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Development
Policy Research

REMIT | Revenue Mobilisation,
Investment & Trade

GENDER STRATEGY ON REVENUE MOBILIZATION FOR REMIT

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Gender Strategy for Revenue Mobilization

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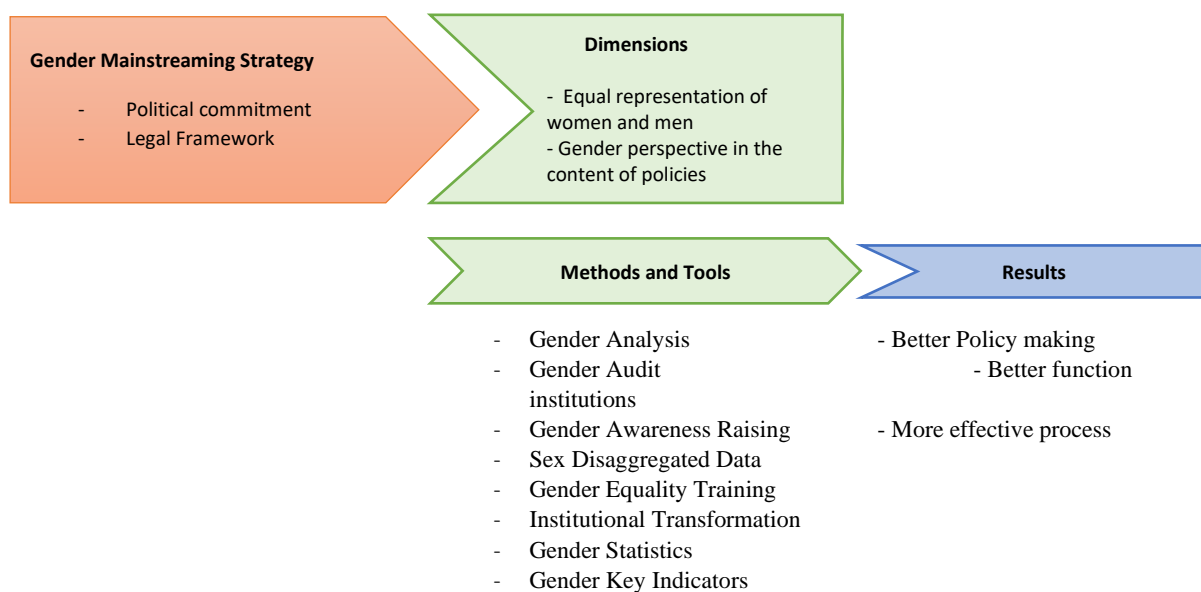
Executive Summary

Overview: Why a gender strategy for REMIT?

The UK government is committed to putting women and girls at the heart of their development assistance, their stance on gender demands a more effective gender response across the board on a host of development interventions including those pertaining to trade, tax systems and the world economy. FCDO's economic development strategy focuses on supporting developing countries to mobilize their own local resources to reduce reliance on aid and reducing poverty. Given that 49% of Pakistan's population is female, it is imperative to take a gender inclusive approach to the reform agenda to ensure consistent economic growth and revenue mobilization through improving the tax administration and broadening of the tax base by focusing on gender equality.

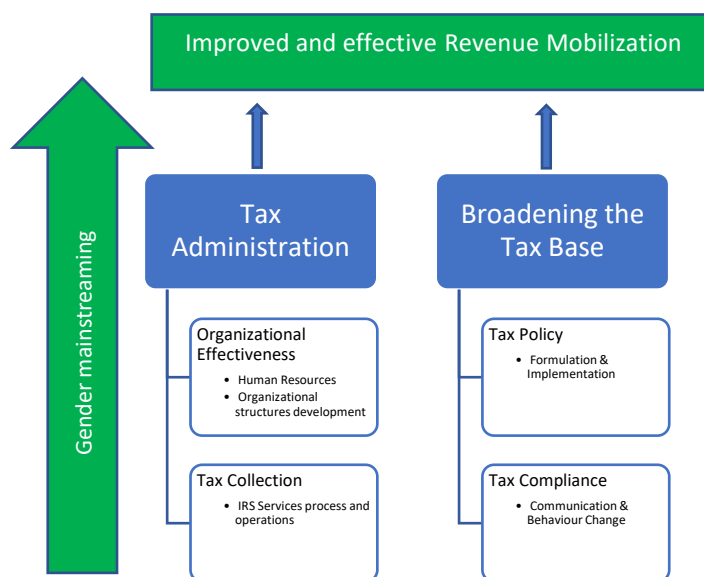
Gender Mainstreaming for Gender Equality

Gender Mainstreaming is an established practice towards a successful strategy of gender inclusivity which follows five principles which help derive the dialogue from a gender-blind stance towards a gender transformative position. These range from a conscious effort towards gender specific language to integrating men and women equally in the decision-making process. The principles can be drawn upon to chalk a simple framework of Gender Mainstreaming for REMIT, inspired from the European Institute of Gender Equality:



Proposed Areas of Reform for Gender Mainstreaming

Under REMIT's revenue mobilization vertical, two main areas have been identified for incorporating the gender lens. These broad areas were arrived at through a day long consultative workshop, held with relevant government stakeholders for a detailed discussion on challenges and impediments to revenue mobilization. The proposed strategy mainstreams gender as a mainstay of the solutions discussed by the workshop participants.



