WIFO ÖSTERREICHISCHES INSTITUT FÜR WIRTSCHAFTSFORSCHUNG

Public finances and gender – levers for equitable growth

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Structure of the presentation

- Background
- Taxes and gender
- Greening of public finances and gender
- Fiscal consolidation and gender
- Research gaps

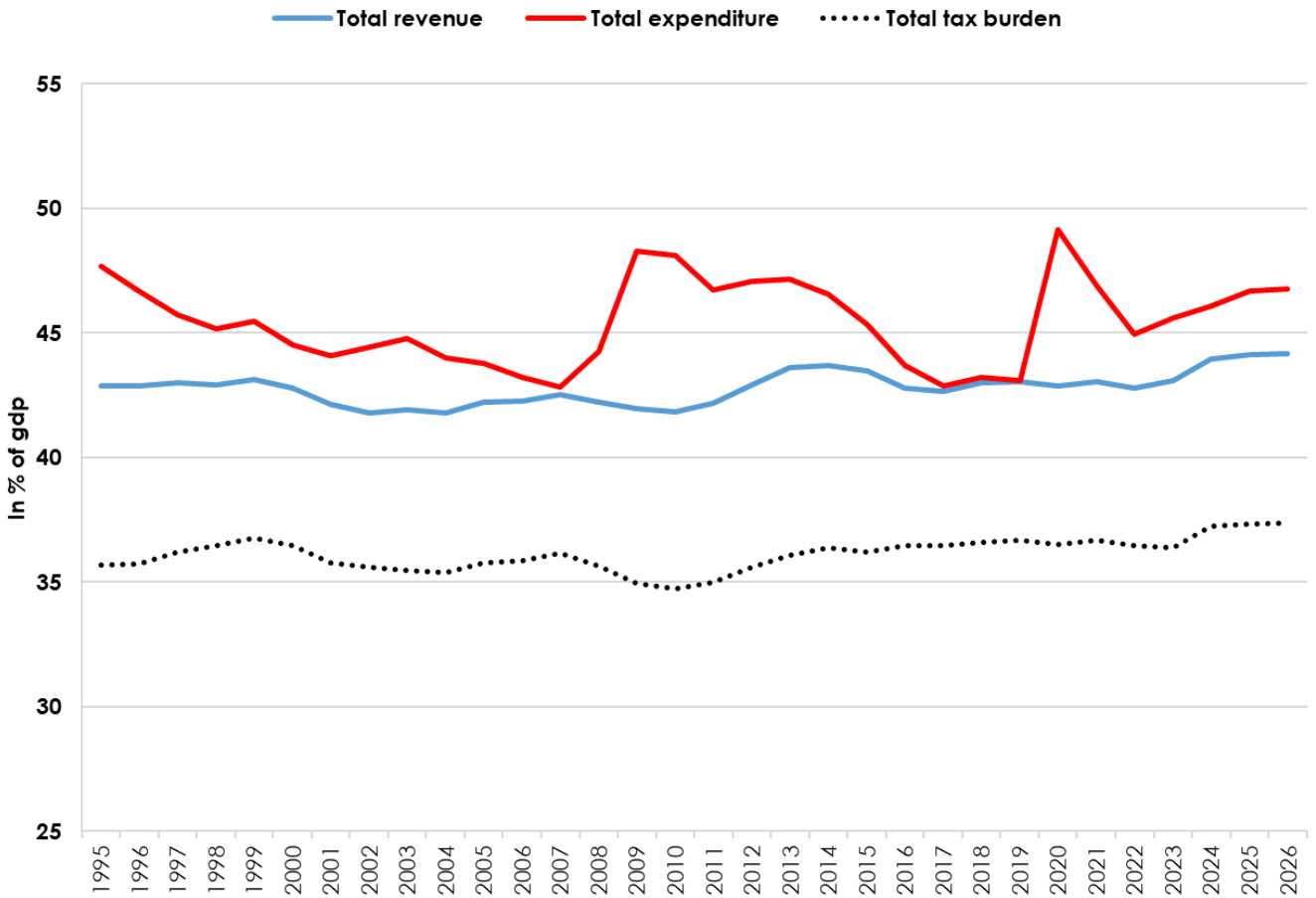
Background

Persistent socio-economic gender gaps

- Horizontal and vertical labour market segregation
- Incomes (wages, capital incomes, pensions)
- Consumption behaviour (preferences, needs, gendered division of labour and responsibilities)
- Poverty risk
- Wealth, inheritances
- Unpaid work
- Mobility patterns
- Health and long-term care

Background

Public sectors are rather large in the EU



Source: European Commission, 2025 (AMECO spring forecast Mai, 2025).

