

Redistributing Unpaid Care Work – Why Tax Matters for Women’s Rights

Globally, women perform the great majority of unpaid care work. This unjust distribution of labour has profound impacts on women’s human rights and is both a product and a driver of gender inequality. Despite the obligations of the State to ensure economic policies are non-discriminatory and prioritise human rights, today regressive tax policies and underfunded public services perpetuate women’s disproportionate responsibility for care. Because tax policies play a crucial role in determining inequalities of all kinds, progressive national tax reforms and improvements in global governance accountability are vital if we are to effect positive change and achieve the new Sustainable Development Goals, including the target on unpaid care work.

Unpaid care work and human rights

Around 75 per cent of the world’s total unpaid care work is performed by women, including housework, water and firewood collection, and caring for people such as children and the elderly. This work has been conservatively valued at 13 per cent of global GDP. The global increase in women’s labour market participation has not been matched with any parallel shift in who performs unpaid care work. UN Women affirms that 75 per cent of women’s work in Asia and Africa is in the informal sector without access to a living wage, maternity or paid leave, or pensions that could cover some costs of unpaid care work over their lifetime. When women face long working hours or migrate away from their homes to work, their unpaid care work is typically shifted to older women or girls in the household. The intersection between gender, class, ethnicity, age and migrant status is important – it is the poorest and most vulnerable women in all countries who face the double burden of unpaid care work and low paid precarious work.

Unpaid care work is necessary for all societies to function, has tremendous social value and is a source of fulfilment to many; therefore reducing the amount of care provided to people is not a solution. What must change are the inequalities in who pays for and provides care. The time, financial and opportunity costs of unpaid care work have a detrimental effect on women’s enjoyment of a wide range of human rights, enshrined as legal obligations in international human rights treaties including the Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW) and the International Covenant on Economic, Social and Cultural Rights (ICESCR), as well as the core labour rights conventions of the International Labour Organization (ILO). Particularly heavy care burdens prevent some women from accessing paid employment at all, violating their equal right to work. Meanwhile, women are concentrated in low-paying, insecure jobs (in part due to unpaid care responsibilities undermining their employment opportunities in the

“Around 75 per cent of the world’s total unpaid care work is performed by women, including housework, water and firewood collection, and caring for people such as children and the elderly.”

long- and short-term) which threaten their right to decent conditions at work, social security, and an adequate standard of living. Unpaid care work can pose a severe obstacle to equal access to education and health care – while demanding care work can itself be detrimental to good health. Crucially, the time burdens of unpaid care work mean that women are less likely to exercise their right to participate in decision-making, public and cultural life. Thus, the vicious cycle of gender inequality is perpetuated.

To fulfil women's rights and to move towards greater substantive equality between women and men, States are obliged to tackle the inequalities created by heavy and unequal unpaid care workloads. This necessitates a range of measures, including the enforcement of international labour standards so that employers provide employees with the time to care (i.e. parental leave, sick leave) and a living wage to finance caregiving. It also requires States to provide quality accessible public services and comprehensive social protection systems. All of these call for sustainable public financing that is gender- and care-responsive.

Human rights standards do not prescribe a detailed fiscal policy model, but they are far from silent on how public resources are raised and spent. Firstly, policies must not be discriminatory, directly or indirectly, in intention or effect. The ICESCR (ratified by 164 countries) requires States to use the 'maximum of their available resources' to move progressively towards the full realisation of all Covenant rights. Tax revenue is the principal resource-generating instrument available to governments which, if collected fairly and spent on social protection and public services, can help determine a State's success in progressively realising human rights and reducing women's unpaid care work.

Trends in tax policy

The median tax ratio to GDP in low and middle-income countries is 15 per cent, compared to 35 per cent in high-income countries. The problem is not just a dearth of tax revenue, but also inequities in how and from whom tax is raised, which can make

the tax system antithetical to greater gender equality and human rights enjoyment. Different methods of raising taxes have very different distributional effects, and hidden gender biases. This briefing focuses on the implicit gender biases that emerge as a result of regressive tax policies and an overreliance on indirect taxes, such as consumption taxes. Though gender biases also exist in direct taxes, particularly personal income tax, this will not be addressed here (see further readings).

