

*Tax Fairness, Inequality, and the
Political Economy of Women:*

*Gender-based Analysis is crucial
to Building a Better Canada*

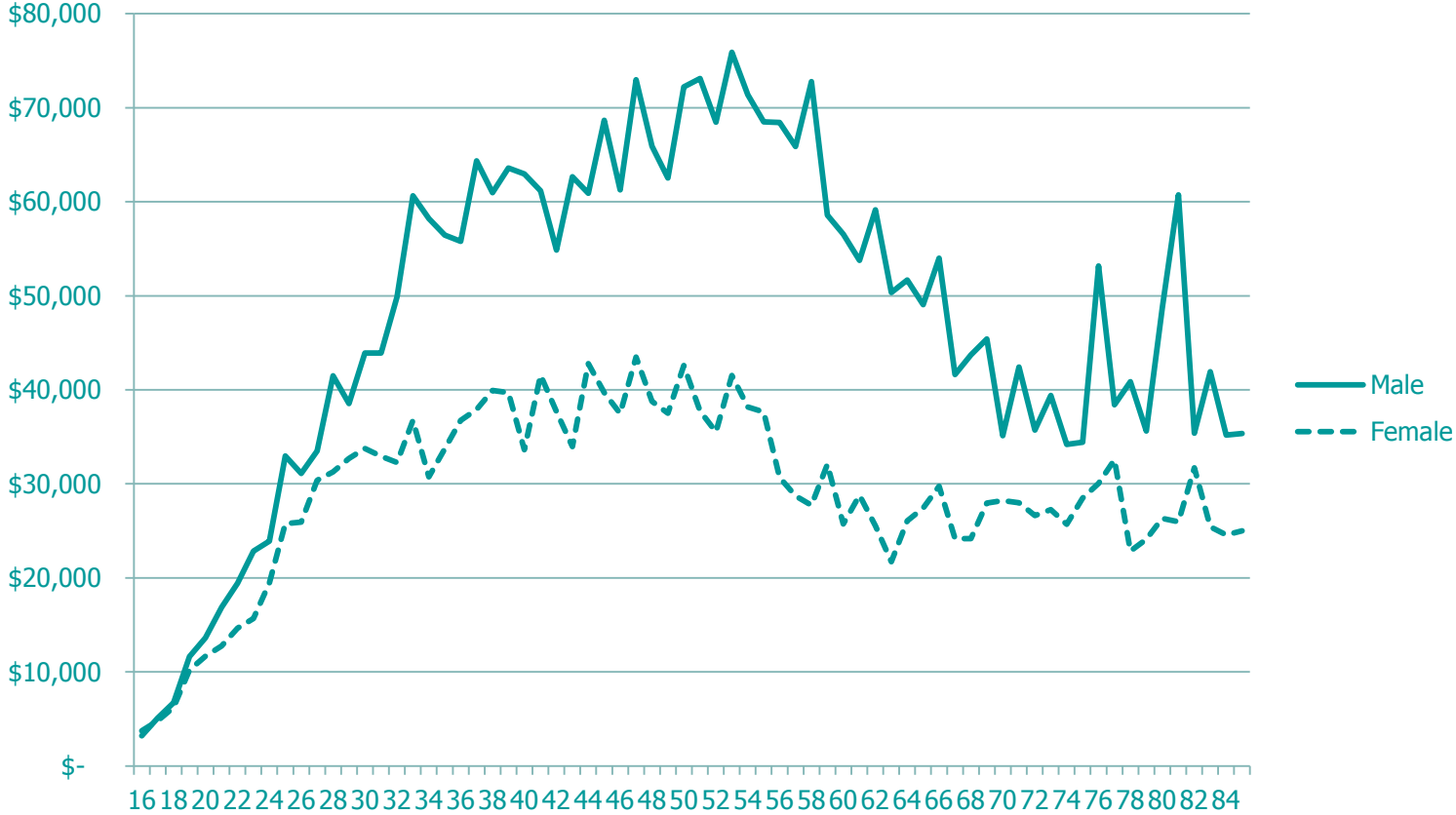
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**Fair Tax Summit
Canadians for Tax Fairness
Mar. 30, 2012**

Comparative sex equality rankings, Canada and Spain, 1999-2011

Index	Year	Canada	Spain
UN GDI/GII	1996-9	1	21
	2010	4	9
	2010/11	18	14
SocialWatch GEI	2009	21	11
World Economic Forum GGI	2009	25	17
	2010	22	10
SocialWatch GEI trend analysis	2004-7	101	5
	2005-9	136	11