Tax Administration

Organizational effectiveness (HR & organizational structures development and improvements) which addresses the Gender Goal: Inclusive design for all hierarchical levels.
Tax Collection (IRS Services process and operations) which addresses the Gender Inclusion Goal: A ‘Voice’ in Decision Making

Broadening the Tax Base

Tax Policy (formulation and implementation) which addresses the Gender Inclusion Goal: Addressing Bias
Tax Compliance (communication & behaviour change) which addresses the Gender Inclusion Goal: Confidence through transparency and simplification

Interventions	Year 1 Implementation Activities
Tax Administration	
<p>Organizational effectiveness (HR & organizational structures development and improvements)</p> <p>There is potential for strengthening the human resources of FBR for improved capacity, capability which has been plagued by high turnover of officials, especially in senior positions.</p> <p>Lack of documentation of operational and procedural manuals leads to a non-uniformity of understanding of rules, jurisdictions, authority. Women face further challenges given the demands on their time by career, family, and work-life balance. Even with women in senior positions of decision making, the enforcement of a gender lens has been challenging. The following interventions are proposed to ensure</p>	<p>1. Development of HR Gender Policy</p> <p>1a. Draft policy for maternity leave, flexible working hours</p> <p>1b. Gender policy for short term temporary assignments, job rotation, transfers</p> <p>2. Development of online Gender Capacity training and tool kit</p>

<p>smooth functioning of the organization in an inclusive manner</p>	
<p>Tax Collection (IRS Services process and operations)</p> <p>FBR is challenged by the absence of an internal central repository of data due to non- integration of various systems deployed within FBR.</p> <p>Lack of availability and access to pertinent information also disrupts the cohesion amongst the reform and field teams, and in some cases may entirely result in exclusion of the field teams from providing their input. Although technology can be leveraged to solve this issue, it comes with inherent gender biases. It is recommended that a gender audit of existing structures and processes, may prove useful as a first step to clearly articulate the dialogue in an inclusive manner.</p>	<p>1. Gender Audit of Existing processes and structures</p> <p>1a. 1 day workshop for Selection of sample of processes and procedure for a gender audit</p> <p>1b. Gender audit of selected processes</p> <p>1c. Gender Audit findings and recommendations</p> <p>2. Development of Gender guidelines for technological process formulation and implementation (for website, application, e-filing mechanism)</p> <p>3. Development of gender guidelines for gender segregated database</p>
<p>Broadening the Tax Base</p>	
<p>Tax policy (formulation and implementation)</p> <p>The evidence of disproportionate impact of fiscal policies on women is strong through documentation of explicit (direct taxes) and the regressive implicit (indirect taxes) biases. The Government of Pakistan, while heavily reliant on indirect taxes, like its peer countries, has been introducing preferential rates for certain items, goods, or sectors to circumvent such biases. While the approach is commendable for sustainable growth and uplift of certain segments, it does create discretionary distortions in the economy. Hence for the purposes of REMIT program, a detailed baseline analysis is required to assess the impact of discretionary policies on women and men.</p> <p>Formulating or reforming a policy may be easier than implementing it to achieve intended result, hence governments to invest in microsimulation programs before rolling out and/or enacting policy reforms to ascertain the gendered impact in a holistic manner.</p>	<p>1. Baseline Analysis: Research into the impact of existing direct and indirect taxation women labour participation</p> <p>1a. 0.5-day Consultative workshop with women groups from various income segments in 4 cities to refine the research agenda</p> <p>1b. Research framework prepared (questionnaire, sampling framework)</p> <p>1c. Research conducted, findings & recommendations consolidated and shared</p>
<p>Tax Compliance (Communication & behaviour change)</p> <p>The fragmented nature of the tax base, coupled with institutionalization of arbitrary nature of tax exemptions leads to in inequity in taxation and a</p>	<p>1. Development of advocacy strategy for inclusion of women in National Tax Council (up to 50%)</p> <p>2. Design of Gender Engagement strategy for public</p>

serious trust deficit between the state and its citizens. Allegations of extortion by tax collectors and poor communication with the end user, has contributed to a widely popular belief of tax revenue not being applied to social development.

The needs of men and women differ when it comes to communication nudges. Heuristics26 has been quite successfully employed for building capability and capacity of women entrepreneurs and community groups (financial literacy for inclusion) through its successful use regardless of level of education and awareness. The same principles could be employed to **incentivize women to file their taxes** regardless of their income level.

3. Media campaigns for gender awareness of taxation

4. Seminars on taxation at Incubators, Accelerators, Universities and Colleges for public awareness

1. Introduction

The Foreign Commonwealth and Development Office (FCDO) is strongly committed to a sustainable development agenda for Pakistan reliant on economic growth based on revenue mobilization, private investment, and increased trade (export). FCDO believes Pakistan can transition from aid to self-finance of poverty reduction¹ through measurements such as improvement in tax collection to provide the fiscal space needed to fund development priorities, including high levels of inequality in development outcomes by gender and geography.