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Background

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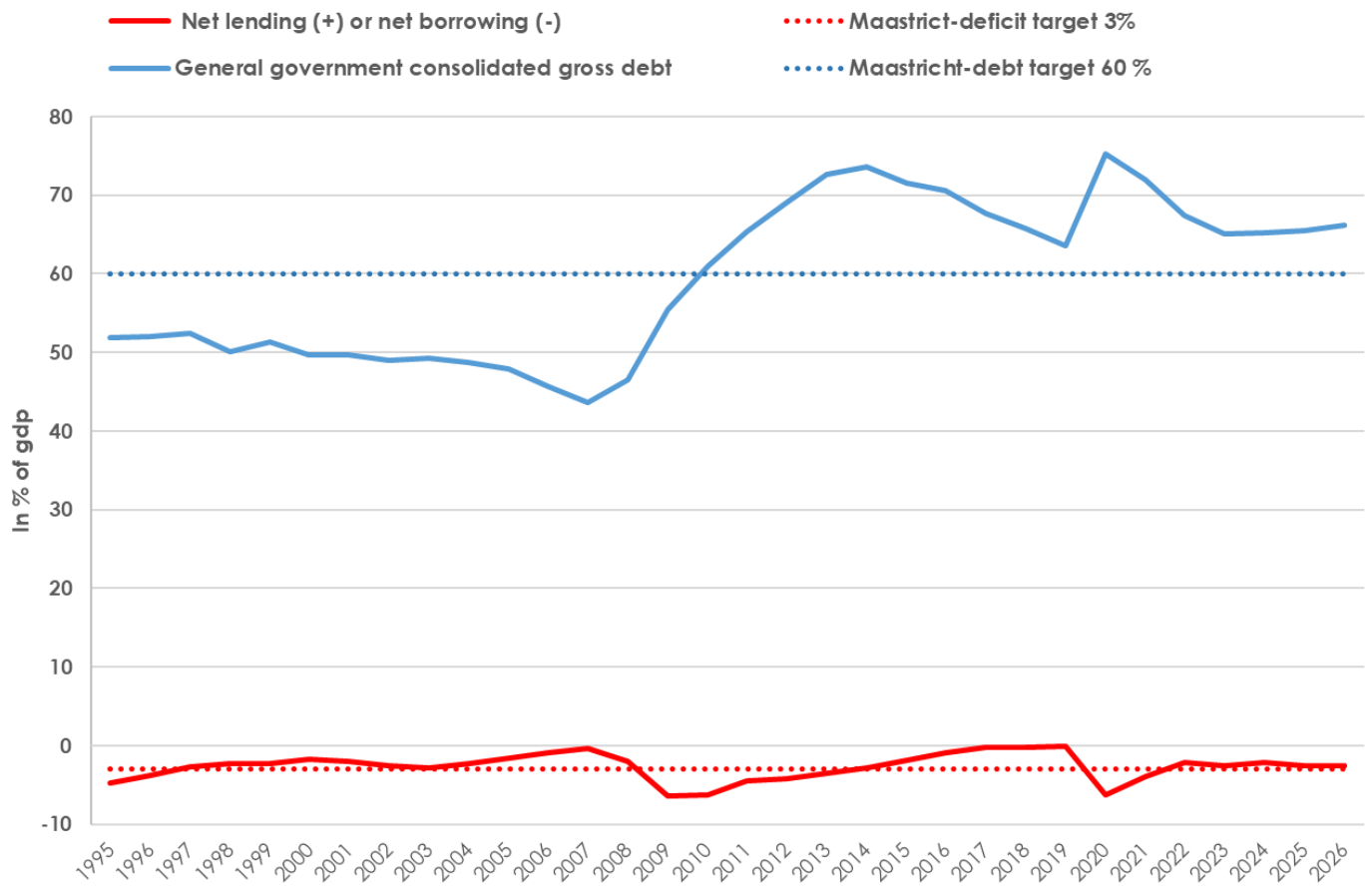


Source: European Commission, 2025 (AMECO spring forecast Mai, 2025).

