Gender equality and taxation policies in the EU

2018/2095(INI) - 15/01/2019 - Text adopted by Parliament, single reading

The European Parliament adopted by 313 votes to 276 with 88 abstentions a resolution on gender equality and taxation policies in the EU.

Parliament called on the Commission to support gender equality in all taxation policies and to issue specific guidelines and recommendations to Member States in order to eliminate tax-related gender biases and to ensure that no new tax, spending laws, programmes or practices that increase market or after-tax income gender gaps are established.

It called on the Commission and the Member States to ensure that EU legislation against indirect and direct gender discrimination is properly implemented and its progress systematically monitored.

Personal income taxation

Members underlined the negative consequences of failing to incentivise women's employment and their economic independence. They drew attention to the high gender pension gap resulting from joint taxation, and called for Member States and the Union institutions to promote studies on the effects of the gender gap on the pensions and financial independence of women, taking account of issues such as the ageing population, gender differences in health conditions, and life expectancy.

Parliament urged Member States:

- to phase in **individual taxation** while ensuring full preservation of all financial and other benefits linked to parenthood in current joint taxation systems;

- to step up their efforts to tackle the gender pay gap effectively in order to improve the economic situation of women and safeguard their economic independence;

- to ensure that tax incentives related to employment and self-employment do not discriminate on the basis of gender and to consider **tax incentives** and other fiscal benefits or services for second earners and single parents;

- not to reduce the progressive nature of their personal income tax systems, for example by attempting to simplify personal income taxation.

The Committees noted that in some Member States private tax relief on pensions benefits high earners and men disproportionately and that a universal pension system which gives women equal access to a comprehensive pension guarantee is the best way to support gender equality in older age.

Corporate taxation

Parliament noted that corporate tax rates have fallen dramatically since the 1980s, from above 40 % to 21.9 % in 2018, while in contrast, the rate of consumption taxes (of which VAT is a large component) has increased since 2009, reaching 20.6 % in 2016. It considered that a common and just minimum corporate tax rate is the only way to create equal and fair treatment between different subjects doing business in the EU, and within the larger community of tax subjects.

Members called on the Member States to:

- finalise the negotiations and introduce the common consolidated corporate tax base;

- introduce a minimum corporate tax rate at EU level to end the race to the bottom;

- rationalise the tax incentives or breaks they give to corporations to ensure that these advantages mostly benefit small enterprises and favour real innovation;

- assess the potential impact of these incentives on gender equality.

Parliament called for the countries identified for their **aggressive tax planning provisions** to amend their legislation and close these provisions as soon as possible.

Taxation of capital and wealth

Members noted that the reduction in capital gains and property taxes primarily benefits men, as they are more likely to control such resources. They called on the Member States to:

- enhance tax policies to improve the availability and accessibility of affordable, high-quality childcare services, through tax incentives to reduce the obstacles for women to taking up paid employment, and thus minimise gender pay and pension gaps;

- eliminate gender gaps in wealth across the EU in terms of financial assets, property ownership, business assets, insurance entitlements, pension savings and stock options;

Indirect taxation

Members noted that VAT exerts a gender bias because of women's consumption patterns as they purchase more goods and services with the aim of promoting health, education and nutrition than men do. Parliament was concerned that this, combined with women's lower income, leads to women bearing a larger VAT burden. It called on Member States to provide for VAT exemptions, reduced rates and zero-rates for products and services with positive social, health and/or environmental effects, in line with the ongoing revision of the EU VAT Directive.

Impact of tax evasion and avoidance on gender equality

Members noted that tax evasion and tax avoidance are major contributors to gender inequality as they limit the resources available to increase equality at national and international level.

Parliament called for the promotion of gender-equal taxation reforms in all international fora, including the OECD and the UN, and support for the creation of a UN intergovernmental tax body with universal membership, equal voting rights and equal participation of women and men. It also urged Member States to mandate the Commission to **review existing double taxation treaties** so as to examine the issue of source taxation, and to ensure the inclusion of gender equality provisions in addition to general anti-abuse provisions.

Gender mainstreaming in tax policies

Parliament called on the Commission and the Member States to carry out regular gender impact assessments of fiscal policies from a gender equality perspective. It also underlined the need for further research and better collection of gender-disaggregated data are required as regards gender-differentiated distributional and allocative effects of the taxation system.

It called on the Member States to:

- share best practices on the design of their labour markets and taxation systems to help reduce gender pay and pensions gaps;

- collect tax data on an individual basis and not only on a household basis, and to close the gender data gaps on consumption patterns and the use of reduced rates, on the distribution of entrepreneurial income and related tax payments and on the distribution of net wealth, capital income and related tax payments.