



A Feminist Tax Justice

HANDBOOK

for women in the
Informal Economy



▶ Introduction

This Handbook has been developed by Akina Mama wa Afrika (AMWA) with support from Friedrich Ebert Stiftung (FES) for a woman, working in the informal economy within an urban centre in Uganda. The handbook aims to equip such a woman, who is aware of the injustices that affect her life but who has limited access to information that would allow her to properly understand the causes of those injustices and to actively oppose them, and to educate her peers to do the same.

Using illustrations, we hope to equip her with a very accessible route into the topic on Tax justice for women including easily-readable information that will inspire her to seek for greater information and build her agency and that of her peers for gender and tax justice activism.

▶ Background

Tax is an important part of our lives, even if we do not often see it or think about it. By paying tax to the government we contribute to the public schools our children go to and the construction of the roads we use. Our taxes also pay the police and army to keep us safe and for the public health centres. Tax also pays the salaries of government workers and Members of Parliament, among others.

By paying tax we contribute to the development of our country and the whole of society. Tax means that the state and the citizen have a social contract, and so getting good value for the tax you pay is important. But tax is also political, and the ways in which taxes are designed or collected has a big impact on different social groups.

Tax is also a women's rights issue because tax laws, policies and systems impact women's lives. They affect women's access to property, incomes and public services, and transmit gendered social expectations and stereotypes within societies and across borders.

By increasing or decreasing taxes on particular things, a government can make essential goods and services cheaper or more expensive for citizens to buy. And by deciding how to



tax the things we buy or the money we earn, a tax system can affect different people in very different ways. The current tax system in many countries, especially in poorer countries like Uganda, is unfair to poorer people, minorities and women.

But how are they unfair? What do they do, and how can these things be done better? In this handbook we will explore the idea of *Feminist Tax Reform*. We will start by examining how tax works, and what feminism actually is. Then we will explore feminist thoughts about tax justice, and then we will offer some suggestions for how you, the reader, can bring some of these ideas into your daily life, and to join us in advocating for a tax system that is fairer to all of its stakeholders.

► What is Tax?

Financing a country is a collective effort. This is why governments ask their people to contribute to this in the form of taxes. As an informal worker, you pay taxes on many of the things that you buy or pay for every day. When you earn money from selling certain goods or from doing certain work, you will pay a percentage of that money in the form of a tax whenever you buy an item on which the government has imposed a tax. This is how the government indirectly collects taxes from every citizen all the time - without our knowledge, and they decide which things are taxed more expensively and which are taxed more cheaply.

There are two different types of taxes. Some taxes are charged on people's or companies' incomes (this is known as a *direct tax*) while others focus on people's or companies' spending (this is called *indirect taxes*). A normal tax system has a mixture of both types of taxes, but of course every country does it slightly differently. Taxes are generally unpopular, so governments often try to make them as invisible (or indirect) as possible. It is a crime to *dodge* taxes.

Tax is an important tool for development. A government might reduce a tax to make an industry more profitable and encourage the growth of businesses that they think are useful for the country, like farming or manufacturing. They might also impose a higher tax on some unhealthy things and make them more expensive to pay for the harm they cause, like alcohol and cigarettes. When politicians like the president, members of parliament, local council leaders, among others are running for election, they may also reduce taxes as an incentive to persuade people or companies to support and vote for them.

Tax is also an international question. Countries and companies often make deals in which a company promises to make certain investments in return for a reduction in their taxes. Meanwhile, many trade deals or loans include agreements on the tax system which must be used, and these structures often reflect the priorities of the richer country or companies, and are not always good for the country's people or economy.



Why is tax a Feminist issue? ◀

Tax is increasingly a feminist issue because women are disproportionately affected in when a country cannot raise enough money to pay for public services. Tax is also a feminist issue because the policies that govern revenue collection and distribution are influenced by and favor powerful individuals and large - mostly foreign owned companies, many of which are male or male owned respectively.