The UK government is committed to putting women and girls at the heart of their development assistance², their stance on gender demands a more effective gender response across the board and tracks delivery through to results - on a host of development interventions including those pertaining to trade, tax systems and the world economy³. FCDO's economic development strategy focuses on supporting developing countries to mobilise their own local resources to reduce reliance on aid and reducing poverty⁴. There is a specific interest in targeting the poorest and most marginalised segments of society which includes girls and women. Hence, it follows that a development project such as REMIT, which has such a specific focus on tax and revenue mobilisation, should have a core gender inclusion component embedded within its broader strategy.

This report provides a Gender and Inclusion strategy for Revenue Mobilization. It makes a case for prioritizing and embedding an economic empowerment element to the development of a reform agenda around taxation. Since tax reforms are largely driven by the tax administration, a concerted effort has been made to improve and transform the effectiveness and efficiency of FBR to make it capable of forward-looking and gender sensitive policy formulation.

2. Why a Gender Strategy for Revenue Mobilization

The structural elements of Pakistan economy are categorized by volatile growth over the last few decades with boom-and-bust cycles necessitating frequent (IMF) bailout packages. Low productivity and weak investment have not been kind to job creation and income generating activities, which are skewed towards male members of the society with labour participation rates of 82% compared to 22% of females⁵. Further, 30% of population (60 million) continues to persistently hover under or around the poverty line.

The tax to GDP ratio has seen a decline during Covid, slipping from 12.6% to 12.1%, which though not too steep a slide, does not compare well with the OECD average of 33.5%⁶. The Government of Pakistan has spearheaded sixteen reform programs since independence for

¹ REMIT Business Case (p.4)

² https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/67582/strategic-vision-girls-women.pdf

³ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/708116/Strategic-vision-gender-equality1.pdf

⁴ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/587374/DFID-Economic-Development-Strategy-2017.pdf

⁵ ILO modeled estimates for ages 15+ (both males and females) <https://www.ceicdata.com/en/pakistan/labour-force/pk-labour-force-participation-rate-modeled-ilo-estimate-male--of-male-population-aged-15>

⁶ OECD 'Revenue Statistics 2021 Initial impact of COVID-19 on OECD tax revenues', <https://www.oecd.org/tax/tax-policy/revenue-statistics-highlights-brochure.pdf>

improvement of the Tax to GDP ratio. The current Tax reform agenda (Tax Law Ordinance, Tax Asaan, Track and Trace, to name a few) is designed to enhance the ease of doing business in Pakistan by reducing the cost and regulatory processes, and developing greater linkages between various economic engines, including trade, industry, and monetary policies. That said, out of a country of 220 million people, most of the tax filers are males, with women constituting only around 4.9% of salaried income tax filers, and 6.4% of non-salaried filers⁷. This reflects a widespread situation of poor compliance and exemptions, made worse by the lockdowns and liquidity challenges faced by individuals and businesses over the past two years.

Given that 49%⁸ of Pakistan's population is female, it is imperative to take a gender inclusive approach to the reform agenda to ensure consistent economic growth and revenue mobilization through broadening of the tax base and leveraging the female population's ability to be more tax compliant- a fact which has been thoroughly researched to confirm that socio-economic class, and development status of the country of residence do not make much of a difference to the differing behaviour of men and women⁹. Moreover, it has been established by a series of research papers that men and women 'behave differently' regardless of the level of 'awareness' or 'education'¹⁰.

That said, the case for taxation is complex; Pakistan is among 160 countries which relies more on indirect taxation, considered both regressive and biased against women's livelihoods and care responsibilities. While direct taxation targets a narrow segment, indirect and informal taxes are a burden often borne to a large extent by the low-income segment of society in the form of consumption taxes. They also share the burden to fund public goods (toll tax for maintenance and upkeep of the highway). Similarly, when user fees are required to access essential goods, women and girls lose access at a higher rate than the male counterparts¹¹.

Therefore, it is imperative to incorporate a gender lens while continuing with the process of reform. The ultimate objective of such an incorporation can be summed up as an attempt towards Gender Equality. This would require a multi-pronged approach to ensure their voice is heard and included at the dialogue stage for an inclusion-oriented policy reform, an effective monitoring and reporting strategy, and communication that complements each step of the reform process.

3. Gender Mainstreaming for Gender Equality.

Gender Mainstreaming is an established practice towards a successful strategy of gender inclusivity which follows the following five principles¹²

1. Gender-sensitive language.
2. Gender-specific data collection and analysis.
3. Equal access to and utilization of services.

⁷ 'Women support vital for sustainable tax culture, says FBR Member' (2016) <https://www.fbr.gov.pk/tax-culture/21136>

⁸ <https://data.worldbank.org/indicator/SP.POP.TOTL.FE.ZS?locations=PK>

⁹ John D'Attoma, Clara Volintiru, Sven Steinmo (2017) 'Willing to share? Tax compliance and gender in Europe and America' studying tax compliance in UK, Italy, Sweden, and US. <https://journals.sagepub.com/doi/10.1177/2053168017707151#>

¹⁰ Ibid.

