



FairTax

CURRENT REFLECTIONS ON EU GENDER EQUALITY LAW

SEMINAR FOR UNIVERSITY
PROFESSORS AND LAW LECTURERS
Trier, 27-28 November 2017



The FairTax project is funded by the EU Horizon 2020 research and innovation programme 2014-2018, grant agreement No. FairTax 649439.

Lecture on: Gender Equality and Taxation in the EU

How tax systems and tax policies at EU and Member State level contribute to, or hinder, gender equality

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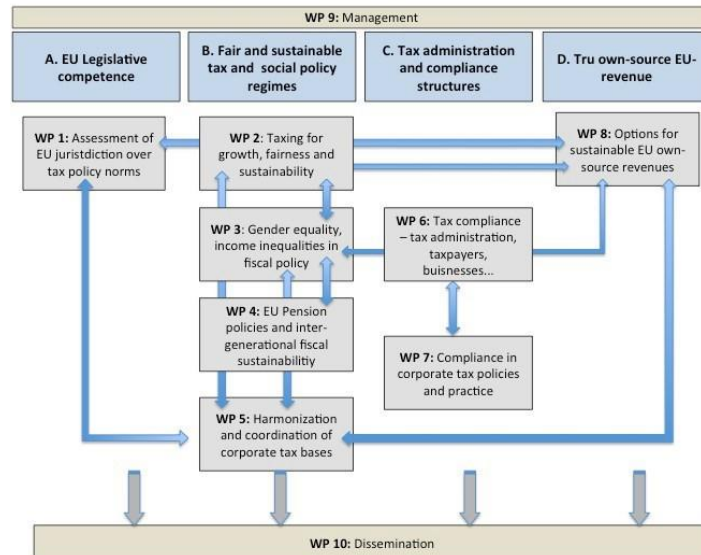


Objectives for multidisciplinary research on complex problems in FairTax Project

- Options for expanding EU legislative competences, or other governance mechanisms, enabling it to effectively harmonize and coordinate Member States' tax and social policies.
- Reform options for state-level coordination to create fairer, more stable and sustainable tax and social policy regimes.
- Strategies for the increased effectiveness and harmonization of tax administration and compliance structures within the EU and non-EU areas.
- Recommendations for true own-source EU revenues.



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WP3 Investigate gender equality in fiscal policy

Research and policy recommendations on the gender effects of changes in tax bases, tax rates, and the tax mix, and, in addition, on the gender effects of the use of the couple or the family as tax and benefit units in the EU. This research will also critically assess governance gaps created by the EU's commitments to gender equality but narrow competence relating to taxation and soft competence on social inclusion, and make recommendations that encompass EC-level jurisdictional, legislative, and administrative solutions and model state-level statutory solutions to these problems.



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Gunnarsson Å, Schratzenstaller U and Spangenberg M, 2017


<https://publications.europa.eu/sv/publication-detail/-/publication/8d1a3a6a-3425-11e7-9412-01aa75ed71a1/language-en>



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H2020-EURO-SOCIETY-2014 Deliverable 1.2./ Spangenberg, Mumford, Daly
August 2017


Navigating taxation towards sustainability

Contradictions between Social, Gender, Environmental, and Economic ambitions, obligations and governance capacities in European tax law

Ulrike Spangenberg, Ann Mumford, Steven Daly (Mumford/ Gunnarsson)



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EU:s jurisdiction regarding tax competence – Harmonisation from a singel market perspective

- The legal basis for tax harmonization has not changed since the Treaty of Rome.
- Gives legislative competences to the European Union to adopt provisions for the harmonisation of national tax provisions, to the extent to which such harmonisation is necessary to ensure the establishment and functioning of the internal market (Art 113, 115 TFEU).



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Core value for internal market – sustainable development Art 3(3) TEU

The Union shall establish an internal market. It shall work for the sustainable development of Europe based on balanced economic growth and price stability, a highly competitive social market economy, aiming at full employment and social progress, and a high level of protection and improvement of the quality of the environment. It shall promote scientific and technological advance.

It shall combat social exclusion and discrimination, and shall promote social justice and protection, equality between women and men, solidarity between generations and protections of the right of the child.



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Legal obligations concerning gender equality on EU level

- Primary law: Non-discrimination and gender equality (Art. 2 and 3 TEU; Art. 8 and 11 TFEU; Art. 21 and 23 CFREU)
- Rights and gender mainstreaming: focus on substance such as socioeconomic outcomes and to **ensure** the actual reduction of gender inequalities (Art. 23 CFREU).
- HR-treaties; CEDAW, Beijing Platform for actions, EU committed to integrate SDGs in Commissions policy priorities



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Contradictions:

- Legal obligations concerning sustainability recognised in primary law is neither recognized nor implemented in legislative or coordination procedures concerning taxes.
- Challenges for basic treaty regulations regarding requirement of unanimity.
- Fiscal policies on EU level and Member States lacks common grounds, objectives, obligations and competences necessary to tackle inequalities in wealth and income.
- General regulatory gap between social dimension and taxation in Member States



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European Semester of policy co-ordination, in which the Commission, the Council and the European Council set policy priorities

- Soft law mechanism governing the EU2020 post-crisis strategy for growth and job creation.
- In general a non-binding policy governance structure that annually co-ordination a wide range of EU governance instruments with different legal bases and sanctioning authority. Basic regulations (monetary policies - Art.119-126 TFEU; employment policies Art. 145-148 TFEU).
- EU institutions given a stronger position, especially within the euro area, to monitor and guide national economic, **fiscal** and social policies.



