

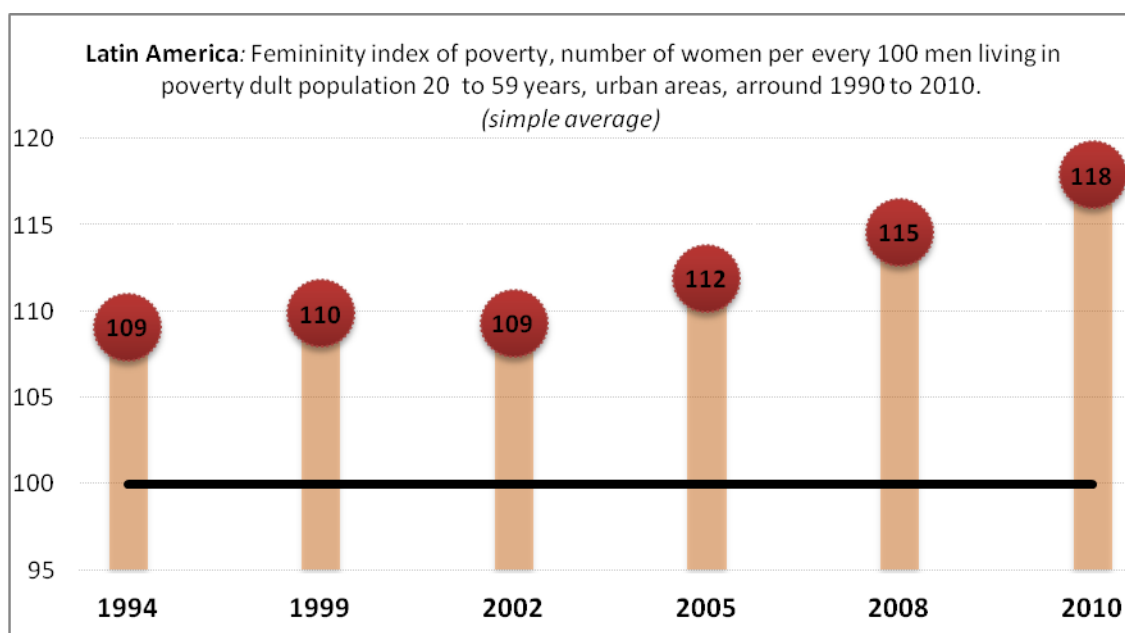


The impact of fiscal policy on women's lives

The promotion of progressive tax reforms, the transparent and democratic management of public expenditure allocation and the inclusion of specific gender targets in budgets must be part of fiscal policy so as to not increase inequality between men and women.

Why is fiscal policy important to achieve gender equality?

- Latin America is the most unequal region in the world. Data from 2008 for 19 countries of the region shows that GDP per capita of the tenth decile exceeds 34 times that of the first decile.
- Poverty and inequality have a woman's face:
 - One out of three women has no income of her own, in comparison with only 11.7% of men.
 - 118 women for every 100 men live in poverty.



Fiscal Policy is not neutral in terms of gender, because it can have a differentiated impact on men and women. An egalitarian fiscal policy can be a key redistributive tool to transform this reality and improve the distribution of resources among men and women.

Sources: ECLAC, *Time for equality: closing gaps, opening trails*, LC/G.2432, Santiago, May 2010.
Gender Equality Observatory for Latin America and the Caribbean (www.cepal.org/oig)



Gender Equality Observatory

for Latin America and the Caribbean



When does fiscal policy become a source of discrimination?

- **When a tax policy:**

- is based on the collection of indirect taxes on basic goods and services, which impacts poorer sectors harder, especially women due to their lack of resources, time and higher levels of poverty than men.
- includes considerable tax exemptions on income, which tend to benefit men who have more economic resources than women.
- includes differentiated taxation levels for income according to its source (dependent and independent work). This could imply that a single mother, independent worker, would pay more taxes than a wage-earning man, only provider of a nuclear family. This discriminates against single parent households, usually headed by women, and represents a disincentive for spouses of wage-earning workers to enter the labour market.

- **When public expenditure:**

- is invested in traditionally masculine labour-intensive sectors, neglecting investment in care services that would allow women to transition from reproductive to productive work.
- is implemented through cash transfer programs that entail strict conditions to participating women, which disincentivizes their insertion in the labour market, and discriminates against women as compared to other groups that receive subsidies and fiscal benefits without equivalent requirements.

Sources: María Pazos Morán and Maribel Rodríguez, *Fiscalidad y equidad de género*, Fundación Carolina, Working document Number.43, Madrid, June 2010;
Gherardi, N. and C. Rodríguez Enríquez, *Los impuestos como herramienta para la equidad de género: el caso del impuesto a las ganancias sobre personas físicas en Argentina*, Ciepp. DT 67, Buenos Aires, 2008.

Steps to achieve a fiscal policy with gender equality:

- I. Produce information to measure the differentiated impact of fiscal policy on men and women.
- II. Implement fiscal policy with a gender perspective:
 - Promoting progressive tax reforms that avoid the generation of disincentives to the economic participation of women.
 - Undertaking measures to allow public expending allocations to respond to the differentiated needs of men and women, such as prioritizing investment on public infrastructure, financing care services and favouring economic sectors that generate labour opportunities for women, which in turn would allow women to increase their tax contributions.
- III. Establish mechanisms for civic participation in the preparation of budgets.

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