**Follow up to the European Parliament non-legislative resolution on gender equality and taxation policies in the EU**

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**2. Reference numbers:** 2018/2095 (INI) **/** A8-0416/2018 / P8\_TA-PROV(2019)0014

**3. Date of adoption of the resolution:** 15 January 2019

**4. Competent Parliamentary Committee:** Committee on Economic and Monetary Affairs (ECON) and Committee on Women’s Rights and Gender Equality (FEMM)

**5. Brief analysis/assessment of the resolution and requests made in it:**

The resolution contains 41 recommendations, many of which are addressed to the Member States. The resolution is supportive of the Commission’s action in fighting tax abuse and supporting gender equality in the European Union and globally.

The resolution calls for decisive and comprehensive action in support of gender equality. This includes targeted measures in the fields of direct and indirect taxation, as well as active labour market policies in support of gender equality, including spending programmes. In its response, the Commission recalls that factors other than taxation, such as the availability of affordable and high quality formal care services, including childcare, as well as well-designed work-life balance policies, can contribute to gender equality in the labour market.

As regards taxation, the resolution calls for gender equality to be an integral part of all taxation policies and identifies taxation as a central tool to reduce the gender pay and employment gaps. According to the resolution, tax system features such as transferable tax credits and the degree of joint taxation contribute to maintaining a high gap in employment rates by gender and thereby also to the gender pay gap.

While parts of the assessment as set out in the resolution go beyond the issue of taxation, the Commission concurs with most of the objectives in this resolution and addresses most of the calls for action already within its remits, notably through soft-law measures (e.g. European Semester, Communication on work-life balance[[1]](#footnote-1)). While there are no specific budget lines allocated to initiatives in support of gender equality, it is well integrated as a cross-cutting issue in various spending programmes.

The only call for action to which the Commission explicitly objects is to promote the ratification by the European Union of the “Convention on the Elimination of All Forms of Discrimination Against Woman” (CEDAW Convention), since the Convention does not include a provision opening this instrument for signature by the European Union.

**6. Response to requests and overview of action taken, or intended to be taken, by the Commission:**

Recommendation 1. Calls on the Commission to support gender equality in all taxation policies and to issue specific guidelines and recommendations to the 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.

Commission’s position: the Commission has highlighted the importance of tax disincentives especially in the Communication on work-life balance, which was adopted in April 2017. Supporting gender equality is an important element of the European Semester too, which is discussed in-depth in many country reports, also with a view to the specific features of labour taxation.

Economic disincentives for second earners are one of the elements identified in the Strategic Engagement for Gender Equality and, as stated in the Commission’s Initiative for work-life balance in April 2017[[2]](#footnote-2). The Commission will continue to regularly monitor those provisions, including in the European Semester's annual Joint Employment Report and Country Reports and where relevant through country specific recommendations. Indeed, over the years, several countries (e.g. Germany) have received country-specific recommendations addressing tax disincentives for second earners – usually women – to work or to work full time. Also, the Commission considers this matter in the annual Tax Policies in the European Union Survey[[3]](#footnote-3) as well as in the analysis of labour taxation and impact on inclusive growth.

This being said, tax legislation remains a prerogative of the Member States. In addition, it should be noted that other factors, such as the availability of affordable and high quality formal care services, including childcare, as well as well-designed work-life balance policies, can contribute to the decision over whether to enter the labour market, return to work, or increase working hours.

Recommendation 3. Calls on the Commission to promote the ratification by the European Union of the CEDAW Convention, as it did for the Convention on the Rights of Persons with Disabilities (UNCRPD) and is doing for the Istanbul Convention.

Commission’s position: the Commission cannot support this recommendation, as the European Union cannot accede to CEDAW, since the Convention itself does not permit this (cf. Article. 25 CEDAW), unlike the UNCRPD and the Istanbul Convention which both include a provision that opens those instruments also for signature by regional integration organisations / the European Union, and allows their accession.

Recommendation 4. Encourages the Commission to enhance the status of the Strategic Engagement for Gender Equality by adopting it as a communication and to include clear objectives and key actions to enhance equality between women and men through a sectoral analysis, including taxation aspects, of all EU actions; calls 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, in order to ensure that men and women are equal actors.