Taxes and gender (1)

Relevant gender effects of taxes – traditional dimensions

- Incentive effects
  - Work incentives (participation, working hours)
  - Intra-household allocation of paid and unpaid work
- Gender differentiated distributional effects due to
  - Gender income gaps
  - Gender wealth and inheritance gaps
  - Gender differences in consumption behaviour

Taxes and gender (2)

Taxes and work incentives/intra-household allocation of paid and unpaid work

- Average labour tax rates – participation decision
- Marginal labour tax rates – decision on working hours
- System of household taxation in income taxation
- Tax consequences of unequal intra-household allocation of paid and unpaid work (e.g. non-contributory co-insurance in health insurance; overtime…)
- Tax deductions for childcare expenditures
- Consumption taxes

Taxes and gender (3)

Stylised gender differentiated distributional effects of taxes

Increase of gender inequality	Decrease of gender inequality
Regressive taxes/levies (consumption taxes, SSC)	progressive income taxation
Dualisation of income taxation	Taxes on wealth, inheritances, capital income

Taxes and gender (4)

Gender relevant long run taxation trends

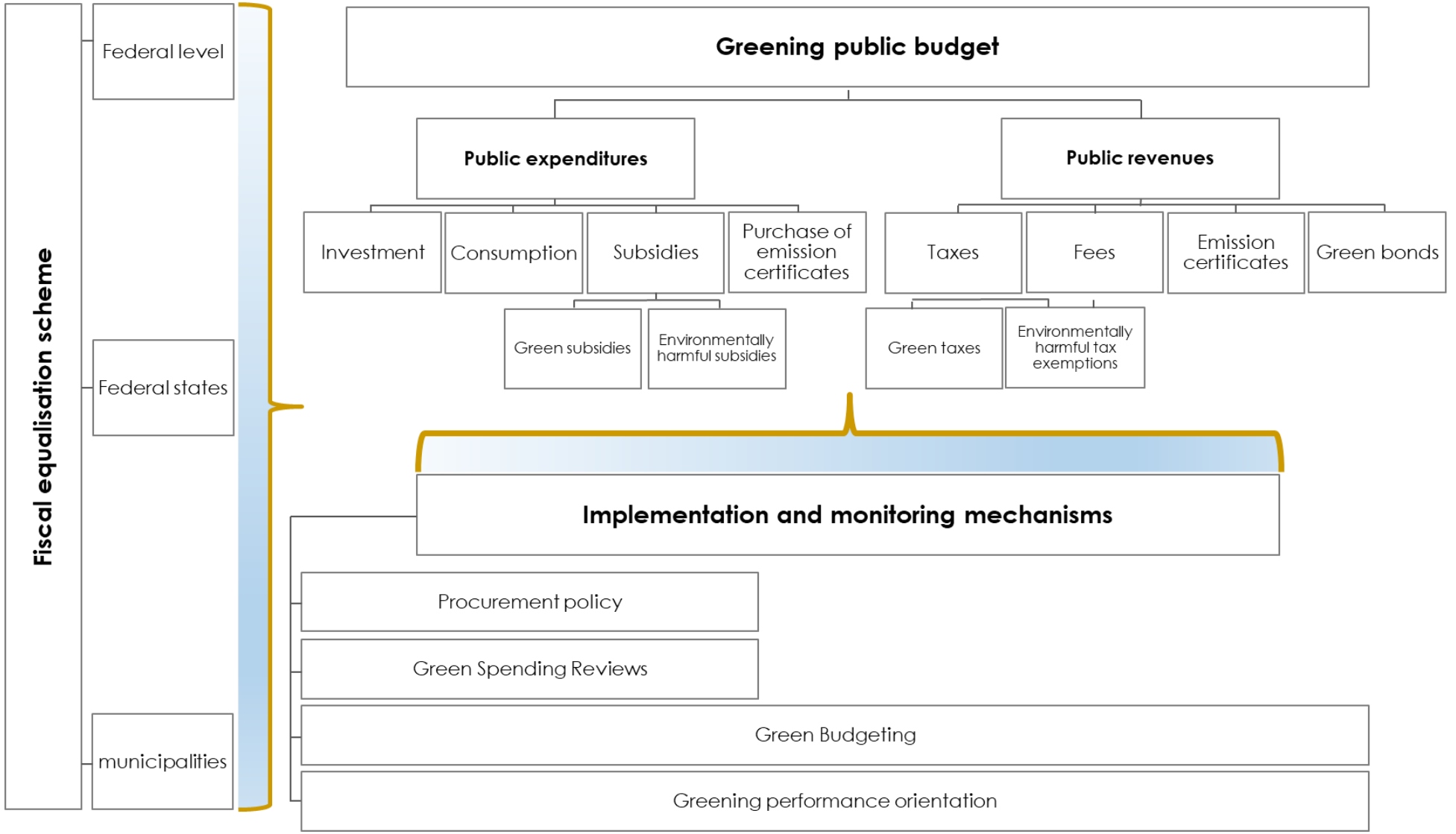
- Gender inequality increasing
  - Low/decreasing weight of wealth-based taxes
  - Dualisation of income taxation
  - Reduction of capital income tax rates
  - Reduction of top income tax rates
  - Increase of regular VAT rates
  - Extension of carbon taxation
- Gender inequality decreasing
  - Individualisation of income taxation
  - Reduction of taxes on low labour incomes
  - Extension of some reduced VAT rates
  - Recently increase of capital income tax rates
  - Extension of carbon taxation

