

TAX THE WEALTHY, NOT THE WORKING WOMEN



What difference can wealth taxes make for gender justice in Asia?

ISSUE BRIEF ON WOMEN AND WEALTH TAX

The call “Wealth Tax Now!” gains ground as inequality and poverty deepens in Asia and across the globe.

On 8 March 2023, “Wealth Tax Now!” intersected with the demand to “Make Taxes Work for Women” in many International Women’s Day actions across the world. The [Global Days of Action \(GDOA\) on Tax Justice for Women’s Rights](#) which ran from 6 to 17 March 2023, was convened under the banners “Women for Wealth Taxes Now!” and “Feminists for Wealth Taxes Now!” by the Global Alliance for Tax Justice (GATJ).

The GDOA highlights the need to overturn decades of tax policy failure that have aggravated impacts of the COVID-19 pandemic that continue to be felt three years after its outbreak. For women, who represent two thirds of the poor in Asia, the economic fallout of the pandemic was brutal. Millions lost jobs or became underemployed when shops closed or slowed down. Those already in the informal economy and/ or doing unpaid care work were further restricted in their activities and livelihood. Globally, women lost 64 million jobs, costing them at least US\$800 billion in forgone income. Twice as many young women lost their jobs during the

pandemic as young men. (Oxfam, 29 April 2021, COVID-19 cost women globally over \$800 billion in lost income in one year, [Press release] <https://www.oxfam.org/en/press-releases/covid-19-cost-women-globally-over-800-billion-lost-income-one-year>)

The pandemic exacerbated the disadvantages faced by women, ranging from discrimination in education and employment to life-time disadvantages like being the first to be sent off to work when the family faces an economic crisis. “Poverty magnifies this disadvantage by leading to poor health outcomes, limited decision-making power and few opportunities for women to pull themselves out of poverty. Women in many countries do not control key assets such as the family home, property, and decision-making rights on the use of income, further limiting opportunities to break the poverty cycle.” (Economic Empowerment, UNWomen/ Asia and the Pacific, <https://asiapacific.unwomen.org/en/focus-areas/women-poverty-economics>)

The women’s calls for wealth tax for women’s rights and gender justice is a call to break the cycle of discrimination and poverty, of rising inequality, and powerlessness.



not cover “non-financial” assets such as real estate. The super-rich often own their business and do not get paid in salaries from employment. They earn from the financial gains of ownership of assets like property and stocks.

A wealth tax is also different from sales taxes or taxes on what you buy. Sales taxes -- Value-Added Tax (VAT), Good and Services Tax (GST) and excises taxes -- are regressive taxes because they are levied at a fixed rate, regardless of the taxpayer’s capacity to pay. The rich and the poor are charged the same tax percentages with no consideration of their capacity to pay.

The call to tax the wealth of the super-rich is a popular call across the world. In 2021, Argentina implemented a “one-time wealth tax” on individuals with at least US\$3.4 million in total assets. Those individuals, .08 percent of the population, saw a levy of 5.25% on their total assets. In spite of resistance, the tax raked in more than expected, around US\$2.4 billion for pandemic recovery. Also in 2021, Bolivia generated at least twice the amount it expected from taxing the wealthy. Tax payments by April 2021, before the deadline, came to 224.1 million bolivianos or BOB (more than US\$ 32 million) from 203 millionaires with assets over BOB 30 million (almost US\$4.3 million). The revenue is meant to contribute to the redistribution of resources and help the poor.

WHAT IS A WEALTH TAX?

A wealth tax is tax directed at the market value of assets owned by an individual taxpayer rather than on the tax payer’s income. Taxable assets include:

- houses, buildings, lands;
- cars, boats and other vehicles;
- cash and bank deposits;
- stocks and bonds;
- furniture;
- paintings and other art; etc.

A wealth tax is a progressive tax as it is based on the taxpayer’s capacity to pay. A wealth tax is different from income tax or the tax on what you earn. Income tax is levied only on income. It does

WHY IS A WEALTH TAX URGENTLY NEEDED IN ASIA?