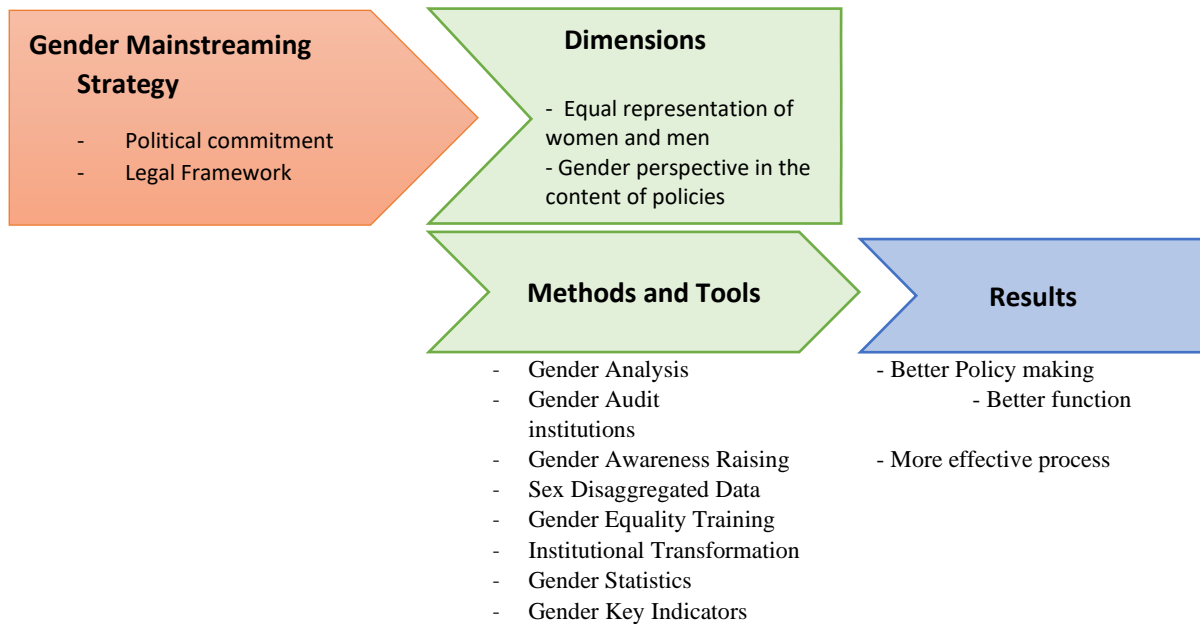
¹¹ Paler, L., Prichard, W., Sanchez de la Sierra, Ra., & Samii, C. (2017). Survey on Total Tax Burden in the DRC, Final Report (p. 127). Institute of Development Studies

¹² <https://www.wien.gv.at/english/administration/gendermainstreaming/principles/five-principles.html>

4. Women and men are equally involved in decision making.
5. Equal treatment is integrated into steering processes.

Keeping the above in mind, the European Institute of Gender Equality¹³, an autonomous body of the European Union, has created a framework of Gender Mainstreaming which can be modified for the purposes of this document to create the following outline for REMIT.

Gender Inclusive Framework



The above can provide a good guide towards moving from a gender-blind position to a gender transformative¹⁴ reality.

3.1. Proposed Areas of Reform for Gender Mainstreaming

The Tax Policy Centre in its Citizen’s Briefing Book on Taxation¹⁵ highlights multiple ways in which revenue mobilization can be improved such as increasing tax rates, reducing tax breaks, expanding the tax base, improving enforcement, and levying new taxes. These measures can indirectly increase revenues through policies that increase economic activity, income, and wealth.

¹³ EIGE has been established to contribute to and strengthen the promotion of gender equality, including gender mainstreaming in all EU policies and the resulting national policies, and the fight against discrimination based on sex, as well as to raise EU citizens’ awareness of gender equality.