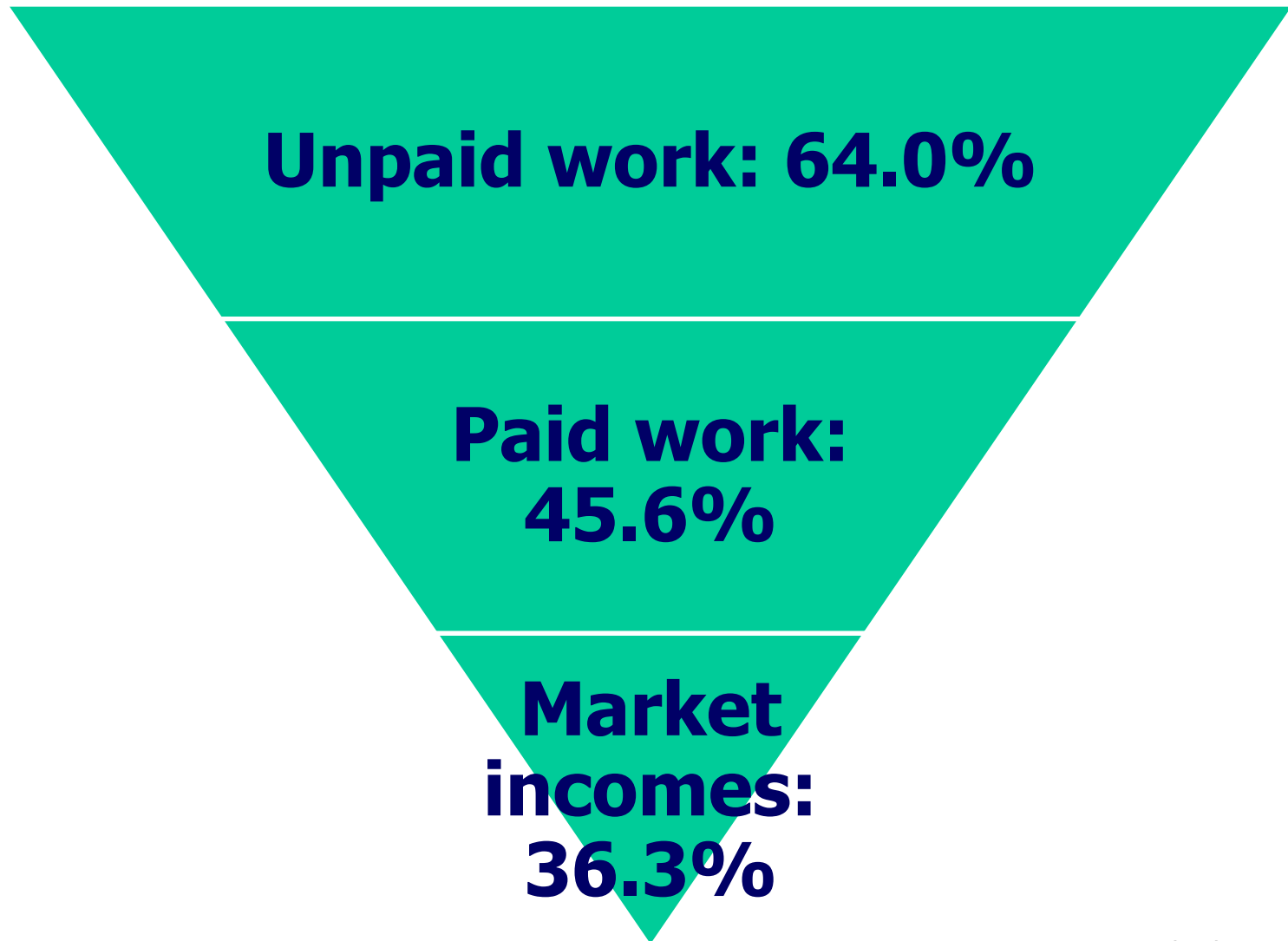
Average total income, by age and sex Canada, 2007



