unwomen.org/en/2015/pdf/unw_progressreport.pdf

² OJ C 353E, 3.12.2013, p. 38.

³ Texts adopted, P8_TA(2015)0128.

- in the EU¹,
- having regard to its resolution of 26 May 2016 on poverty: a gender perspective²,
 - having regard to its resolution of 14 March 2017 on equality between women and men in the European Union in 2014-2015³,
 - having regard to its recommendation of 13 December 2017 to the Council and the Commission following the inquiry into money laundering, tax avoidance and tax evasion⁴,
 - having regard to Rule 52 of its Rules of Procedure,
 - having regard to the joint deliberations of the Committee on Economic and Monetary Affairs and the Committee on Women's Rights and Gender Equality under Rule 55 of the Rules of Procedure,
 - having regard to the report of the Committee on Economic and Monetary Affairs and the Committee on Women's Rights and Gender Equality (A8-0000/2018),
- A. whereas Articles 2 and 3 of the TEU acknowledge non-discrimination and equality between women and men as essential values and aims of the Union; whereas Articles 8 and 11 of the TFEU oblige the European institutions to aim for gender equality, integrating equality between women and men into all the Union's policies and activities;
- B. whereas the Beijing Platform for Action emphasises the need to analyse tax policies from a gender perspective and to adjust them to promote a more equitable distribution of productive assets, wealth, opportunities, income and services;
- C. whereas the Commission staff working document 'Strategic Engagement for Gender Equality (2016-2019)' identifies key areas for gender equality, including taxation policies, but lacks binding provisions or a call for commitment to gender mainstreaming at Member State level;
- D. whereas taxation policies can have explicit or implicit gender biases; whereas an explicit bias means that a tax provision directly targets either men or women in a distinct way, while an implicit bias means that the provision nominally applies equally to all but in reality discriminates against women;
- E. whereas policy choices to raise and redistribute revenues can impact women's income and economic security disproportionately and reduce their access to quality public services, undermining their ability to exercise their economic and social rights and progress towards gender equality;
- F. whereas the lack of a gender perspective in EU and national taxation policies reinforces current gender gaps (employment, income, unpaid work, pension, poverty, wealth, etc.),

¹ OJ C 66, 21.2.2018, p. 30.

² OJ C 76, 28.2.2018, p. 93.

³ OJ C 263, 25.7.2018, p. 49.

⁴ Texts adopted P8_TA(2017)0491.

creates disincentives for women to enter and remain in the labour market, and reproduces traditional gender roles and stereotypes;

- G. whereas the design of tax policies is an essential feature of the Europe 2020 strategy; whereas the main focus of the Semester remains ensuring compliance with the Stability and Growth Pact and whereas gender aspects tend to be disregarded in priorities and recommendations, particularly those relating to taxation;
- H. whereas regressive changes in the taxation of labour, corporations, consumption and wealth, observable in recent decades across the Member States, have resulted in a shift of the tax burden towards low-income groups, and therefore women in particular, on account of the unequal distribution of income between women and men, the small share of women among top-income earners, the above-average consumption ratios for women as regards basic goods and services and the comparatively high share of labour income and small share of capital income in women's total income¹;
- I. whereas on average corporate tax rates have fallen dramatically since the 1980s, from above 40 % to 21.9 % in 2018, while in contrast, the rate of consumption taxes (of which VAT is a large component) has increased since 2009, reaching 20.6 % in 2016²;
- J. whereas regressive tax policies, underfunded public services and cuts to social services disproportionately affect women, as they often fill the gaps in caregiving, education and other kinds of family support, typically without remuneration, perpetuating women's disproportionate responsibility for care³;
- K. whereas the disproportionately high tax burden for secondary earners in most Member States is one of the main disincentives for women's participation in the labour market⁴, often caused by joint tax and benefit provisions and the costs and lack of universal childcare services;
- L. whereas personal income taxation may effectively tax women's income at a higher rate than men's when household income is pooled to calculate the taxes owed and women's income is seen as supplemental to that of a male breadwinner; whereas only Sweden and Finland can be considered to have a strictly individualised income tax system;
1. Calls on the Commission to support gender equality in all taxation policies and to issue specific guidelines and recommendations to Member States, including that they carry out gender audits of fiscal policies in order to eliminate tax-related gender biases and to ensure that no new tax, spending laws, programmes or practices that increase market or after-tax income gender gaps or that reinforce the male breadwinner model are established;
 2. Calls on the Commission (DG TAXUD) to be explicitly mandated to cooperate with EIGE in order to monitor and regularly report on the impact of Member States' taxation policies on gender equality; Calls on the Commission to increase the resources for EIGE