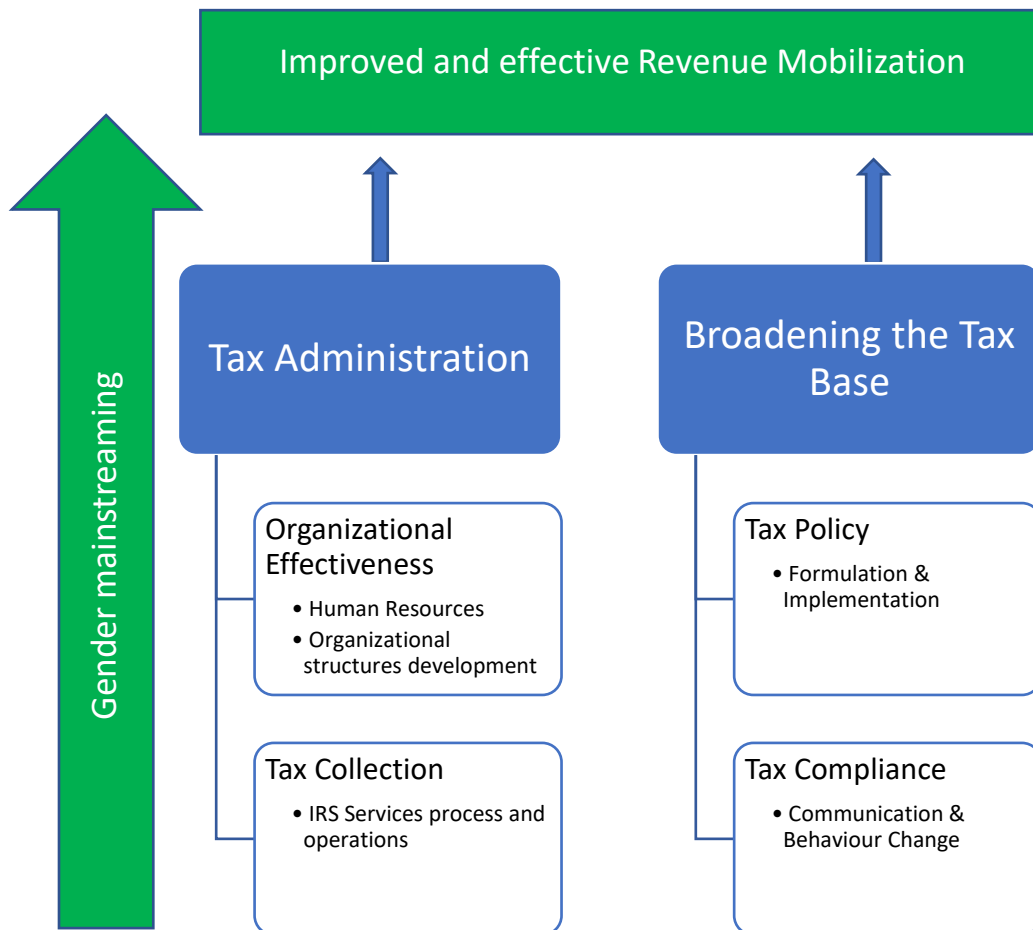
¹⁴ Gender Transformative approach refers to interventions that create opportunities for individuals to actively challenge gender norms, promote positions of social and political influence for women in communities, and address power inequities between persons of different genders

¹⁵ <https://www.taxpolicycenter.org/briefing-book/what-options-would-increase-federal-revenues>

Under REMIT’s revenue mobilization vertical, two main areas have been identified for incorporating the gender lens. These broad areas were arrived at through a day long consultative workshop, held with relevant government stakeholders for a detailed discussion on challenges and impediments to revenue mobilization (see Annex 1). The participants identified key areas which could be improved for an effective tax policy implementation, efficient tax collection and enhanced revenue mobilization. Further, detailed discussions were also held on ways to embed gender and improve diversity not only within the tax collecting authorities but also within the tax base.

The following pictorial representation summarizes and builds on the consultative workshop discussion on gender and inclusion parameters while staying within the prioritized areas for interventions under REMIT.

Figure 1: Pictorial representation of gender and inclusion parameters



Since the gender strategy related to Taxation in Trade has been covered under Investment Climate, the same has not been explicitly included in this section to avoid duplication of efforts. However, the same has been alluded to where relevant.

3.2. Tax Administration

3.2.1. Organizational effectiveness: HR & Organizational Structures development and improvements

Gender Goal: Inclusive design for all hierarchical levels

FBR as a tax administrator enjoys quite a healthy gender balance in its workforce which is reflective of the global norm in tax administration especially for senior positions¹⁶. That said, there remains potential for strengthening the human resources of the administrative body for improved capacity, capability which has been plagued by high turnover of officials, especially in senior positions. Further, revenue authorities do not have sufficient level of operational autonomy with vacant positions yet to be filled, hampering business operations.

A key challenge appears to be a varied availability of resources (technology infrastructure, logistical support etc) at field offices in different geographic locations which leads to a non-standardized discharge of public duty. Lack of documentation of operational and procedural manuals leads to a non-uniformity of understanding of rules, jurisdictions, authority.

Women face further challenges given the demands on their time by career, family, and work-life balance. Even with women in senior positions of decision making, the enforcement of a gender lens has been challenging. The following interventions are proposed to ensure smooth functioning of the organization in an inclusive manner.

Table 1: Representation in all hierarchical levels

	Intervention	Output
Success measure	Representative of gender in all hierarchical levels including grade 1 to 16	
Recruitment	Short term consultants/temporary staff hired on vacant positions till the formal hiring process has not been completed. Amongst the temporary staff, female candidates to be preferred over men in case they fulfil the merit criteria.	Improved confidence of women. The experience gained would help with their entry or re-entry in the formal market depended on their circumstances.
Career Planning and Progression	<ul style="list-style-type: none"> - Women allowed long term maternity leave, contingent upon mandatory work from home after a period of six months completion of mandatory trainings and/or tax specific certifications within a certain timeline commensurate with extended leave - All employees to undergo mandatory gender training for each level. Successful completion and passing of the training (online) assessment mandatory for promotion into the next grade 	Women to remain relevant in the workforce, upon re-joining full time.
Organizational culture	<ul style="list-style-type: none"> - Flexible working hours - Non-discriminatory employment regardless of gender, marital status and pregnancy 	Increase in women workforce and equal participation.

¹⁶ OECD 'Tax Administration 2019'

	<ul style="list-style-type: none"> - Equal pay - Maternity leave and paid sick leave - Anti-Sexual harassment policy adherence - Availability of childcare centre - Separate female washrooms commensurate with female workforce numbers 	
Tools/Approaches	<ul style="list-style-type: none"> - Capacity building and trainings - Women centric incentive structures (health and infrastructure) - Relevance in the workforce 	

Gender trainings have been introduced as ‘awareness’ raising’ and ‘information about gender sensitivity’ exercises, rather than behaviour change which is a much more complex phenomenon requiring a dedicated focus on culture and values over an extended period of time.