Canada, economic gender equality indicators, 1986-2010

Women's rates and shares (%)	1967	1986	1991	1994	1997	2005	2007	2010
Employment rate (as % of all women)	33.0	50.3	52.8	51.9	52.6	57.8	59.1	58.4
Paid hrs/week	n.a.	44.4	44.6	44.4	44.4	45.3	45.4	45.6
Unpaid hrs/week	80.0	68.0	67.0	66.0	65.0	64.0	n.a.	64.0
Part-time work	n.a.	69.8	69.3	68.9	69.9	68.8	68.2	67.3
Market incomes	20.0	31.0	34.2	35.1	36.0	36.0	36.0	36.3
After-tax incomes	n.a.	34.2	37.1	37.9	38.7	40.0	40.0	40.0

Women's shares of market incomes vs shares of total work hours, Canada, 2010

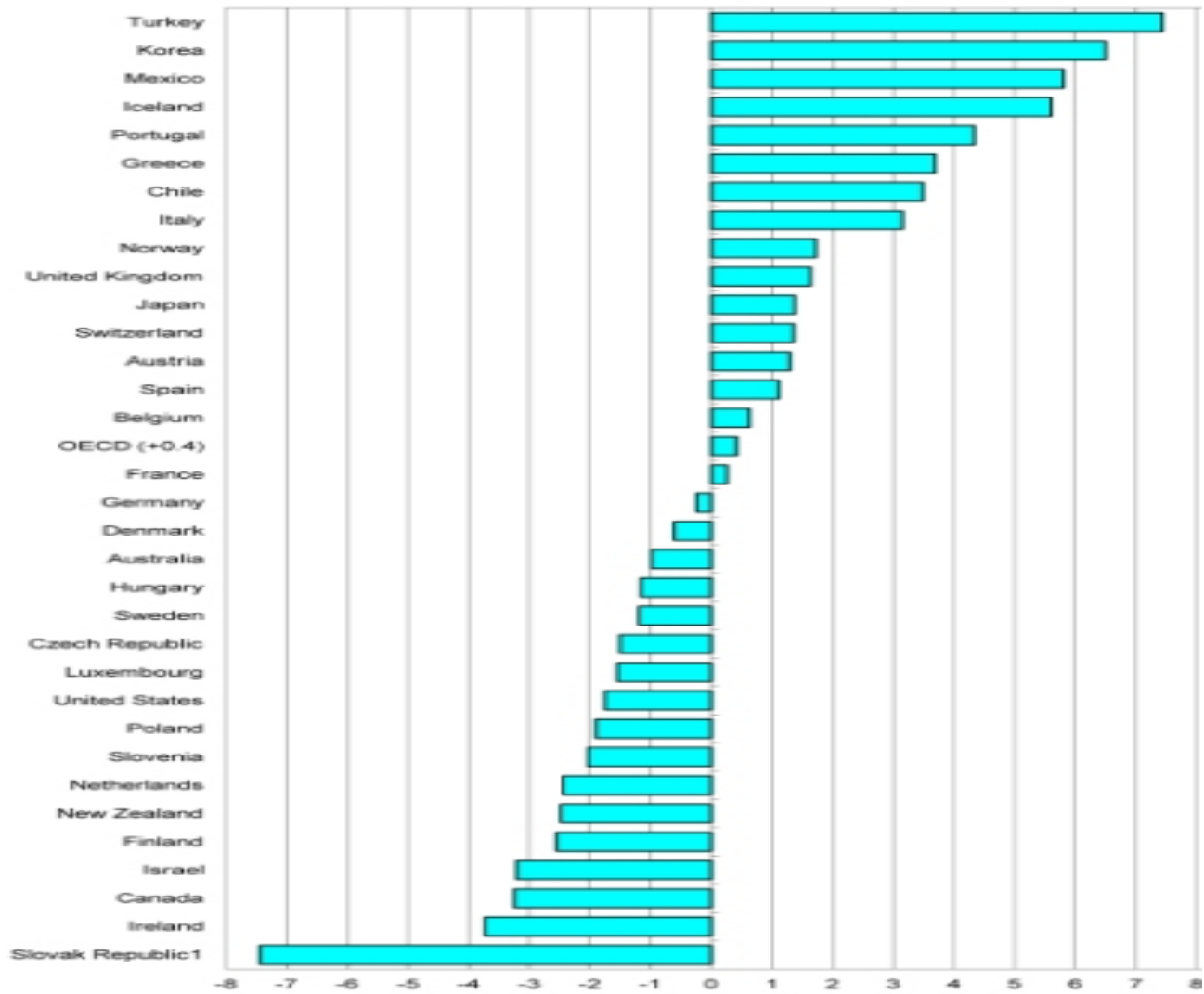


Women's fulltime incomes as % of men's, by educational level, 1971-2010

Educational attainment	1971	1985	1990	1995	2000	2005	2010
< grade 9	<i>55.5</i>	58.8	59.2	68.7	69.6	69.4	51.5
Some second.			63.4	61.8	64.6	57.3	65.6
Graduated HS	56.8	61.8	<i>71.2</i>	71.7	73.0	71.0	70.4
Some postsec	59.3	67.2	64.8	64.4	<i>75.0</i>	75.6	72.6
Postsec cert.	66.9	67.4	68.8	<i>73.8</i>	70.6	68.6	71.2
Univ. degree	61.2	67.2	<i>69.2</i>	75.1	73.6	68.9	68.3
Average	59.7	64.0	65.0	<i>72.0</i>	72.5	70.5	71.3

'Taxing for growth' vs 'tackling inequality'

- 'Taxing for growth' strategies exacerbate economic inequalities -- and are particularly gender regressive:
 - Reduce personal and corporate income tax rates first
 - Increase property taxes, then VATs, then environmental taxes
 - Reduce benefits for retirement, disability, unemployment
 - Eliminate subsidies for housing costs, reward innovation
 - Eliminate sector and trade subsidies and barriers to capital flows
 - Reduce married women's paid work taxes, costs
- Most 'tackling inequality' strategies are gender-indifferent and thus fail to benefit women equally:
 - Invest in skills
 - Reduce taxes on low earned incomes
 - Increase public transfers, especially for single parents, low-income, and low-skill workers
 - Eliminate over-taxation of married women's incomes
 - Redress imbalances of capital incomes at high income levels
 - Improve situation of low-income self-employed



Source: OECD, Revenue Statistics 1965-2009 (2010), p. 36.

Estimated cost of 2006-2012 tax cuts in lost 2012 revenues:

Corporate tax: regular, federal:	\$10.7 bill	
Corporate tax: regular, Ontario:	1.7 bill	
Corporate tax: small bus, federal:	4.1 bill	
Corporate tax: small bus, Ontario:	.3 bill	
Dividend tax credits: fed and Ont:	6.8 bill	\$23.6 bill

GST: federal:	13.4 bill	
Personal income tax: federal:	6.7 bill	\$20.1 bill

total \$40.2 bill

% of GDP 2.2

<i>Budget item</i>	<i>Amount (2010)</i>	<i>Women's shares</i>
GST rate cuts	\$10.8 billion	38%
Corporate income tax rate cuts	\$10.5 billion	10-30%
Infrastructure	\$ 9.6 billion	9-31%
Personal income tax rate cuts	\$ 7.4 billion	40%
Employment ins.	\$ 4.8 billion	36%
Total	\$43.1 billion	
UCCB single supp.	\$0.0005 billion	81% (max \$168)

Corporate income tax rate cuts

*\$10.5 bill
2010-11*

- **Main beneficiaries: shareholders, top executives, and foreign corporations; labour's share is questionable**
- **Women's share of income and wealth in this sector:**
 - **Women directors/top 500 corps (2008): 10%**
 - **Women in 'management pipeline' (2000-09): 17%**
 - **Women % corporate shares (2009): 30%**
- **CIT rate cuts reduce the incentive effects of investment, R & D, and other business tax credits**
- **These CIT rate cuts have increased the stockpile of after-tax retained corporate earnings now being used to fund payment of tax-credited dividends and incentivize capital gains tax benefits**

Individual vs corporate tax rates, Canada, 2012:

Individuals:	Low income:	37.355%
	Mid income:	44.15%
		50.16-53.16%
Corporations:	Large corps:	26.5/26% (2012)
		25% (2013)
	M&P corps:	25%
	Small corps:	15.5%
Tax-free zones:	Earned incomes:	\$10,822
	Corp. dividends:	\$50,000 (from large corps) \$40,000 (from small corps)

Tax benefits of personal income tax cuts, by sex, 2009-10:

Type of cut	Increased personal exemption	Increased cutoff for 15% bracket	Increased cutoff for 22% bracket	All
Revenue cost	\$635.0 mill	\$785.0 mill	\$465.0 mill	\$1.885 bill
Men's \$ share	\$342.9 mill	\$526.0 mill	\$325.5 mill	\$1.195 bill
Men's % share	54%	67%	70%	63.4%
Women's \$ share	\$292.1 mill	\$259.0 mill	\$139.5 mill	\$0.690 bill
Women's % share	46%	33%	30%	36.6%