Commission’s position: the Commission's Strategic Engagement on Gender Equality 2016-2019 has been its framework for promoting gender equality and gender mainstreaming in the European Union and beyond. It ends in 2019 together with the term of this Commission. During the course of 2019, the Commission will be taking stock of the progress, identifying gaps and contributing to setting priorities for the future and will launch in this context an on-line public consultation. The aim is to present the incoming Commission with a robust and ambitious policy framework for gender equality. The decision on the institutional format of that framework will be taken by the next Commission. Furthermore, the EU law on gender equality is monitored as part of the Commission’s main tasks. In the context of the Action Plan to tackle Gender Equality, the Commission has launched on 11 January 2019 a public consultation on the implementation of the principle of equal pay for equal work and work for equal value with a view to assessing whether and which new measures are needed at the Union level to facilitate the application of equal pay provisions in Member States[[4]](#footnote-4).

Recommendation 7. Notes that the net personal average tax rates for second earners with two children stood at 31 % on average for the EU members of the Organisation for Economic Co-operation and Development (OECD) and 28 % for all OECD countries in 2014; calls on the Commission to continuously monitor and strengthen the application of the equal pay for equal work and work of equal value principle between women and men in the Member States, to ensure that inequalities are eradicated in both the labour market and taxation sectors; calls on the Commission and the Member States to tackle horizontal and vertical segregation in the labour market by eliminating gender inequalities and discrimination in employment and, in particular through education and awareness-raising, encouraging girls and women to take up studies, jobs and careers in innovative growth sectors, including in ICT and STEM (Science, Technology, Engineering and Mathematics) subjects.

Commission’s position: equal pay for work of equal value is part of the EU law, which is monitored by the Commission. As part of the actions included in the Action Plan 2017-2019 to tackle the Gender Pay Gap, the Commission launched, on 11 January 2019, a public consultation on the implementation of the principle of equal pay for equal work and work for equal value with a view to assessing whether and which new measures are needed at Union level to facilitate the application of equal pay provisions in the Member States. The action plan also aims at tackling horizontal and vertical gender segregation through a wide series of measures, including though awareness raising and encouragement of girls in STEM/ICT, of boys in Education and Health studies and occupations. It further aims at encouraging women in hierarchical positions, for instance, through the proposed directive on Women on Boards. Furthermore, the Rights Equality and Citizenship programme has funded and funds projects for instance to tackle gender stereotypes in education and employment and to encourage women in leadership positions.

The Commission’s initiative for work-life balance for working parents and carers, adopted in 2017, aims at addressing women's underrepresentation in the labour market. The initiative sets out a comprehensive package of complementary legal and policy measures, which reinforce each other. It is expected to have a positive impact on the gender employment and pay gaps, as it addresses some of the factors behind, such as disproportionate share of part-time work and career interruptions by women due to caring responsibilities.

Recommendation 11. Considers that, owing to labour market inequalities, women may be disproportionately affected by certain tax policies; believes that the appropriate way to tackle this problem is through the reform of labour market instruments to address the issue of women’s economic independence; calls for the 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, the fact that family structures have changed and the number of single-occupancy homes has risen, and differences in women’s personal situation.

Commission’s position: the Commission's Strategic Engagement on Gender Equality 2016-2019 has been its framework for promoting gender equality and gender mainstreaming in the European Union and beyond, including on economic empowerment of women, women’s labour market participation and economic independence. Tackling gender gaps, such as the employment, time, pay and pension gap, is done through a wide variety of measures, including through the European Semester and through gender mainstreaming in relevant policy areas, such as social inclusion and health policies. The advisory committee on gender equality is currently developing an opinion on “Challenges for gender equality in rapidly ageing Europe” focussing on a wide range of issues related to the changing demographic context and its impact on gender equality.

Recommendation 20. Notes that gender bias occurs where tax legislation intersects with gender relations, norms and economic behaviour; notes that the Value Added Tax (VAT) exerts a gender bias because of women’s consumption patterns, which differ from those of men as they purchase more goods and services with the aim of promoting health, education and nutrition; is concerned that this, combined with women’s lower income, leads to women bearing a larger VAT burden; calls on the 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.