3.2.2. Tax Collection: IRS Services process and operations

Gender Inclusion Goal: A ‘Voice’ in Decision Making

FBR is challenged by the absence of an internal central repository of data due to non-integration of various systems deployed within FBR. This results in inter and intra departmental communication and information gaps which is further exacerbated by the lack of any defined procedure for recording and processing of staff feedback as it pertains to information gathering, and data processing. This has implications, not only for tax collection but also mobilization since a holistic approach towards taxation cannot be adequately formed by FBR officials at various levels of decision making, working in a siloed environment. Lack of availability and access to pertinent information also disrupts the cohesion amongst the reform and field teams, and in some cases may entirely result in exclusion of the field teams from providing their input.

The above can be solved by leveraging technology. That said, it is important to note that while technology may bring efficiency and cost effectiveness to such a scenario, it can still carry within it gender biases¹⁷ as a possible result of underrepresentation of women in STEM and/or lack of any input by women in the design of databases. Same may be the case for improvement of processes and procedures, may they be internal or designed for the ultimate end user (public). Specifically, men are more likely to continue usage of digital technology based on its functional benefits and/or performance, while women place greater priority on ease of use of the technology (application)¹⁸.

It is recommended that a **gender audit of existing structures and processes**, may prove useful as a first step to clearly articulate the dialogue in an inclusive manner¹⁹.

¹⁷ UNESCO Webinar (2020) ‘Gender Biases in AI and Emerging Technologies’

¹⁸ Arshad, Saman and Khurram, Sobia. ‘Gender Difference in the Continuance Intention to E-file Income Tax Returns in Pakistan’. 1 Jan. 2021: 147 – 155.

¹⁹ https://www.oecd-ilibrary.org/sites/b8177aea-en/1/3/3/index.html?itemId=/content/publication/b8177aea-en&_csp_=3e056b24eef7721a30296290a5642c8f&itemIGO=oecd&itemContentType=book#section-d1e2756

Table 2: Inclusive Decision Making

Process/Operations	Area	Gender Inclusion Implementation Modality
Success measure	Increased inclusion of women and disadvantaged groups in improvements in processes, design of new systems and increased capacity and capability	
Internal	Integration of siloed databases/deployed technological solutions at the federal and provincial level	Gendered design for inclusion and ease of use.
	Induction of human resources on vacant positions to fill the capacity gap on smooth running of administrative function	Capacity building and training of all staff including those on maternity through provision of online support and facilitation on flexible schedules. Perception of female staff to be improved as capable colleagues and individuals.
	Repository of information Access to information, and communication protocols	Design of internal communication protocols through formation of a working group with equal representation by all genders and from all levels.
External	Increase in female taxpayers and female e-filers	- Simplification of tax filing application for ease of use ²⁰ - Tax collection application/website to incorporate features appealing to both genders to ensure equal participation/usage - Awareness raising of benefits of paying taxes to ensure greater usage of tax e-filing services.
Tools / Approaches	<ul style="list-style-type: none"> - Gender Audit of existing processes and procedures - Hiring of female sales tax facilitators to improve compliance with female taxpayers - Tax awareness raising campaigns specific to potential female tax filers - Free online/ in person training camps for e-filing 	

²⁰ Venkatesh, Viswanath. 'Determinants of Perceived Ease of Use: Integrating Control, Intrinsic Motivation, and Emotion into the Technology Acceptance Model'. Information Systems Research Vol. 11, No. 4 (December 2000), pp. 342-365 (24 pages)

3.3. Broadening the Tax Base

3.3.1. Policy Formulation & Implementation

Gender Inclusion Goal: Addressing Bias

While there is a growing body of empirical evidence focused on gender dimensions of fiscal policies²¹, the best practices and lessons learnt from the developing countries is still quite sparse. A major fact is the non-availability of the *gender disaggregated data* in developing countries, combined with a high proportion of undocumented (informal) economy dominated by disadvantaged groups (especially women).

The global evidence of disproportionate impact of fiscal policies on women is strong through documentation of explicit (direct taxes) and the regressive implicit (indirect taxes) biases. In the case of Pakistan, empirical evidence to corroborate and/or negate this observation is lacking. That said, the Government of Pakistan, while heavily reliant on indirect taxes, like its peer countries, has been introducing preferential rates for certain items, goods, or sectors to circumvent such biases. While the approach is commendable for sustainable growth and uplift of certain segments, it does create discretionary distortions²² in the economy. Hence for the purposes of REMIT program, a detailed *baseline analysis* is required to assess the impact of discretionary policies on women and men as individuals, as well as in their established roles as investors, business owners, employers, and workers. Further, for improving economic growth and revenue mobilization efforts, it is equally important to pay attention to how these roles vary geographically across various income segments.