Tax expenditures disproportionately benefit men yet bypass most women:

- Tax expenditures are 'hidden' expenditures; since 1979, the *Tax Expenditures Budget* provides basic information on all tax expenditures
- Tax expenditures exclude 'structural' changes like CIT, PIT, or GST rate cuts, changes to bracket sizes or rates, or the definition of the tax unit
- 2008 PIT: \$175 billion for 85 items (plus 34 'small' or 'na') (total
2008 CIT: \$39.4 billion for 46 items (plus 28 'small' or 'na') \$214.4 B)
- Tax benefits cannot be claimed by those whose incomes are so low that they have no tax liability: 40.4% of all women; 25% of men
- The value of tax expenditures increases with income: women overall receive 37.9%; men, 62.1% (2009, \$64 bill largest PIT, CIT, and GST TEs)
- Many women cannot take full advantage of tax benefits due to joint benefit and penalty provisions, which covertly subsidize the 'male breadwinner' model of fiscal policy and disincentivize economic autonomy

RRSPs

\$9 bill/yr

- **In 2005, 38.7% of all women would have received no tax benefit from RRSP contributions, because they had no tax liability**
- **Men had 59% of the RRSP contribution room and made 61% of the contributions in 2005**
- **Women had only 41% of the contribution room and made 39% of the contributions in 2005**
- **Only 11% of all taxpayers with incomes under \$20,000 made RRSP contributions, but could only use 2% of their room**
- **81% of those with incomes over \$100,000 made contributions; 84% of those taxpayers were men**
- **Low income single women will jeopardize GIS with RRSPs**

Joint tax and benefit items

*\$20.8 bill
annually*

- **Unlike joint provisions for low-income refundable tax credits, many joint tax benefits discourage women with mid/high income spouses/partners from having their own sources of income**
- **Most joint tax benefits reward higher income spouse for supporting their spouse/partner – without any upper limits on eligibility**
- **Examples of open-ended joint tax benefits:**
 - Dependent spouse credit**
 - Transferrable spousal credits**
 - Family limits on child care deductions**
 - Spousal RRSPs**
 - Caregiver credits**
 - Universal child care benefit**
 - Pension income splitting**
 - TFSA investment income splitting**

Home renovation tax credit

*\$2.7 bill
2009 yr*

- **40% of all women's incomes are so low they cannot take advantage of any income tax credits (cf. 25% of men)**
- **CRA webpage examples:**
 - **Retired single woman with \$18,500 income cannot claim tax credit for her home renovation costs because she has no income tax liability**
 - **Married woman with no income can give her receipts to her husband to claim and thus obtain the full \$1,350 tax credit**
 - **The married woman's husband also receives additional valuable tax credits for supporting her**
 - **Two brothers sharing real estate can each claim their full maximum individually**
- **Most single women who will have high enough income tax liability to be able to claim this credit cannot afford to spend \$10,000 on creditable home renovation**

Pension income splitting

\$0.6 bill annually

- **Couple income and dollar value of income splitting:**

\$26,800	—
\$31,800	\$500
\$41,800	\$700
\$72,000	\$2,975
\$100,000	\$8,125
\$140,000	\$11,216

- **Pension splitting re-writes reality in order to justify giving selected pairs special tax benefits**
- **These tax benefits are not gender-neutral: For example, they create fiscal disincentives for the lower-income spouse/partner to have pension income , their own RRSP, or a spousal RRSP**
- **Raises the marginal tax rate on lower-income spouse's earnings, should employment be sought**
- **Gives tax benefit for fictional sharing of legal ownership, another disincentive to true sharing between spouses**
- **For couples only: excludes single individuals or those living with other family members**

Joint tax measures impose numerous tax penalties on low-income women:

- **Refundable income tax credits are structured to be paid to those whose incomes are too low to be able to claim ordinary tax benefits (40.4% of women):**
 - GST tax credit**
 - Canada Child Tax Benefit**
 - Working Income Tax Benefit**
- **Couple-based LICOs artificially bar many low-income women off from receiving these refundable credits**
- **These couple LICOs raise the 'welfare wall' even higher for low-income women in relationships**
- **They impose tax penalties on relationships without regard for the economic realities of those relationships**