Wealth inequality has been rising to historic levels around the world. The [World Inequality Report 2022](#), reveals that the richest 1% of individuals all across the globe have raked in a whopping 38% of the world’s total economic growth since the 1990’s while the bottom 50% have received just 2% of economic growth.

A wealth tax is one of the most direct ways to stem inequality by reversing the highly

regressive tax system and debt dependence that governments across Asia have long depended on to sustain basic public services.

Governments continue to pass up wealth taxes and other progressives tax policies. “Billionaires are getting away with hoarding wealth, including through unscrupulous practices, hiding wealth in tax havens. And yet, as governments face the challenge of falling or inadequate revenues,

the first to go in budget spending are public services which women need so urgently,” decried APMDD’s Jeannie Manipon, member of the coordination committee of the Tax and Fiscal Justice Asia (TAFJA) in the launch event of the Global Days of Action on Tax Justice for Women’s Rights on March 6.

Manipon said that for many countries in the region like Pakistan, the Philippines, Indonesia and India, access to food and water has been severely compromised, not only because of the impacts of climate change, but also due to economic policies that erode peoples’ capacities to enjoy their rights and live a life of dignity.

The calls for a wealth tax is gaining ground, however, with increasing support from various sectors and legislators.

INDIA

Jyotsna Jha, director of the Centre for Budget and Policy Studies in India, says the fortunes of India’s 10 wealthiest billionaires are enough to fund the education of India’s children for more than 25 years. An Oxfam report, *Survival of the Richest (2023)*, also projects that a one-off tax on unrealized gains from 2017–2021 on just one billionaire, Gautam Adani, could raise US\$21.95 billion. The amount is enough to employ more than five million primary school teachers for a year.

SRI LANKA

There are proposals to reintroduce wealth tax and the government is expected to move forward with a plan. Unfinanced tax cuts for the richest contributed to the country going into debt default in 2022.

MALAYSIA

In February 2023, Prime Minister Anwar Ibrahim, who also serves as finance minister, unveiled plans to tax the wealthy with luxury goods tax for items such as luxury watches and fashion goods, and by raising income taxes by up to 2 percentage points for some high income individuals. Government will also consider implementing a capital gains tax for the disposal of unlisted shares by companies from 2024. Government ruled out reintroducing a goods and services tax. In 2022, a one-off Windfall Tax was applied on companies with chargeable income of more than 100 million ringgits (US\$22.8 million) to give the government more resources to tackle the pandemic. The additional nine percent in corporate income tax meant businesses will pay a total of 33 percent in CIT.

PHILIPPINES

Various organizations estimate that the government can get an additional tax haul of PhP1 trillion or US\$18,400,450,000.00 if the top 500 billionaires in the country are charged for even just 20% of their total assets. The revenue generated can be channeled into healthcare, education, and other public services. Labor leader Leody De Guzman says jobs can be created and the low pay of an estimated 200,000 barangay health workers, 300,000 teachers and school workers and 500,000 agricultural workers who are essential in providing for development needs can be augmented. Bills for a wealth tax are pending in the Philippine Congress.

INDONESIA

At the forum, “Envisaging Wealth Tax in the Post-Pandemic World”, organized by the Jakarta-based Prakarsa and the South Asian Alliance for Poverty Eradication at the Civil 20 or C20 summit in November 2022, researcher Irvan Tengku Harja noted the average wealth of the most affluent persons in Indonesia increased during the pandemic even as poverty continues to rise. He estimates that the Indonesian government could collect additional revenue of about US\$4.1 billion by imposing a 1 to 2 percent tax on people with a net worth exceeding 144 billion rupiahs (US\$9.3 million) or the richest citizens who comprise less than 1 percent of the country’s population.

HOW CAN A WEALTH TAX BE USED AS A TOOL TO FIGHT INEQUALITY AND REALIZE OUR DEMANDS FOR TAX AND GENDER JUSTICE?



The demand for the institution of a wealth tax is a major part of the broader call for tax and fiscal justice. It is a potent tool for fighting inequality, advancing economic justice and transforming our societies if governments will heed people's demands to invest taxes in increasing public funding for essential social services and infrastructures most urgently needed by women and other marginalized sectors. By taxing wealth fairly and progressively, governments can raise adequate domestic revenues to finance quality and gender-responsive public services – water, health, education, among others – and make these available to all, especially those who need them the most.