A baseline research agenda may be informed by asking the following questions:

Table 3: Baseline Research Agenda

Baseline Analysis Focus	Outcome
1. How do direct taxes affect the disadvantaged segment (especially women) in Pakistan. Which taxes benefit the disadvantaged	1. Identification of direct taxes which can contribute to enhanced female labour participation
2. What is the effect of indirect taxation on Pakistani women consumers?	2. Development of Gender framework for review of VAT.
3. What positive impact (in percentage terms) can be attributed and/or ascertained to revenue mobilization incentive schemes for women?	3. Impact of Govt. incentive schemes (new SME policy), including the cut off period after which the preferential taxation regime could be withdrawn

That said, formulating or reforming a policy may be easier than implementing it to achieve intended result. For example, India introduced a higher income tax threshold for female

²¹ Lahey, Kathleen. 2018. "Gender, Taxation, and Equality in Developing Countries." Discussion Paper, UN Women, New York.

²² Pakistan's tax revenues rely heavily on federal taxes (about 85% of total tax revenues), mainly from indirect taxes. Most of direct taxes come from businesses, with very low share of personal and Agriculture Income Tax (AIT). Even within Corporate Income Tax (CIT) top 10% taxpayers pay 90% share of taxes. Agriculture sector, benefits from a preferential tax regime. Direct tax collection relies primarily on increased collection from existing taxpayers.

employees as opposed to the male employees. However, the incentive structure was repealed when the effect of the policy was found to have had negligible impact on female employment rate, their lives or workforce participation²³. While the result can be attributed to the low number of educated females to join the workforce, to begin with, the fact remains that the policy could not increase the dwindling numbers.

The above example points towards the need for governments to invest in *microsimulation programs* before rolling out and/or enacting policy reforms to ascertain the gendered impact in a holistic manner. This is predicated on existence of a robust gender segregated database. Tax can be viewed as a tool in such a scenario to link revenue mobilization with social indicators for a gradual documentation of economy from informal to formal. Further, it is prudent to time-bound the preferential tax policies followed by an impact evaluation to fully assess the intended benefit for continuation, modification, or repeal of the policy. An example of an action plan with possible outcomes is detailed as under:

Table 4: Circumventing Bias

	Explicit Bias (Direct Taxes) Circumvention	Implicit Bias (Indirect Taxes) Circumvention
Success indicator	Increase female labour participation rate	Reduction of cost of living through improving disproportionate burden of care on the female population
Implementation modality Corporate/individual level	<ul style="list-style-type: none"> - Tax benefits for corporate entities with at least 40% female employment, including at senior levels - Tax penalties for non-reporting of agriculture income employing informal female workers And/or <ul style="list-style-type: none"> - Tax benefits for formalizing female workers in the agriculture value chains 	<ul style="list-style-type: none"> - Reduction in VAT on consumption basket value chain, - Reduction in taxation of female hygiene and infant products and services. - Consistent and continued exemption of taxation on nutrition, health, and education commodities.
Tools/Approaches	<ul style="list-style-type: none"> - Development of microsimulation programs capable of documenting the comparative gender impact of the total tax and benefit system with fully sex-disaggregated data - Time bound introduction of tax benefits, incentives to be introduced after rigorous microsimulation exercise. - Annual publishing of findings to be made available to government, academic, and civil society analyst - Ex-post impact analysis of the time bound tax benefit/incentive introduced for improvement or re-initiation of policy/tax structure. 	

²³Chakraborty, P., Chakraborty, L., Karmakar, K., & Kapila, S. M. (2010). Gender equality and taxation in India: An unequal burden? In C.

Grown & I. Valodia (Eds.), *Taxation and Gender Equity* (pp. 122–146). Routledge.

3.3.2. Tax Compliance: communication & behaviour change

Gender Inclusion Goal: Public Confidence boosting through transparency and simplification of information

The fragmented nature of tax base, coupled with institutionalization of arbitrary nature of tax exemptions²⁴ has led to a serious trust deficit between the state and its citizens. Allegations of extortion by tax collectors and poor communication with the end user, has contributed to a widely popular belief of tax revenue not being applied to social development. While the transfer of revenue mobilization efforts to provinces under the 18th amendment has been affected, its devolution with provincial governance structures remains unclear and fraught with contradictory scenarios requiring urgent intervention. This has led to federal-provincial jurisdictional conflicts which has raised the cost of tax compliance especially for MSMEs. The situation becomes much more complex when the business owner or individual is a woman who experiences information asymmetries leading to lack of basic information on business, finance, and law because of negative bias at work, politics, and education²⁵.

Since the tax policy is predominantly determined by the tax administration, it creates a myopic view of taxation defined by a single-minded devotion to tax ‘collection’ as opposed to the dual function of ‘mobilization’ i.e. expanding the tax base as well. In this regard, the establishment of National Tax Council (NTC) is a welcome step which is tasked with Sales Tax harmonization across all provincial and federal jurisdictions. That said, it is important for an equitable representation of all stakeholders (including gender) in NTC to ensure a transparent process for finding and communicating solutions.

FBR may also wish to consider investment in making itself approachable in the eyes of public through simpler taxation, easy to understand tax filing processes and continuous campaigns for raising awareness of tax policies, and laws. Inspiration may also be gained from the SBP financial literacy campaigns which is focused on partnering with civil society and educational institutions (for youth) to introduce financial concept for increasing financial inclusion. Exploration of embedding the importance and understanding of taxation into educational curricula could be explored to ensure civic duty and responsibility.