Working income tax credit

Low-income tax penalty

- **WITB is phased out at different levels for single taxpayers than for taxpayers who are coupled:**
 - Single taxpayer: \$13,500**
 - Coupled taxpayer: \$21,500**
- **Coupled taxpayers can have very low income and still lose the WITB due to spouse/partner income**
- **This presumed income sharing deprives the taxpayer of economic autonomy**
- **Raises the 'welfare wall': rapid phaseout of WITB for taxpayer in couple increases the total tax load on those earnings faster than if that taxpayer were single**

Table 12: Tax benefits and penalties from splitting single income, by income, Canada, 2009

Single income	Tax saving/penalty
\$ 10,000	(\$ 519)*
\$ 20,000	—
\$ 50,605	\$ 1,394
\$101,210	\$ 7,143
\$202,420	\$15,650
\$303,630	\$17,124
\$404,840	\$16,854

TFSA income splitting

*\$0.5 bill
annually*

- Only couples with the highest incomes have net savings large enough to fund a \$5,000 TFSA for each spouse every year:

bottom quintile:	(\$3,700)	net debt
second quintile:	(\$2,500)	net debt
third quintile:	(\$800)	net debt
fourth quintile:	\$2,500	net savings
top quintile:	\$23,000	net savings

- Highest-income taxpayers can multiply tax benefits from TFSAs by splitting investment incomes with adult children
- Spousal TFSAs create fiscal disincentives for lower-income spouse earnings, savings, and economic autonomy
- Directly undercuts incentives for lower-income spouse's pension accumulation or RRSPs; does not require legal title to pass to spouse with whom investments are being split

Consumption commodity taxes

*\$13.4 bill
2012*

- **The GST and PST/HST are highly regressive**
- **The GST tax credit refunds only a small part of GST paid by those with low incomes (first \$4,750 of spending)**
- **Cutting the GST by 2% gives the biggest tax benefits to those with the highest incomes; average benefits:**
 - **\$280 for bottom income quintile**
 - **\$1,244 for top income quintile**
- **Loss of GST revenues substantially impairs federal capacity to meet women's critical needs**

Infrastructure spending

*\$9.6 bill
2010-11*

- **No gender equity requirements have been included in these spending programs**
- **Little of this spending will go to women because of pronounced gender segmentation in the construction industry (ownership, labour force, training programs):**
 - **7% of construction workers are women**
 - **7% of those in the trades and transportation are women**
 - **22% of engineers are women**
 - **21% of those in primary industries are women**
 - **31% of manufacturing workers are women**
 - **0% of STEM chair funding (2010)**
- **None of this spending to date has been awarded for childcare projects – cf. women’s vs animal shelters; religious youth centre in Winnipeg**

Negative gender impact of payroll taxes (CPP, EI):

- **Payroll taxes are regressive: earnings over \$44,000 (CPP) or \$41,400 (EI) are completely tax exempt**
- **Part-time and irregular work is not easily insurable**
- **CPP and EI benefits are not adequate for low-income workers**
- **Some employees can obtain supplementary EI coverage; low income workers without adequate coverage have to resort to social assistance**

Employment insurance

*\$4.8 bill
2010-11*

- **Since mid-1990s, those not in 'standard employment' have had markedly reduced EI coverage, women more so than men because of high levels of part-time work**
 - **Some researchers reported that before the changes, 72% of unemployed women received EI benefits**
 - **Subsequent to these changes, only 33% of unemployed women and 44% of unemployed men qualify**
- **Only 31% of beneficiaries receiving 'regular' EI in 2009 were women -- 69% were men**
- **65% of all the beneficiaries of EI health and family-related are men (more men's wages covered by EI)**
- **The Budget 2009/10 emergency EI package was mainly limited to those already qualified in the system**

Percentage of unemployed receiving employment benefits, by sex, Oct. 2008-Jun. 2009

