



## **Tax Systems, Tax Abuse, and Women's Rights** **A Briefing with the CEDAW Committee**

*November 10, 2017*

**TAXATION AND TAX ABUSE ARE WOMEN'S RIGHTS ISSUES.** There is a growing recognition—reflected in the pioneering work of the Committee on the Elimination of Discrimination against Women and that of other human rights bodies—that fiscal policies, including how revenues are raised, from whom, and for what they are used, are of fundamental importance to women's rights and substantive equality.

**FIRST, realizing women's rights requires resources, and taxes remain the primary means by which states raise public revenues to finance government institutions, goods and services. How taxes are levied and how much money is raised significantly affect women's rights and substantive equality.** When taxes are levied unequally on women and men, or when certain segments of the population bear a relatively greater share of the tax burden than others, the right to formal and substantive equality is threatened. For example, reliance on regressive taxes, including indirect taxes like VAT, hits those living in poverty hardest. Women are not only overrepresented amongst the poor, but also disproportionately affected by consumption taxes on basic goods and services, which they are more likely than men to purchase for themselves and their families.

**SECOND, inadequate tax revenues disproportionately harm women.** Women are more vulnerable to cuts in spending due to revenue shortfalls, because they are on average more dependent on public goods and services. And when public services are cut, women and girls disproportionately pay the price, by taking on even more unpaid or under-paid care work.

**THIRD, abusive tax practices exacerbate inequality,** including between women and men. Avoidance and evasion of taxes, through the use of financial secrecy jurisdictions and creative accounting strategies, reduces the amount paid by corporations and wealthy individuals, among whom men predominate over women, while in turn increasing the relative tax burden borne by lower-income individuals, many of whom are women.

**FINALLY,** while much of the focus is on the wealthy individual and corporate tax avoiders themselves, **states play a crucial enabling role, facilitating and in some cases even actively procuring the profit-shifting and abusive practices that deprive other countries of much-needed revenues.** In this way, women's rights are not only affected by a state's tax policies and practices domestically, but also by a state's international conduct—that is, by the way that one state's tax policies and practices may undermine the fulfillment of women's rights and substantive equality beyond its borders.

**CEDAW OBLIGES STATES TO DESIGN AND IMPLEMENT TAX POLICIES IN A MANNER THAT IS SUFFICIENT, EQUITABLE, AND ACCOUNTABLE.** The CEDAW Convention contains a number of provisions that underscore the obligations of states to mobilize sufficient tax revenues to fulfil women's rights, and

to do so in a manner that does not discriminate on the basis of gender. The Convention also makes clear that states' obligations do not cease at their borders. **Under CEDAW Articles 2, 3 and 24**, States must mobilize revenues to resource women's rights and eliminate policies that discriminate against or disproportionately burden women—including tax and spending policies. Article 2 commits State parties to “pursue by all appropriate means and without delay a policy of eliminating discrimination against women,” and that policy “must be linked to mainstream governmental budgetary processes in order to ensure that all aspects of the policy are adequately funded.” Article 3 similarly requires State parties to take measures, including through laws in the economic field, to ensure the full development and advancement of women and equal rights.

**STATES' OBLIGATIONS TO ENSURE THEIR TAX POLICIES AND PRACTICES FURTHER WOMEN'S RIGHTS AND SUBSTANTIVE EQUALITY APPLY WITHIN AND OUTSIDE OF THEIR TERRITORY.** As the CEDAW Committee made clear in **General Recommendation 28**, reiterated in **General Recommendation 30**, and reaffirmed in at least one State party review, “**States parties are responsible for all their actions affecting human rights, regardless of whether the affected persons are in their territory.**” The duties to respect women's rights and protect against discrimination require states to take into consideration the **foreseeable effects of their conduct** on the enjoyment of human rights, whether **within or outside their territory**, and to take measures to **prevent third parties** (individuals and businesses), **from using the state's jurisdiction to undermine human rights**, through tax avoidance or otherwise.

**Other CEDAW articles specify how these obligations apply in particular domains of society.** **Article 11** requires State Parties to take measures to eliminate discrimination in employment, including in policies around the collection and distribution of social security benefits, and the effects of maternity/pregnancy leave on employment opportunities. **Article 13** extends those obligations to other areas of economic and social life, guaranteeing women a right to economic empowerment. **Article 16** obliges States to ensure that women enjoy equal rights in marriage, including by eliminating tax policies that discriminate between married men and women, and those who are unmarried. These are just a few of the textual bases for scrutinizing domestic and international tax policies and practices as part of the review of states parties' compliance with their CEDAW obligations.

**THE TIME IS RIPE FOR THE CEDAW COMMITTEE TO EXPAND ITS LEADERSHIP ROLE IN THIS AREA.**

This issue couldn't be timelier. The release of the Paradise Papers on November 5, 2017 was just the latest in a long line of revelations of abusive tax practices, through which wealthy individuals and corporations take advantage of a global network of financial secrecy jurisdictions, to deprive states of public tax revenues essential to fulfilling women's rights and substantive equality. In the process, less economically advantaged populations, including many women, are left to shoulder greater tax burdens and to bear the brunt of spending cuts due to budget shortfalls. The systematic and widespread nature of such abuses makes clear that tax avoidance is not just tolerated, but enabled by the actions and omissions of many states. Holding states to account for the impacts of their tax policies and practices is imperative to advance women's rights today, and the CEDAW Committee is uniquely positioned to lead the way.