

VAT IS A FEMINIST ISSUE

INTRODUCTION

Think that tax is only the business of grey men in suits? And menstruation is supposed to be not seen and not heard? On their own they may not be the most captivating of subjects, but put them together and you have one of the most explosive and inspiring feminist campaigns to hit Britain in the last few years.

Most of us are now well aware of the #EndTamponTax campaign. It was launched in 2014 by Laura Coryton's petition on change.org: '[Stop taxing periods. Period!](#)'. It's been signed by hundreds of thousands of women and men alike, has been debated in Westminster, and has spread across the Channel and the Atlantic, inspiring sister campaigns in France, Italy, New Zealand, Canada, and various US states.

SO WHAT IS VAT AND WHY SHOULD WE CARE ABOUT IT?

VAT is an indirect tax, which means a tax paid on economic transactions (and not coming directly out of your pay packet) and is retained by an intermediary, such as a shop, to be passed on to the government. These taxes put the burden of taxation on consumers - the higher the VAT rates, the higher the cost of a product and the higher your weekly shopping bill. Such taxes disproportionately affect people on lower incomes or out of work, as prices impact more sharply on their budgets.

Whereas VAT is an indirect tax, income tax and corporation tax are examples of direct taxation. They are paid directly to the government.

BUT WHAT ABOUT TAMPONS?

VAT is charged on most items that we buy, however there are exemptions for certain products, food items, medical devices and so on. There is also a reduced VAT rate on certain products, and this is where tampons come in. When Britain first joined the European Economic Community in 1973, under a Conservative government, it agreed to VAT on sanitary products being 17.5%. Following political pressure on the Treasury in the form of Early Day Motions from Labour MP [Chris McCafferty](#), and taken up by fellow Labour MP Dawn Primarolo in 2000, it was eventually reduced to 5%.

But these are essential items for women so there should be no VAT on tampons, towels and mooncups. Can't we scrap it altogether? The Tories have been rather confused on the matter. From vague statements from the Prime Minister when [questioned by a UEA student](#), to George Osborne's [widely criticised](#) announcement in November's Autumn Statement to use the tax revenues from the tampon to fund women's charities. The only thing that Tories have made clear is that they can't decide this on their own, the solution lies in the mystical realm of the EU.

WHAT HAS THE EU GO TO DO WITH IT?

When the VAT Directive was last negotiated in Brussels in 1991, the UK Tory government, asked for a long list of exemptions, many of which have been bandied about in the recent Westminster debates (Pistachio nuts! [Bingo games!](#) Razors! - actually this last one is false). But crucially they did not ask for an exemption for sanitary products. Therefore under our commitments to the VAT Directive we can lower the rate to 5%, but not to 0%. The opportunity for an exemption was on the table back in 1991, but it was not taken. But this was 25 years ago, pre-Caitlin Moran and Lena Dunham, change.org and 'free bleeding' actions. Now women are demanding no VAT and we have a window of opportunity to achieve this!

GOOD NEWS ON THE HORIZON!

The VAT Directive is going to be changed. The Commission will release an Action Plan on VAT later this month. This will then probably be followed by a Green Paper on VAT. This review of rules on VAT rates will address two key issues: whether greater autonomy in rate-setting ('enhanced flexibility') can be granted to Member States, and how to deal with the temporary derogations (special rules for individual countries) allowing for exemptions, zero rates and super reduced rates, that would have to be reconsidered upon the introduction of the definitive VAT regime.

Officials in the EU Commission are aware that this debate is going on in Britain, and are open to demands. In his [response](#) to the debate in Britain, Commission Vice-President Frans Timmermans, said that it would be 'perfectly reasonable' for the tampon tax to form part of the negotiation with Britain, but added that Britain had never asked for the VAT to be removed from tampons in the past. He pointed out, quite rightly, that member states often blame Brussels for policies which they have failed to challenge or have been responsible for themselves.

With the VAT Action Plan there will be a consultation, in order to get the new legislation right. **This is where we need you!** When this consultation comes out **we need as many people as possible responding and calling for an exemption for tampons, towels and mooncups!** We will be putting our draft response on the website for people to adapt and send in themselves. Then a proposal for legislation will follow either later in the year, or early in 2017. We will also be making as much noise about this in the European Parliament as we can, by submitting amendments to upcoming Parliamentary reports on VAT, working with the Women's Rights and Gender Equality committee to put forward a Written Declaration (the European Parliament equivalent of an EDM), as well as through the Greens' Tax Justice Working Group. In order for this to be a success we need politicians in all 28 member states of the EU agreeing to this. It's not about getting another exemption for Britain, but for justice for all women all over Europe.

WHAT SHOULD WE BE CALLING FOR IN THE CONSULTATION RESPONSE?