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Context for analyse of gender taxation and equality:

1. Socio-economic realities

- Low workforce participation and part-time work
 - The unpaid work trap
 - The wage income gap
 - Inequalities in old age security
 - High poverty risk
 - The wealth gap
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2. Taxing for growth – there is no other way paradigm

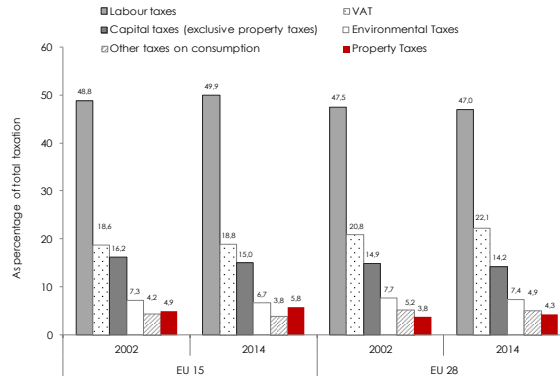
- The change of narrative from 1980s– effective taxation.
 - Hegemony of one paradigm – policy makers, stakeholdergroups, tax scholars under one hat.
 - Consequences; no social justice concerns in tax policy making, no critical perspectives, lack of theoretical pluralism.
 - Renaissance for fiscal austerity, part of structural adjustment programs promoting increase of certain taxes not allowing taxes to be used for social investments.
 - Larger scale; fiscal austerity part of a model specific route of dismantling the welfare state – a patchwork work in progress.
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Consequences; heavy tax burden on labour income and low progressivity of tax systems



Sources: European Commission (2016); Schratzenstaller et al. (2016).



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General taxation trends

- Under the paradigms of optimal taxation and taxing for growth
- Taxes on labour carries almost half of the tax burden
- Tax burden on capital incomes has been reduced
- Redistributive profile lost in national tax systems
- Abolition of Wealth Tax

Consequence: Shift of tax burden from men to women



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Gender inequalities in personal income taxes

- Less progressivity in income tax systems; higher share of income tax on labour and lower share on capital income
- Shift from income to consumption taxes
- Disproportional tax burden for secondary earners because of joint tax and benefit systems
- Tax expenditures less beneficial for women
- Unpaid work as imputed income in intra-household distribution



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Individual taxation – an illusive concept

- 19 of 28 EU Member States of applies an individual tax unit.
- However, 10 allow spouses to use tax advantages of various kinds, such as tax exemptions for dependent children, marriage allowances and tax credits, 9 allow transferable tax allowances.
- Also consider means-tested, household income based social benefits.



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Consumption taxes

- Fiscal consolidation programs launched in the aftermath of economic crisis promoted decreasing tax rates on capital and corporate income, but increase in consumption taxes with a regressive effect – **part of the gendered tax shift**.
- Higher consumption taxes push women into unpaid household and care work – the Swedish case.



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Findings & recommendations from FEMM study

- Tax laws and tax policies have both allocative and distributional impacts on gender equality which are still not taken into account adequately by policy-makers at Member States and EU level.
- Tax policy concerning women at the EU level focus almost exclusively on the tax burden for secondary earners and disincentives to women's labour force participation. Gender equality considerations is rarely addressed in this context.
- Ex. internal logic of the EU Semester co-ordination through Country Specific Recommendations.



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Gender equality is a core issue for future sustainability-oriented policies at Member States and EU level.

- Strengthen policies to promote the equal intra-household distribution of paid and unpaid work
- Strengthen the redistributive impact of taxation
- Take account of the distributional and allocative impact of tax expenditures
- Promote and conduct research on gender aspects of taxation and ensure the availability of appropriate gender-disaggregated data
- Take legal obligations to prohibit discrimination and ensure substantive gender equality with regard to taxation seriously.
- Ensure the implementation of gender analyses and compliance with gender equality objectives with respect to taxation at Union and Member States level



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How taxation can contribute to gender equality

The Swedish case of pure individual taxation – why did we succeed....?!! How to change deep rooted layers of cultural patterns in law, economics, politics, family relations.....?

Gunnarsson, Å., *Introducing independent income taxation in Sweden in 1971*. FairTax Working Paper Series No. 2, 2016.

Gunnarsson, Å. and Eriksson, M., *Eliminating the secondary earner bias. Policy lessons from the introduction of partial individual taxation in Sweden*. Nordic Tax Journal, 2017.



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FairTax meets COFFERS: Joint Perspectives on Fair and Sustainable Taxation
OPEN RESEARCH SEMINAR, BRUSSELS, NOVEMBER 21, 2017

FairTax
Revisiting the 'Fiscal EU': Fair, Sustainable, and Coordinated Tax and Social Policies - FairTax is a cross-disciplinary four year research project, aiming to produce recommendations on how fair and sustainable taxation and social policy reforms can increase the economic stability of EU Member States.

The FairTax consortium consists of 11 partner universities from 9 countries. FairTax is a multidisciplinary project. Methods and theories are based in law, economics, accounting, ethnography, gender studies, economic history, business, and statistics. The project is coordinated by professor Eva Gunnarsson, Umeå University.

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Recent news from the FairTax Project

Special issue after fruitful FairTax conference in Vienna
2017-10-26
Can tax-based own resources represent a sustainability-oriented option for financing the EU budget? ...

Margit Schratzenstaller presented in-depth MFF analysis at the European Parliament's Budget Committee
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On October 10, FairTax researcher Margit Schratzenstaller presented an in-depth analysis based on Fa...

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