Feminism is the belief that everybody should be treated equally, and that everybody should enjoy equal opportunities. Feminism also believes that policy makers and other people in authority should be aware of the differences that exist among people and how these differences can work against certain less privileged individuals and act as a barrier to their enjoyment of certain opportunities. Such differences include gender, socio-economic class (whether one is rich or poor), age, ethnicity, race.

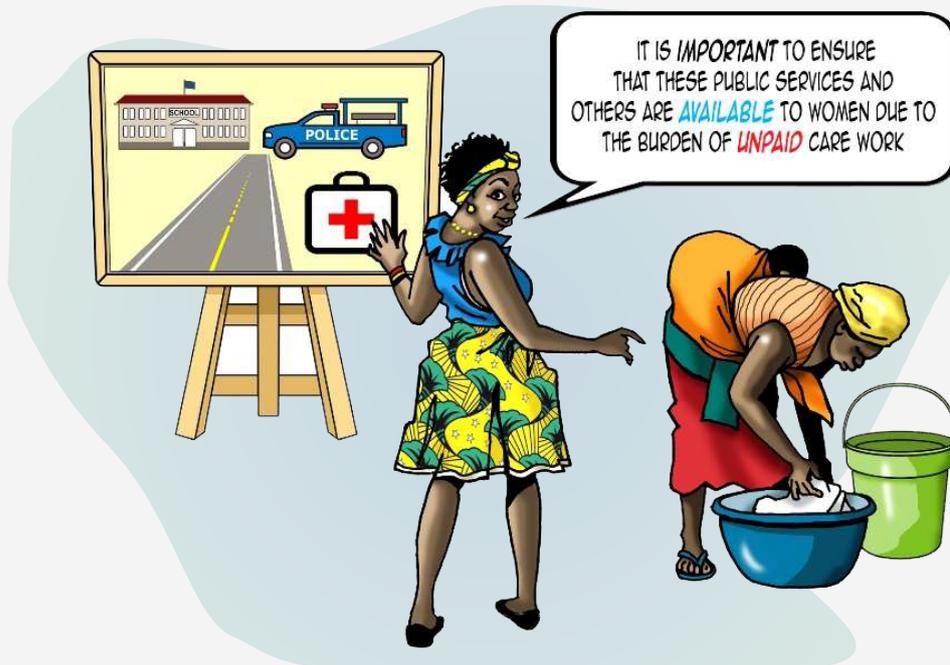
Opponents of feminism often claim that feminists are against men. This is not true—feminists simply support equality, and focus on trying to change the systems that promote exploitation and oppression against women. Feminism does not fight individual men or women. Feminism does not only focus on injustice towards women. Feminism also focuses on fighting for the poor, disabled, the less or uneducated individuals, the youth, indigenous people, among others to ensure the removal of all barriers that act to limit their access to, ownership, and control over resources, both in the public and private spaces.

Feminists also support the principle of equal work for equal pay. This means that if a woman does the same job as a man, she should be paid the same amount of money.

But, most important to us in this handbook, feminists have long fought to have care work – majority of which is done by women – treated as an important part of a country's economy. These traditionally female tasks such as raising children, cleaning, cooking, and caring for elderly relatives are often not paid or are underpaid. But without them society cannot function, so feminists argue that it's important that whoever does this work is supported, and that the work is acknowledged and valued in society. Such support can include guaranteeing that public goods and services are available, accessible, affordable and good quality.



Feminists also highlight the ways in which discrimination harms society more broadly, and advocate for positive discrimination policies which could try to fix some of these problems. By offering women special opportunities, or by acknowledging that differences exist and trying to enact policies that solve these differences. As feminists we believe that the benefits which are created will become self-sustaining and help change society for the better.



► What is not working in current tax systems?

As we previously discussed, taxes which focus on consumption (*indirect taxes*) are paid on the money you spend, while taxes on money earned (*direct taxes*) are only paid when a person and company earns money. So we should guess from this that richer people will pay more taxes, because they earn and spend more money. But this is not what is happening!