Prevailing free market economic policies (sometimes imposed as conditions on developing countries by international financial institutions) have promoted low and reduced tax rates for corporations and higher-income individuals, increased consumption tax rates, comparatively low taxes on wealth and property and removal of trade tariffs. Meanwhile, loopholes, incentives and tax havens that facilitate tax avoidance and evasion by economic elites and multinational corporations have proliferated. This has made tax systems more regressive, shifting the burden to lower-income groups in which women are overrepresented, while simultaneously public services are cut back and privatised. The ILO estimates that by 2020, 83 per cent of people in developing countries will be impacted by public expenditure cuts, and 61 per cent in developed countries due to austerity measures. Even where progressive social programmes exist, such as under Brazil's 'Zero Hunger' policy, if they are funded by a regressive tax system their redistributive impact is limited – with the poor paying proportionally more for social services that are intended to help them. It is therefore not surprising that inequalities in wealth within and between countries are rising.

Overreliance on indirect taxation

In developing countries, high rates of informal employment combined with low wages make personal income taxation a small revenue source primarily affecting the middle class. Therefore, developing countries rely more on indirect taxes (e.g. consumption tax) than on direct taxes (e.g. income tax) – amounting to two-thirds of total tax revenue. A recent ILO analysis of

“To fulfil women's rights and to move towards greater substantive equality between women and men, States are obliged to tackle the inequalities created by heavy and unequal unpaid care workloads.”

International Monetary Fund (IMF) country reports found that 138 governments – 93 developing and 45 developed countries – are planning to either increase and/or extend consumption taxes – primarily through value added taxes (VAT). Although VAT allows for a broad tax base and is fairly easy to administer, unless carefully designed with necessary exemptions on basic foods, medicines and household goods it can be regressive. People living in poverty by necessity spend more of their income on consumption than wealthier groups, and so indirect taxes represent a larger proportion of their income. For women, VAT can be especially regressive due to their gendered roles as primary caregivers with responsibility to purchase food and household goods. In South Africa the Women’s Budget Group lobbied to remove VAT on paraffin bought by poor and rural women for cooking, while in Kenya and the UK, women’s groups mobilised against charging VAT on sanitary towels and tampons.

Corporate and wealth taxes

Meanwhile, those most able to pay are increasingly allowed to escape significant taxation. Taxes that target owners of wealth and assets – such as capital gains and property taxes – are widely under-utilised or under-enforced, primarily benefitting men as they are far more likely to control such resources. The IMF estimates that property taxes account for only 4 per cent of total tax revenue in developing countries and 7 per cent in developed countries.

Large corporations have also benefitted, despite developing countries in particular relying on corporate income taxes (CIT) to finance public services; on average, CIT paid by multinational corporations account for 10 per cent of total government revenues in these countries. Recent IMF data show that CIT rates have declined in both developed and developing countries by around 15–20 per cent over the past three decades. In addition, multinational corporations often negotiate tax holidays or incentives as a condition for bringing their business to developing countries – sometimes meaning they effectively pay zero taxes while exploiting cheap labour and lax labour standards. It is

estimated that corporate tax incentives cost developing countries US\$138bn in revenue annually. Yet, the Organisation for Economic Co-operation and Development (OECD) has found that such incentives are rarely a primary reason for investment in developing countries.

Elites and multinational corporations are also able to avoid and evade paying their fair share of taxes. With the aid of expensive tax advisers, wealthy individuals can shift their wealth to tax havens or hold it in corporations and property that are less heavily taxed, while multinational corporations shift their profits to subsidiaries in low tax jurisdictions through trade mispricing. According to the IMF, developing countries are estimated to lose US\$212bn in direct revenue annually from various cross-border tax avoidance techniques. Further, studies by Global Financial Integrity have found that developing countries lose far more revenue in illicit financial flows than they receive in aid. Proposals to increase revenue that largely overlook this international dimension and instead focus on taxing small businesses in the informal sector can make tax systems more regressive. Moreover, in the absence of labour regulations, women may experience even lower wages as informal sector companies cut costs to pay their tax bill.

What we can conclude is that these dominant trends in tax policy result in tax regimes which do not raise sufficient revenue from those who are most able to pay. The resulting dearth of adequate and accessible health care, crèches, schools, and basic infrastructure effectively means that women and girls have to fill the gap through their unpaid or low paid care work. Corporations in turn rely on women’s cheap labour within global supply chains to increase their profits, while avoiding taxes and social security benefits that could pay for public services and support unpaid care work. This is despite the fact that this care work is essential in sustaining a healthy workforce. Women are left with an unequal share of unpaid care work – representing two to ten times that of men – as governments, corporations and men evade their own responsibilities to also provide and support care work.

“Even where progressive social programmes exist, such as under Brazil’s ‘Zero Hunger’ policy, if they are funded by a regressive tax system their redistributive impact is limited – with the poor paying proportionally more for social services that are intended to help them.”

Sustainable Development Goals

Under Goal 5 to 'Achieve gender equality and empower all women and girls' governments committed to:

'Recognize and value unpaid care and domestic work through the provision of public services, infrastructure and social protection policies and the promotion of shared responsibility within the household and the family as nationally appropriate.'

