



**Delegation of Sweden
to the OECD and UNESCO**

Webinar “In tax, gender blind is not gender neutral: how tax policy in the time of COVID-19 must consider women”

26 March 2021 | <http://oe.cd/mog2021-ctp>

Keynote on Tax and Gender by Ambassador Anna Brandt

Thank you for this opportunity to speak on the important and timely topic of how tax policy can be designed to target and improve gender equality in the time of COVID-19. As Sweden this year commemorates 100 years of universal and equal suffrage, we know that it takes time to achieve equal representation of women and men in decision-making. Women and men must have the same power to shape society and their own lives. This is a human right and a matter of democracy and justice, and at the very core of gender equality lies the issue of economic equality.

As front-line workers in health and care sectors, women have played a pivotal role in dealing with the fallouts of COVID-19. At the same time, we are seeing signs that the economic crisis disproportionately affects women, who represent a large share of employment in some of the hardest hit sectors of the economy. Women are also more likely to be in informal employment forms, part-time work and low-paid jobs. In addition to this, they shoulder a larger burden of unpaid work at home, which has become particularly acute during the pandemic when school closures have prevented many women from participating in the labour force. If left unchecked, there is a risk that this crisis will exacerbate pre-crisis gender inequalities in many countries and hamper developments towards a more inclusive society.

Public spending has, through its redistributive capacities, traditionally been seen as the main policy tool for reducing inequalities. Social security systems and the provision of public services can have a profound impact on gender equality. However, tax policy also has an important role to play in closing gender gaps, and this not only through a progressive tax system. We know for example that high tax burdens on second earners can have a significant impact on the incentives for female labour force participation. This, in combination with social norms and a lack of adequate childcare, can lead not only to employment and pay gaps but also pension gaps in the long run. Women often have lower incomes and less capital wealth than men. Consumption patterns may also differ between genders. These dimensions all have bearing on how to design public policy, including on tax issues, in a more gender inclusive way.

The gender dimension is increasingly being acknowledged in policy making – but we still have some way to go. In this area the OECD should contribute to the policy discussion by drawing on cross-country experiences and best practices, as well as further advancing the multi-disciplinary analytical work on how public policy can better incorporate a gender dimension.

To give you some concrete examples from my own country, gender equality and supporting female labour force participation have been important parts of the Swedish model for many years. A significant reform driven by the family policies in the 1970s was the introduction of individual income taxation. This implied a marked shift away from the traditional concept of the sole male breadwinner. Today, with very few exceptions, taxation and social security benefits in the Swedish system are determined on an individual basis. In combination with generous parental leave and available and affordable childcare, this has contributed to one of the highest female labour force participation and employment rates in the OECD. Since the 1990s, other reforms aimed at reducing high marginal income tax rates have also contributed to strengthening incentives for increased labour supply among women.



Delegation of Sweden to the OECD and UNESCO

The Swedish Government is the world's first feminist government, and gender equality is central to the Government's priorities in decision-making and resource allocation. An important tool in this area is gender-responsive budgeting. This means that the Government's budget must be based on gender analyses of proposals and reforms to ensure that – as far as is possible – choices, priorities and resource allocation in the budget reflect the gender equality ambitions. Analysis on economic gender equality has been included in the Swedish Government's budget since the late 1980s. Since 2003, the budget also includes a detailed annex with in-depth analysis on gender equality. Estimates of how the Government's budget proposals on aggregate affect the incomes of women and men is also included in the budget.

This type of gender analysis relies on another important tool for tracking and evaluating developments, namely gender-disaggregated statistics. This type of statistics is necessary to be able to analyse developments in gender equality and identify remaining policy gaps. Here, the OECD can further contribute to the policy discussion by highlighting the need for gender-disaggregated statistics and assisting countries in developing their capacity in this area.

Although it is too early to evaluate in detail the effects of the COVID-19 crisis or the effect of recent policy measures on equality between women and men, we have seen signs during 2020 of decreasing employment among vulnerable groups on the Swedish labour market, in particular young women, as well as women leaving the labour force. Like in other countries, significant stimulus has been introduced by the Swedish Government to mitigate the economic effects of the crisis. The policy decision to keep primary and secondary schools open during most of 2020, thereby allowing parents to continue working, should also be mentioned as an important contributor to mitigating negative effects on women during the pandemic.

Global policy support during the crisis has been extensive. However, gender gaps are widening. By more targeted policies and careful design, tax and spending policies can be reformed so as to take steps towards closing these gaps. It is more important than ever that we apply a gender equality perspective in all our work. By putting women at the heart of response and resilience plans, as well as structural reform, we can lay the foundations for an inclusive and sustainable recovery.

Thank you for the opportunity to speak from a Swedish perspective on this important topic.

- END