When tax policies, laws and systems are designed, they usually contain a mixture of direct and indirect taxes. But the ways in which they are mixed can change a lot, and in many poorer countries it is not well balanced. By taxing consumption, poorer governments argue that they can help people to build up wealth. A consumption tax is taxed based on how much people consume rather than how much they add to the economy. These taxes, which are automatically applied and get incorporated into the price of goods, also require less enforcement because they're less easy to avoid than direct taxes.

Meanwhile many large companies advocate low direct taxation, so that their profits are taxed less, or not at all. This affects how much revenue is collected. Countries like Uganda thus focus on increasing indirect taxation. The result of this is that certain goods, even those that are basic, become more expensive, because the government must find other ways to raise the revenue that they lose by reducing direct taxes.

A lot of the work done by women is not paid. For example, while care work such as cooking food, cleaning and washing, taking care of the elderly, the sick, and raising of children, among others is essential to our daily living, many people do not pay for these services or pay very little for them. Even when women are in paid employment they usually earn less than their male counterparts. In addition,



because women have limited access to resources such as capital and investment finance, they tend to have smaller businesses, majority of which do not have to pay a lot of direct tax, because they do not earn high income/ profit. However their domestic roles, which often includes meeting the household budget such as buying groceries, and paying for related costs like transporting children to school, hospital, among others means that they have to pay a lot of indirect taxes through the money they spend.

So because they earn less and spend a higher proportion of their income on care items which are affected by indirect taxation, two things happen: 1) Women have less opportunity to build up the financial base through saving some of their income that they would use to invest and build their income base, and 2) any government decision to change tax rates on consumer goods affects women much more than men.

At the same time women, in their role as care-givers and mothers, rely significantly on government public services such as healthcare and education, because these services tend to be more affordable. So when a government reduces the money it spends on schools or health care centres, the reduction in services directly affects women. For example, fewer doctors means longer queues, which means that a mother must wait longer to get treatment for a sick child.

► So What Can Be Done?

As we have discussed, the system of taxation in poorer countries like Uganda is unfair to women, and the result of this is that they are unable to fully contribute to the economy or to help it to grow. A balance of taxation which favours earners, and a government that does not recognise the financial value of unpaid care work, means that women end up trapped by the rising costs of living while their male counterparts benefit from reduced taxes.

But the good news is that these things can be changed if people demand change. The hardest part of understanding how to change tax systems is seeing how they affect you, as a taxpayer, directly. If you can identify the taxes which they feel treat them unequally, or prevent you from contributing more to society, this offers an opportunity for activism. By talking to other people, especially other fellow women

in similar situations, you can quickly become a group that calls for change.

Or, you can join an existing group that shares your concerns on a particular tax or fee. Then, armed with this collective power, you can invite your local elected representative to a meeting to discuss it further and ask their support in advocating for change. They may not listen to an individual, but if a market vendors association or every parent at a school demands a meeting, then your voices are made louder and stronger.

At such meetings, it's important to make sure that you have a clear idea of what you are demanding, but also that you offer useful suggestions for improving a situation. Officials like to be seen to do good things, so instead of telling them that things are unfair, provide specific examples and offer suggestions for



how to make improvements. Organisations like market vendors associations, domestic workers associations, traders associations, and NGOs/ tax justice/ women rights/ feminist groups like AMwA can help you to understand and plan these messages.

And in all of this, do not forget that when citizens flourish, the country also benefits. The more women can start businesses, the more tax the

government can collect from those businesses as they grow. And the more we help mothers care for their children, the more we benefit when those same children when they grow up well educated and healthy, and become future leaders. By understanding taxation and adopting more gender responsive strategies, we can make the country stronger and create a brighter future for us all!

WHEN TAX BECOMES MORE **FAIR**, WE ALL BENEFIT.
ENGAGE YOUR LEADERS TO **CHANGE** THE TAX POLICIES
TO MAKE THOSE WITH MORE MONEY TO PAY MORE TAXES.
BY BECOMING AN ACTIVE CITIZEN, YOU WILL HELP YOUR
COUNTRY FLOURISH AND HELP LEADERS TO MAKE
DECISIONS THAT MAKE TAX WORK FOR YOU,
YOUR CHILDREN, YOUR FAMILY AND FRIENDS



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