There's a difference between 'zero-rate' and 'VAT exempt' for products, and the UK uses the 'zero-rate' extensively. If the UK managed to renegotiate a number of 'zero-rate' products again, as it did in the 1991 negotiations, it could include sanitary products. This would give the greatest saving in terms of cost, but more progressive would be for this zero rate to be Europe-wide so that all European women would benefit. However such agreements require unanimity, and therefore we need campaigns in all 28 Member States so that all countries agree this.

Tax is a Feminist Issue, position paper by Grace Murray
Office of Molly Scott Cato MEP, March 2016

BUT WAIT THERE'S MORE!

The tampon tax campaign has, by its very nature, centred around one small part of the gender dimensions of the tax system. As Laura Coryton herself has said, it's a [symbolic campaign](#), designed to break taboos on talking about periods. But it has brought together tax and gender in a way that is rarely done, and this is so important. We must examine the tax system as a whole, and its effect on women. In what other ways are women losing out due to unfair fiscal policies?

This isn't just about Europe. In the developing world VAT is used to [bolster government revenues](#) that have been lost due to trade liberalisation. These countries are no longer receiving trade taxes and so are increasing VAT, under the advice of the IMF, to boost revenues. Ghana is [just one example](#) where VAT brings in much more revenue than personal income tax. VAT applies equally to everyone, making it rather unequal, as the poor pay proportionately more than the rich. As women tend to have lower incomes globally, and spend a higher percentage of their income on consumer goods, then any increases in VAT impact negatively on their finances. As Christian Aid report, empirical studies across different countries show that it is women spending more money on essential items such as food, [clothes, school items and medicines](#).

THIS ISN'T JUST ABOUT VAT, IT'S ABOUT THE CORPORATES TOO

VAT is just one form of taxation that impacts negatively on women. Corporation tax, or lack thereof, makes the headlines often enough; multinationals manipulate loopholes and secure sweetheart deals which means they pay less taxes. This happens worldwide, we've seen [Google](#) paying back a tiny amount of tax in the UK, and know from Oxfam that illicit financial flows are losing poor countries \$1 trillion every year, a large proportion of which is due to [tax evasion](#). But looking closer at the issue of corporate tax dodging (or "aggressive tax planning" as the politicians and accountants like to call it) two links with gender become clear.

The first is that the majority of the world's wealth is disproportionately male. In January 2016 Oxfam released figures showing that the top 62 of the world's billionaires own the same wealth as [half of the world](#). If we look at these 62, just 9 of them are women. If we turn to the CEOs of multinationals, and board members of the FTSE 100, women are vastly underrepresented - despite [slow progress](#) moving forward. In a 2011 report by the World Bank women represent 40% of the labour force but hold [just 1%](#) of the world's wealth. When wealthy individuals or companies are not taxed effectively their wealth increases, and not only does this widen the inequality gap between rich and poor, it widens the gap between men and women. The tax haven network of secrecy jurisdictions, accountants, lawyers, and the corporations and individuals looking to hide wealth, robs public services and the public sector of much needed revenues.

This leads to the second link, which is that tax policies which increase wealth (whether predominantly male or not) do so at the expense of women. In the UK alone we have seen huge spending cuts since 2010, and this imposed austerity has hit women hardest, in a number of ways. Cuts to public sector jobs and pay freezes have impacted more on women, as [65% of public services workers](#) are female, and benefits made up one fifth of women's income, compared to one tenth of male income. In total 74% of welfare savings made so far have come from women's pockets and this only looks to increase. Added to this are specific cuts to women's refuges and other services for domestic violence and [support for abuse](#), and we see how dangerous and damaging

austerity policies are for women. We need to stop the corporate tax dodging in order to fund vital public services, which women both make up and make use of.

The [Tax Justice Network](#) are working on tackling this at the macro level. They have made a submission to the UN's Committee on the Elimination of Discrimination Against Women which highlights how Switzerland, one of the world's most famous tax havens, is eroding human rights through its financial secrecy rules and lax laws on reporting. They are making the links between corporate tax dodging and women's rights, and we need more such submissions in order to truly address taxation and gender.

The [UN is advocating a rights-based](#) approach to economic policy, so that we look at budgets and tax, income, jobs and health and social care, and care of people, as a whole, and this too will progress the debate.

JOIN US!

We have just touched on a few areas of women's rights and tax policy. There is much more to be done, at EU level and beyond. We need gender scrutiny of fiscal policies and more data on tax avoidance and the impacts on women. There are incredible NGOs, campaigners, academics and activists out there doing fantastic work. We have referenced just a few of them in links in this paper. We will do our best at the European level to bring these issues to a wider audience, and to gather political momentum in the European institutions. We will need help spreading the word, answering consultations, and lobbying MEPs to sign our amendments which call for tax equality! Watch this (feminist) space!

Authored by Grace Murray, in the office of Molly Scott Cato MEP, March 2016