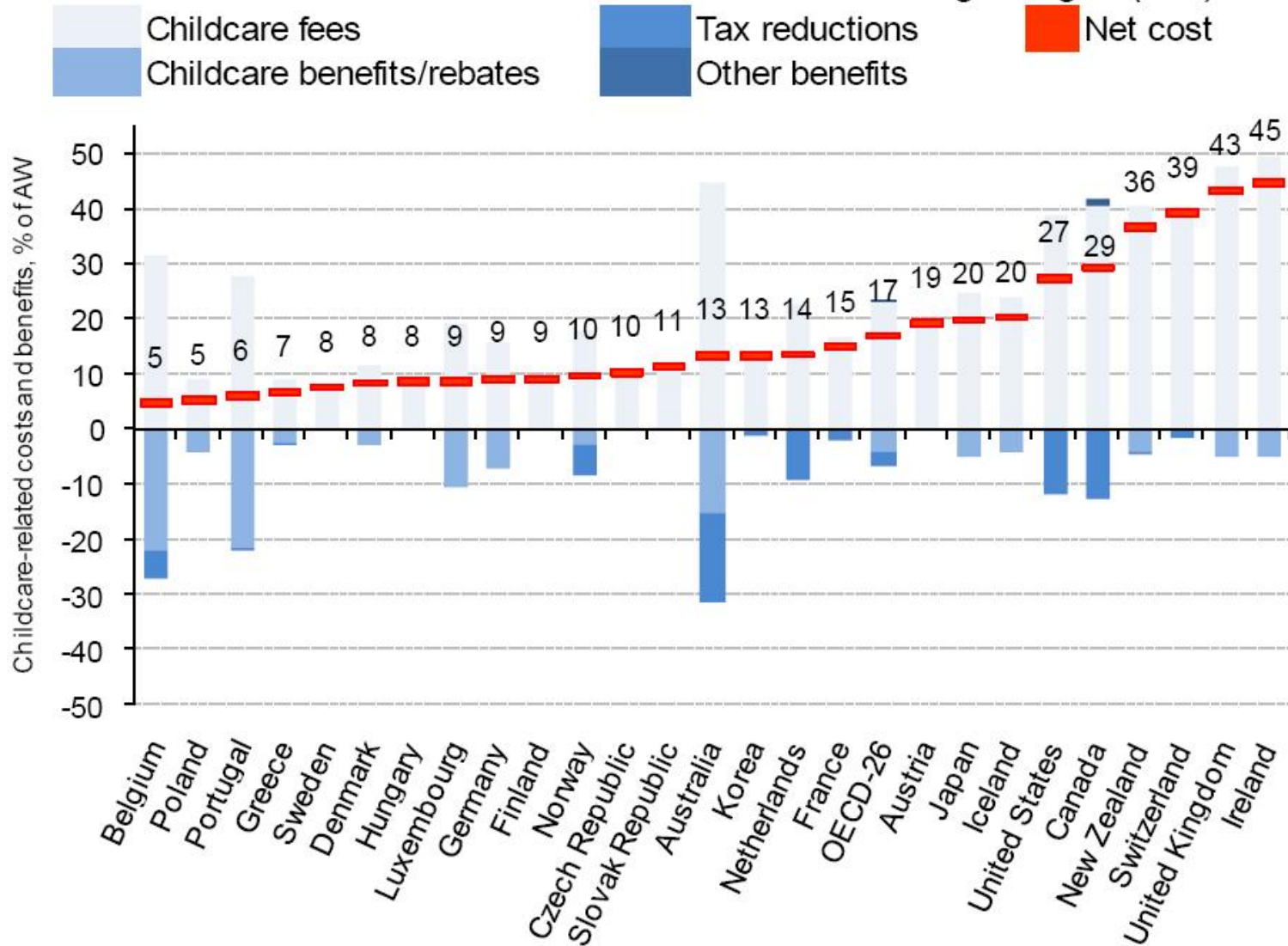
	<i>Women</i>					<i>Men</i>				
	Oct. 2008	Dec. 2008	Feb. 2009	Apr. 2009	Jun. 2009	Oct. 2008	Dec. 2008	Feb. 2009	Apr. 2009	Jun. 2009
Unemployed (000's)	454.7	458.3	544.9	563.8	601.8	569.4	981.7	954.7	988	900.5
Receiving EI (000's)	163.6	204.2	244.0	256.5	236.3	217.5	360.0	561.1	570.8	434.2
Receiving EI (%)	36.0	44.6	44.8	45.5	39.3	38.2	52.8	58.8	57.8	48.2
Gender gap (in %)	2.2	8.2	14.0	12.3	9.0					

'Revenue-neutral' carbon taxes:

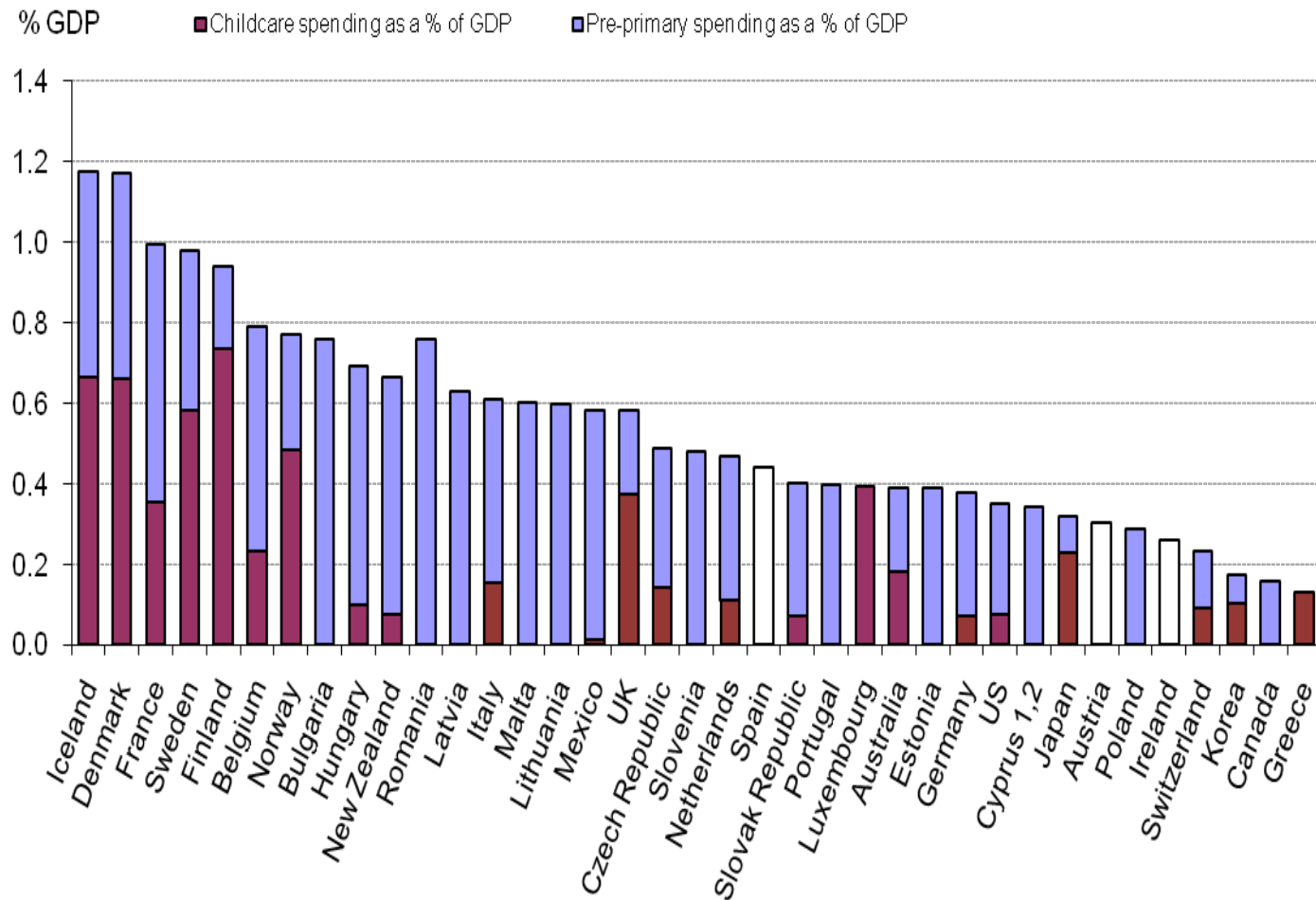
- **Artificially raising prices of GHG emissions with carbon taxes will be commodity tax with regressive incidence**
- **'Revenue neutral' feature will replace more progressive income taxes with regressive commodity taxes**
- **Full offset for low-income taxpayers will reduce carbon disincentive purpose of tax**
- **If carbon tax is effective, total revenues will fall over time, reducing government's transfer capacities**
- **Constraining amount of carbon tax credit for couples will further undercut women's economic autonomy and security**

Net childcare costs for a dual earner family with 167% of the average wage, 2004

Panel A: Childcare costs and benefits in % of average wages (AW)



Public expenditure on childcare and early education services, per cent of GDP, OECD, 2005



Gender budget analysis:

- 'Gender budgeting' analysis reveals the gender impact of fiscal policies
- Current budgets provide a good focus for 'snapshots' of actual government priorities
- Direct government expenditures, tax cuts/benefits, and net loans are treated as interchangeable forms of spending
- The form of spending, access, and relative amounts of budget items all affect their gender impact