¹ European Parliament Policy Department C (2017) - Gender equality and taxation in the European Union.

² https://ec.europa.eu/taxation_customs/sites/taxation/files/taxation_trends_report_2018.pdf

³ Institute of Development Studies (2016) Redistributing Unpaid Care Work – Why Tax Matters for Women's Rights. Policy Briefing. Issue 109. January 2016.

⁴ European Parliament Policy Department C (2017) - Gender equality and taxation in the European Union.

for this purpose;

3. Calls on the Commission to promote EU ratification of the CEDAW Convention, as it has done for the UNCRPD and the Istanbul Convention;
4. Underlines the need for the next Strategic Engagement for Gender Equality to include clear objectives, indicators and institutional mechanisms to ensure gender equality in taxation policies and calls again on the Commission to enhance the status of the Strategic Engagement by adopting it as a communication¹;

Direct taxation

Personal income taxation

5. Calls on all Member States to shift from joint taxation to individual taxation; believes that until tax systems are no longer based on the assumption that households pool and share their funds equally, tax fairness for women will not be achieved;
6. Acknowledges that transition periods towards such an individual taxation system may be necessary in some Member States; calls, during these transition periods, for the elimination of all tax expenditures based on joint income and notes the need to gradually ensure that all tax benefits, cash benefits and in-kind government services are given to women as individuals in order to promote their financial autonomy;
7. Calls on the Member States to eliminate tax-related disincentives to female employment and to design refundable tax credits for secondary earners and single parents based on individual income;
8. Calls on the Member States not to reduce the progressive nature of their personal income tax systems; e.g. by attempting to simplify personal income taxation;
9. Calls for personal income tax (structure of rates, exemptions, deduction, allowances, credits, etc.) to be designed to actively promote an equal sharing of paid and unpaid work, income and pension rights between women and men, and to eliminate incentives that perpetuate unequal gender roles;

Corporate taxation

10. Reiterates the importance of corporate income tax as part of the total revenues available for Member States, which is a fundamental source of revenue for the well-functioning of welfare provisions; is concerned at the decrease in statutory and effective corporate tax rates in the EU over the past 35 years and the race to the bottom among Member States, with six of them having lowered their corporate tax rates in 2017 and 15 having lowered them since 2009;
11. Calls for the Member States highlighted in the European Semester for their aggressive tax planning provisions to amend their legislation and close these provisions as soon as possible²; is concerned by the risk that, while working on coordinating their corporate

¹ As called for in the Council conclusions on Gender Equality of 16 June 2016.

² European Commission (2018) European Semester: Country Reports, 7 March 2018.

tax bases, Member States may find new provisions to facilitate aggressive tax planning by corporations, leaving it to Member States to find other sources of taxation (including consumption taxes), which have a disproportionate effect on women;

12. Calls on the Member States to rationalise the tax incentives or breaks they give to corporations, to ensure that these incentives and tax breaks mostly benefit small enterprises and favour real innovation, and to assess *ex ante* and a posteriori the potential impact on gender equality of these incentives;

Taxation of capital and wealth

13. Notes that corporation and wealth taxes play a crucial role in reducing inequality through redistribution within the tax system and in providing revenues to fund social provisions and social transfers;
14. Deplores the persistence of gender gaps in women's property ownership, particularly of major assets¹; notes that the reduction of capital gains and property taxes primarily benefits men, as they are more likely to control such resources²;