Introducing a wealth tax is just one step, albeit a big one, towards progressive taxation and moving away from reliance on regressive taxes that are burdensome for women and other marginalized communities. Revenues collected

from wealth taxes and other progressive taxes should be used strategically to deliver economic and gender justice.

APMDD with its partners in the Tax and Fiscal Justice Asia network specifically urges support for the following demands:

Increase Allocation of Tax Revenues for Gender Responsive Social Services.

The majority of women have poor access to food, water and the essential services they need, even for reproductive health care. These basic goods and services are vital for women's survival and their right to lead productive and meaningful lives. The failure of governments to adequately support women and ensure their rights is a big loss to the whole society as women generally invest in their families and communities as much as they can to ensure the health and welfare of their children and community members.

Governments often excuse the non-provision of such essential services to budget constraints while continuing to provide tax cuts and tax holidays to multinational corporations, including in the extractive industry. In practice, governments have largely condoned tax evasion, illicit financial flows, and the use of tax havens. Governments that have shown no political will to stop such tax dodging are responsible for depriving people of social services and protection that are due them.

Reduce and Work to End Unfair Tax Burdens on Women. There is a senseless, indolent and harmful dependence on regressive taxation in the majority of countries. Sales taxes like Value Added Tax (VAT) and Goods and Services Tax (GST) apply the same rate to everyone, regardless of their income, employment status and wealth. The regressive nature of sales taxes is compounded by the fact that the poorest people tend to spend a greater share of their income on basic consumption and further compounded by the disproportionate responsibility that falls on women to find ways to make ends meet or augment the family income to ensure that they can put food on the table.

Regressive taxes such as VAT and excise taxes have long been known to overburden those with smaller incomes harder, and have thus helped to widen the gap between women and men, poor and rich, the marginalized millions and the elite few.

Ensure Tax and Fiscal Policies Recognize and Serve to Represent, Reduce, Redistribute and Reward Unpaid Care Work. When governments fail to provide adequate care services, women often step in to care for children, older people and their family's health. Unpaid care work continues to be mostly carried out by women. This is invisible work as far as tax and fiscal policies are concerned, reflecting the way care work is generally unrecognized by society.

Tax and fiscal policies should both recognize and serve to represent, reduce, redistribute and reward unpaid care work. In reality, however, tax policies often carry an implicit bias that both relies on and perpetuates unpaid care work, negatively impacting on women and their families. Governments can counter this bias through

policies that may include tax credits extended to unpaid care workers, the allocation of tax revenues for social services, including for socializing care work (e.g. subsidized child care, support services for the elderly and people with disabilities).

Remove Gender Bias and Discrimination in Tax Policies. Standards and roles placed upon women due to patriarchal norms continue to have crippling effects on their social and economic freedom. Tax systems still manifest bias against women. There are countries where tax policies are founded on highly discriminatory marriage laws, family codes and property laws even though gender bias and discrimination in tax policies is a violation of the commitments of governments to the UN Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW).

Stop Tax Abuses by Multinational Corporations and Illicit Financial Flows. The exposes of the Panama and Pandora Papers reveal the gravity of illicit financial flows. It is time to scrutinize tax systems and pave the way to transformation.

Decisive actions on the national and international levels are urgently needed to reform national and global tax rules and architecture towards ending corporate tax abuses and other illicit financial flows and beginning the work on new systems that will make taxes work for people. To watch the money, governments can impose asset registries on the national and global levels and beneficial ownership transparency.

As the United Nations begins to earnestly work toward a UN Tax Convention, the peoples and governments of Asia can seize the opportunity to claim its space in the negotiations and assert the adoption of wealth taxes and other progressive taxes as policy instruments critical to help States raise public finances to advance the realization of women's rights, promote gender equality, and the empowerment of peoples.

Tax and fiscal systems in Asia cannot continue to favor elite and corporate interests and overburden the majority of the people without continuing to compromise the well-being of future generations. Tax systems need to be transformed to be democratic and transparent. Tax, fiscal, economic and gender justice are part of a transformative process of rebuilding societies and economies.



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