While the caveat 'as nationally appropriate' may decrease its impact, the inclusion of this Target 5.4 is a major step forward.

Both the Sustainable Development Goals (SDGs) and the Addis Ababa Action Agenda (AAAA) adopted at the Third Financing for Development (FFD) Conference include commitments on progressive taxation and combating illicit financial flows (SDG Targets 10.4 and 16.4). However, the AAAA is a step backwards from previous FFD agreements as it does not commit to transform the economic policies that result in persistent and embedded inequality, and promotes gender equality only as a means to economic growth. The **Women's Working Group on FFD** states, 'It fails to acknowledge the macro-economic dimension of unpaid domestic and care work and the need to reduce and redistribute it among the State, private sector, communities, families, men and women'.

Policy recommendations

The redistribution of unpaid care work from women and households to the State must be underpinned by progressive tax reform. Governments and multilateral organisations, with the participation and support of civil society organisations, should take the following steps to achieve this:

- Evaluate and reform national tax policies on the basis of human rights principles such as equality and non-discrimination, and their impact on the amount, intensity and distribution of unpaid care work performed by women.
- Focus on raising resources through increased taxation of wealthy elites (via corporate and income taxation, wealth and property taxes, higher rates of VAT on luxury goods), and ensuring enforcement through efficient and effective tax systems.
- Advocate for quality, accessible public services including childcare and social protection programmes, financed as far as possible through progressive, gender-responsive taxation. This will be critical to meeting States' existing human rights obligations and many of the SDGs including the targets related to unpaid care work, poverty and inequality.
- Hold high-income countries accountable for creating and benefiting from a global tax and economic governance system that enables tax avoidance and evasion by elites and corporations and severely undermines progressive national tax policies. Reforms should ensure global tax rules are set in equal partnership with developing countries through an intergovernmental United Nations tax body. This was a demand of many developing countries and civil society organisations at the FFD conference which was ultimately blocked.
- Ensure that large companies make a significant contribution towards financing the public services and social protection needed to redistribute women's unpaid care work by paying their fair share of tax in all countries where they operate. This means putting an end to tax avoidance and aggressive lobbying for reduced corporate tax rates and harmful tax incentives. Engagement with large companies under the rubric of the SDGs (for example in public-private partnerships) should be premised on paying their taxes and the respect of international human rights and labour standards as a minimum.
- Increase funding for capacity building and interactions between civil society groups and government bodies working on tax policy and those working on women's rights and unpaid care work.
- More research on the gendered impacts of tax policies is needed for policymakers.



IDS Policy Briefings are published by the Institute of Development Studies and aim to provide high quality analysis and practical recommendations for policymakers on important development issues.

To subscribe: www.ids.ac.uk/idspolicybriefings

Institute of Development Studies, Brighton BN1 9RE UK
T +44 (0) 1273 606261 F + 44 (0) 1273 621202 E ids@ids.ac.uk W www.ids.ac.uk

[#idspolicy](https://twitter.com/IDS_UK) facebook.com/idsuk

Further reading

Christian Aid (2014) *Taxing Men and Women: Why Gender is Crucial for a Fair Tax System*, Christian Aid

Grown, C. and Valodia, I. (2010) *Taxation and Gender Equity*, Oxon: Routledge

Sepúlveda Carmona, M. (2014) *Report of the Special Rapporteur on Extreme Poverty and Human Rights on Fiscal Policy and Human Rights (2014, A/HRC/26/28)*, Geneva: United Nations Human Rights Council

Sepúlveda Carmona, M. (2013) *Report of the Special Rapporteur on Extreme Poverty and Human Rights on Unpaid Care Work (2013, A/68/293)*, Geneva: United Nations Human Rights Council

UN Women (2015) *Progress of the World's Women 2015–2016: Transforming Economies, Realizing Rights*, New York: UN Women

Credits

This *IDS Policy Briefing* was written in collaboration with the Center for Economic and Social Rights by **Kate Donald** and **Rachel Moussié**, in connection with the 'Making Unpaid Care Visible' stream of the IDS programme on Influencing Policies to Support the Empowerment of Women and Girls. The programme is supported by UK aid from the UK Department for International Development.

The opinions expressed are those of the author and do not necessarily reflect the views of IDS.

Readers are encouraged to quote and reproduce material from issues of *IDS Policy Briefings* in their own publication. IDS requests due acknowledgement and quotes to be referenced as above.

AG Level 2 Output ID: 320

© Institute of Development Studies, 2016
ISSN 1479-974X