Indirect taxation

15. Notes that the share of consumption taxes rose in the Union from 2009 to 2016; notes that VAT typically accounts for between two thirds and three quarters of consumption taxes in the Member States;
16. Notes that VAT exerts a gender bias because of women's consumption patterns, which differ from those of men as they purchase more goods and services with the aim of promoting health, education and nutrition³; is concerned that this combined with women's lower income leads to women bearing a larger VAT burden; calls on the Member States to provide for VAT exemptions, reduced rates and zero-rates for products and services with positive social, health and/or environmental effects, in line with the ongoing revision of the EU VAT Directive;
17. Regrets that female hygienic products and care products and services for children or older people are still not considered as basic products in all Member States; calls on all Member States to eliminate the so-called 'care and tampon tax' by making use of the flexibility introduced in the VAT Directive and applying exemptions or 0 % VAT rates to these essential basic goods;

Impact of tax evasion and avoidance on gender equality

18. Notes that tax evasion and tax avoidance are major contributors to gender inequality in the Union and globally as they limit the resources available to governments to increase

¹ Action Aid. Making tax work for women's rights.

² Institute of Development Studies (2016) Redistributing Unpaid Care Work – Why Tax Matters for Women's Rights. Policy Briefing. Issue 109.

³ La Fiscalidad en España desde una Perspectiva de Género (2016) - Institut per a l'estudi i la transformació d'ela vida quotidiana / Ekona Consultoria.

equality at national and international level¹;

19. Recalls its recommendations of 13 December 2017 following the inquiry into money laundering, tax avoidance and tax evasion², and those from previous special committees (TAX and TAX2) drawn up with a view to fighting tax evasion and avoidance in the EU; calls on the Member States to adopt public country-by-country reporting, an EU common consolidated corporate tax base (CCCTB) and a revised interest and royalties directive as soon as possible;
20. Calls on the Commission and the Member States to promote gender-equal taxation reforms in all international fora, including the OECD and the UN, and to support the creation of a UN intergovernmental tax body with universal membership, equal voting rights and equal participation of women and men, which should be well-equipped to develop specific gender taxation expertise;
21. Notes that double taxation treaties between Member States and developing countries do not usually promote source taxation, therefore benefiting multinational corporations at the expense of mobilisation of domestic resources by developing countries; notes that the lack of domestic resource mobilisation prevents fully financed public services such as healthcare or education in these countries, which disproportionately impacts women and girls; urges the Member States to mandate the Commission to review existing double taxation treaties so as to examine and address these problems, and to ensure that future double taxation treaties include gender equality provisions in addition to general anti-abuse provisions;
22. Calls on the TAX3 special committee to include a gender perspective in the formulation of its recommendations;

Gender mainstreaming in tax policies

23. Calls on the Commission and the Member States to carry out gender impact assessments of fiscal policies before and after implementation;
24. Calls on the Commission to mainstream gender aspects in the assessments of fundamental tax policy design conducted within the European Semester; underlines that reviews of Member States' tax systems within the European Semester, as well as country-specific recommendations, require thorough analyses with regard to effects on socioeconomic gender gaps, the prohibition of discrimination and the promotion of substantive gender equality and should also address the need for adequate institutional measures at Member State level;
25. Calls on the Commission and the Member States to implement gender-responsive approaches to budgeting in a way that explicitly tracks what proportion of public funds are targeted at women and that ensures that all policies for mobilising resources and allocating expenditure promote gender equality;

¹ UN 'Final study on illicit financial flows, human rights and the 2030 Agenda for Sustainable Development' of the Independent Expert on the effects of foreign debt and other related international financial obligations of states on the full enjoyment of all human rights, particularly economic, social and cultural rights, 2016.

² Texts adopted, P8_TA(2017)0491.

26. Regrets that gender equality has not been recognised as a horizontal priority in the multiannual financial framework for the years 2021 to 2027 and urges the EU to immediately integrate gender budgeting with regard to revenues and expenditures in the budgetary process, in line with the EU's gender mainstreaming obligation;
27. Underlines that further research and better collection of gender-disaggregated data are required as regards gender-differentiated distributional and allocative effects of the taxation system;
28. Instructs its President to forward this resolution to the Council and the Commission.