As stated earlier, the needs of men and women differ when it comes to communication nudges. Heuristics²⁶ has been quite successfully employed for building capability and capacity of women entrepreneurs and community groups (financial literacy for inclusion) through its successful use regardless of level of education and awareness. Since the technique relies heavily on creating cues (or ‘nudges’) which result in practical judgements such as ‘rules of thumb’, or ‘educated guesses’, the same principles could be employed to **incentivize women to file their taxes** regardless of their income level.

²⁴ There are large exemptions for real estate, textile, fertilizer, and pharmaceuticals, with highest revenue losses recorded in sales tax and customs duties. Property tax base is also eroded due to presence of size-based exemptions (in addition to infrequent revision of valuation tables).

²⁵ Pakistan has been ranked no. 1 by UNDP’s Gender Social Norms Index (GSNI) report 2020 of exhibiting a negative bias towards women <https://hdr.undp.org/en/gsni>

²⁶ Dimova, Marina, ‘Heuristics: A Behavioral Approach to Financial Literacy Training’ CGAP Blog Series (2015) Putting Customer Insights to Work. <https://www.cgap.org/blog/heuristics-behavioral-approach-financial-literacy-training>

Table 5: Improving simplicity and transparency

	Intervention	Output
Inclusion success measure	Increase in the number of women tax filers incentivized through simpler, transparent, and easy to employ tax systems and procedures	
Policy formulation	Gender Audit of existing policies Microsimulation employed for new policy formulation	Transformation of policy from gender neutral or gender blind to gender intentional based on Do No Harm (DNH) principle
Process and Procedures	Harmonization and simplification of process supported by an equitable representation of women in NTC Improved investment in digital technology for user friendly interface	Improved transparency and increased uptake of e-filing mechanism
Communication and public engagement	<ul style="list-style-type: none"> - Development of Public engagement strategy for free trainings, and awareness raising - Media and Marketing (Comms) Strategy - Availability of complete information and data via website 	<ul style="list-style-type: none"> - Design of e-curricula for trainings - Partnerships with educational institutions for embedding Tax awareness and basic understanding of tax principles in educational curricula for improved civic sense - Repeated media campaigns to communicate with public
Transparency and Trust	<ul style="list-style-type: none"> - Tax harmonization (GST) - Linking of NFC award with improved social indicators²⁷ specifically for women empowerment over the last five years 	<ul style="list-style-type: none"> - Increased incidence of tax filing by women - Improved trust in state development agenda regarding use of Tax revenue
Tools/Approaches	<ul style="list-style-type: none"> - Public Private Partnership (educational institutions, universities, private forums) - Automation and integration of existing public databases (with NADRA, FIA, Customs, State Bank of Pakistan, land registering authorities) for single window operations specifically for individuals (as well as businesses) for tax - Clear communication around complaint and redressal mechanisms - Autonomy of governance structures (NTC) - Responsibility and Accountability principles of public finance and policy for increased transparency, and improved trust. 	

²⁷ It is proposed that the following core Social Indicators as defined in the 2016 Pakistan social indicator list to be used as a starting point which can be expanded upon after consultation:

- Health (access and availability of health facilities, including maternity clinics, at the urban and rural level, number of female health practitioners, immunization coverage and population welfare programs)
- Education (number of female education institutions, female enrolment ratio, females in STEM at the secondary and tertiary level)
- Public Safety and Infrastructure (such as well-lit public spaces, access to basic amenities such as female only washrooms including social and support services such as security personnel).
- Water and Sanitation (access and availability, including clean drinking water)
- Employment opportunities (especially in non-traditional sectors, equitable pay structures, hierarchical inclusion)
- Labour participation rate (increase in formal employment)

4. Suggested Interventions and Workplan

While the REMIT project is primarily a government capacity building intervention, strategic adaptations to its objectives and work planning provides a substantial opportunity to increase the gender inclusivity of the project.

In this section a more detailed proposed work plan for year-1 implementation is elaborated upon. It is suggested that this work plan be reviewed, revised if needed and formally adopted for implementation in the first steering committee meeting of REMIT. It is important to note that the interventions mentioned in documents are quite comprehensive the implementation of which may not be possible within the first year. Hence only those activities are mentioned which are achievable within the year and provide a solid basis to tackle other intervention in the subsequent years.

5. Conclusion

Taxation and revenue mobilization is a complicated matter especially when it comes to Gender and Inclusion. While the empirical evidence from developed countries is strong on the disproportionate impact of fiscal policies on gender, the best practices and lessons learnt from developing nations is still quite thin. That said, inclusion of women's 'voice' in matters of fiscal policy formulation and implementation appear to be the first step towards an equitable representation in an economic dialogue. This translates into an increased labour participation ratio, coupled with a gradual improvement in social indicators through removal of explicit and implicit biases.

While the number of interventions needed to fully include gender within the Pakistani fiscal dialogue is quite extensive, a prioritization can be made starting with a baseline analysis to quantify the impact of existing direct and indirect policies on gender. This would provide the basis for future policy formulation through microsimulation models. The second important step on this journey is the availability of gender disaggregated data in all databases for an enhanced visibility in technology databases. And finally, increasing the capacity and capability of implementing agencies and raising awareness of the public would go a long way towards revenue mobilization.