Commission’s position: health and education as activities in the public interest are generally exempt from VAT and a large part of foodstuff is subject to a reduced rate of VAT in 24 of the 28 Member States. Therefore, the Commission cannot share the argument that VAT exerts a gender bias in this regard. Furthermore, while VAT might be considered as being regressive in relation to income (women’s lower income leads to higher VAT burden), VAT is not a regressive tax in relation to expenditures. Hence, as consumption expenses increase with higher income, reduced rates and exemptions could also have the unintended impact of increasing the objected regressivity of VAT. To avoid those unintended effects, the Commission proposed in 2018 to grant the Member States more flexibility in setting VAT rates by no longer prescribing the goods and services to which a reduced rate can be applied.

Recommendation 21. Considers period poverty to be an ongoing issue in the European Union, with Plan International UK estimating that 1 in 10 girls cannot afford sanitary products; regrets that female hygienic products, and care products and services for children, elderly people or people with disabilities, are still not considered as basic goods in all the Member States; calls on all Member States to eliminate the so-called ‘care and tampon tax’ by making use of the flexibility introduced in the VAT Directive and applying exemptions or 0 % VAT rates to these essential basic goods; recognises that a reduction in price due to an exemption of VAT on these products would have an immeasurable benefit for young women; supports the movements undertaken to promote widespread sanitary supply availability and encourages the Member States to provide complementary feminine hygiene supplies in certain (public) spaces such as schools, universities and homeless shelters, and for women from low-income backgrounds, with the aim of eradicating period poverty completely across EU public bathrooms.

Commission’s position: the current VAT Directive[[5]](#footnote-5) allows the Member States to apply a reduced rate of VAT to female hygienic products, and care products and services for children, elderly people or people with disabilities. The 2018 Commission proposal for amending the VAT Directive as regards VAT rates, which would allow the Member States to further reduce the VAT rates to as low as zero percent, is not yet adopted by the Council[[6]](#footnote-6).

Recommendation 24. Calls on the Commission and the Member States to promote gender-equal taxation reforms in all international fora, including the OECD and the UN, and to support the creation of a UN intergovernmental tax body with universal membership, equal voting rights and equal participation of women and men; stresses that this body should be well equipped to develop specific gender taxation expertise.

Commission’s position: the Commission promotes gender equality both within the European Union and globally and liaises with international organisations promoting gender mainstreaming as set out above at all levels.

Recommendation 27. Calls on the Commission and the Member States to carry out regular gender impact assessments of fiscal policies from a gender equality perspective, focusing on the multiplier effect and implicit bias to ensure that neither direct nor indirect discrimination feature in any fiscal policies in the European Union.

Commission’s position: the Commission monitors fiscal policies with a view to identifying features of tax systems that may explicitly or implicitly disadvantage woman and to supporting gender-equal tax policies.

Recommendation 31. Calls on the Commission to meet its legal obligation to promote gender equality, including in its assessments of fundamental tax policy design; underlines that reviews of the Member States’ tax systems within the European Semester, as well as country-specific recommendations, require thorough analyses in this regard.

Commission’s position: the Commission monitors gender equality, including the impact of tax and benefit systems on labour market attachment of second earners during the European Semester process, including where relevant through country specific recommendations.

Recommendation 32. Calls on the Commission to use the priorities of the Europe 2020 strategy to tackle structural weaknesses in Europe’s economy, address the gender pay and pensions’ gap, improve the EU’s competitiveness and productivity and underpin a sustainable social market economy which benefits all women and men.

Commission’s position: the Commission emphasises the importance of economic empowerment of women in the Strategic Engagement for Gender Equality, where it identified a number of challenges to tackle, including gender pay gap and work-life balance. The Commission has subsequently adopted an action plan to tackle the Gender Pay Gap in November 2017 on the one hand and the Initiative on work-life balance for Working Parents and Carers in April 2017 on the other hand. Both policy documents use a comprehensive approach to tackle these challenges. Moreover, gender equality is integrated into the overall social and economic monitoring instrument of the European Union, the European Semester, and funding programmes. Gender equality is also a fundamental element of the European Pillar of Social Rights[[7]](#footnote-7).