Taxes and gender (5)

Selected elements of gender-sensitive tax systems

- To strengthen work incentives
  - Individualised income tax systems
  - Tax reductions for lower labour incomes
  - Tax deductibility of childcare costs (tax credits instead of tax allowances!)
- To reduce after tax gender income and wealth gaps
  - Individualised income tax systems
  - Uniform progressive taxation of all income sources
  - Strengthen wealth-based taxes
  - Assessment /reform of tax exemptions with degressive distributional effects (e.g. tax allowances in personal income tax)
  - Assessment /reform of tax exemptions benefiting men more than women (e.g. tax allowances in personal income tax, reduced VAT rates for certain goods and services)
  - Set corrective taxes right (i.e. equal to externalities of e.g. tobacco, alcohol – otherwise men who consume more tobacco and alcohol than women benefit more)

Greening of public finances and gender (1)



Source: WIFO (2024).

Greening of public finances (2)

Relevant gender differentiated effects of environmental taxes

- **Incentive effects**
  - **GHG emissions, noise pollution, air pollution, fine dust, use of resources, e.g. soil, ...**
  - **Gender differences in elasticity of demand (preferences, needs, environmental awareness…)**
- **Gender differentiated distributional effects due to**
  - **Gender income and wealth gaps**
  - **Socio-demographic gender differences (e.g. choice of residence)**
  - **Gender differences in environmental awareness**
  - **Gender differences in demand and consumption behaviour**
    - Gender differences in division of labour and responsibilities
    - Gender differences in consumption preferences (conspicuous consumption, dietary habits…)

Greening of public finances (3)

Gender differentiated effects of carbon taxes – some aspects:

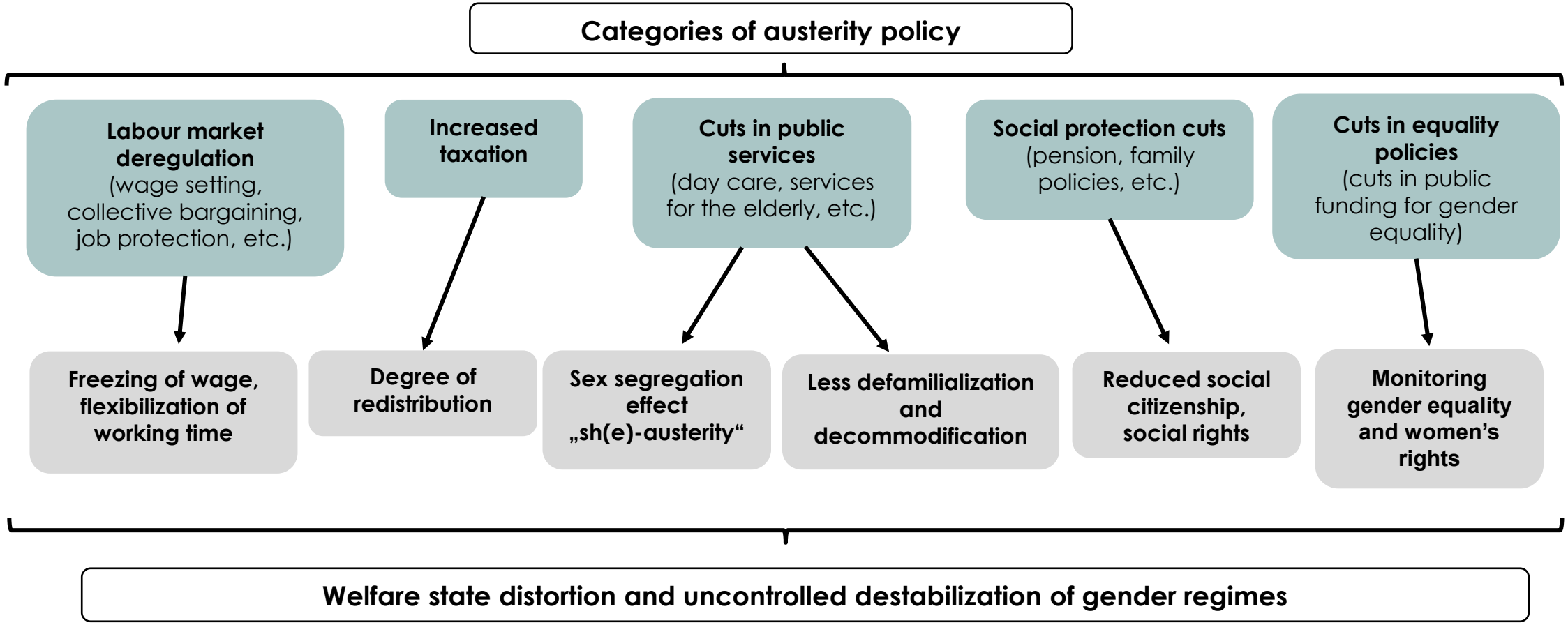
- Consumption patterns for carbon intensive goods and services
  => „eco gender gap“: Men consume more carbon intensive transport services, foodstuff, etc.
- Opportunities for behavioural changes (financially, time required, division of labour)
- Employment in carbon intensive sectors
  => Men over-represented
  => could be affected over-proportionately through tax-induced increase of production costs and wage decreases
- Employment in green sectors
  => Men over-represented
  => benefit over-proportionately through growth of green sectors induced by climate measures (including carbon taxes)
- Use of carbon tax revenues, e.g.
  => Compensation mechanisms (lump-sum payments to households; green subsidies for households to support climate-friendly behaviour)
  => Decrease of other taxes/levies
  => green projects (e.g. investment in climate-friendly public infrastructure)
- Impact of negative environmental externalities or tax-induced positive environmental effects

Greening of public finances (4)

Elements of a sustainability-oriented design of public finances

- Objectives: environmentally sustainable, inclusive, employment friendly, gender sensitive
- Extension of environmental taxes
  - Stepwise increase of energy and carbon taxes (including gender sensitive compensation mechanisms)
  - Strengthening resource taxes (property tax, tax on second homes, parking fees…)
  - Taxation of individual e-mobility
- Dismantling of environmentally harmful subsidies
- Green subsidies and investment
- Strengthening of wealth-based taxes
- Dismantling of tax barriers for more equal division of paid and unpaid work between women and men (=> could support more sustainable consumption patterns

Gender and fiscal consolidation (1)



Source: Périvier (2018), Figure 4.

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Research gaps

- Gender in debate on how to tax HNWI
- Gender differentiated behavioural responses and distributional effects of wealth-based taxes
- Gender differentiated incidence of corporate taxation
- Gender in environmental / carbon taxation and environmental / climate policies in general
- Gender in environmentally harmful and green subsidies
- Ex-post assessment of gender effects of fiscal consolidation measures