Recommendation 34. Notes that gender equality is not only a fundamental human right but that achieving it would contribute to more inclusive and sustainable growth; emphasises that gender budget analysis would allow for improved information on the distributional impact of public investment on men and women; calls on the Commission and the Member States to implement gender budgeting in a way that explicitly tracks what proportion of public funds are targeted at women and that ensures that all policies for mobilising resources and allocating expenditure promote gender equality.

Commission’s position: during the “spending review”, the Commission examined ways to integrate important cross-cutting policy priorities - such as gender equality - in EU programmes. This analysis concluded that the coherence of policies and of the overall design of the future financial framework was essential, ensuring that individual programmes are complementary to support efficiently policy objectives.

On this basis, the Commission proposal for the next Multiannual Financial Framework (MFF) is based on the integration of gender equality in EU funding programmes. Being a cross-cutting objective for all policy areas implies that there are no specific budgetary allocations earmarked to gender issues in the programmes. Gender equality is explicitly mentioned in the following programmes: Horizon Europe, InvestEU, ERDF (European Regional Development Fund), Cohesion, ESF+ (European Social Fund), Erasmus+, European Solidarity Corps, Creative Europe, Justice; Rights and Values, EAGF (European Agricultural Guarantee Fund), EAFRD (European Agricultural Fund for Rural Development), External Action and Pre-accession Assistance.

Recommendation 35. Calls on the Commission to promote best practices on taxation policies that take gender impact into account and promote gender equality, particularly in terms of taxation of household income and VAT; calls on the Commission to include a gender analysis in its annual Taxation Trends in the European Union report.

Commission’s position: the annual publication “Taxation trends in the European Union” is a report providing a comprehensive overview of tax structures, notably tax revenue figures[[8]](#footnote-8) It is not primarily an analytical document. However, the Commission also publishes since 2016 the annual ‘Tax Policies in the European Union Survey’, which contains an analysis of second-earner tax treatment in the Member States and their implications from a gender equality perspective. The Tax Survey also sets outs reform options in support of gender-equal tax policies.

Recommendation 36. Recalls that despite the joint statement on gender mainstreaming annexed to the 2014-2020 MFF Regulation, no significant progress has been made in this area, and that the Commission took no account of its implementation in the MFF mid-term review; calls for the annual budgetary procedures to evaluate and integrate the impact of EU policies on gender equality (gender budgeting); expects a renewed commitment by the Parliament, the Council and the Commission to gender mainstreaming in the next MFF, and its effective monitoring, including during the MFF mid-term revision, by taking due account of the principle of equality between women and men enshrined in Article 8 of the Treaty on the Functioning of the European Union.

Commission’s position: the revision of the MFF took stock of achievements of the past years and reinforced the flexibility of the EU budget as well as funding to address the priorities for the years ahead within the boundaries of the legal provisions decided for the current MFF.

The annual budgetary procedures applied for the MFF 2014-2020 integrates, as appropriate, gender-responsive elements, taking into account the ways in which the overall financial framework of the Union contributes to increased gender equality (and ensures gender mainstreaming). In the programme statements attached to the draft budget the Directorates-general and the services are requested to highlight the implications of the gender dimension (i.e. whether output/outcomes might differ by gender) for the programmes including estimations of the EU budget contribution to gender equality or indication whether a gender dimension exists and highlight the main factors hindering its measurement.

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1. COM(2017) 252 final [↑](#footnote-ref-1)
2. COM(2017)253 final [↑](#footnote-ref-2)
3. https://ec.europa.eu/taxation\_customs/sites/taxation/files/tax\_policies\_survey\_2018.pdf [↑](#footnote-ref-3)
4. Evaluation of the provisions in the Directive 2006/54/EC implementing the Treaty principle on equal pay [↑](#footnote-ref-4)
5. Council Directive 2006/112/EC of 28 November 2006 on the common system of value added tax [↑](#footnote-ref-5)
6. COM(2018) 20 final [↑](#footnote-ref-6)
7. . <https://ec.europa.eu/commission/priorities/deeper-and-fairer-economic-and-monetary-union/european-pillar-social-rights_en> [↑](#footnote-ref-7)
8. <https://ec.europa.eu/taxation_customs/sites/taxation/files/taxation_trends_report_2018.pdf> [↑](#footnote-ref-8)