



The EU Mutual Learning Programme in Gender Equality

The impact of various
tax systems on
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The impact of individual taxation on gender equality in Sweden

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1. Description of the main elements of the policy

1.1. From family-based to individual-based taxation

When federal income taxation was introduced in Sweden in 1902, it was perceived as natural to jointly tax the spouses' incomes and wealth since the husband was the wife's guardian (Welinder 1974 p. 152). It also mirrored a society where agriculture dominated and both spouses often worked on a small farm and married women employed outside the farm or the home were rare (Nyberg 1989). Even though married women had the right to control their own income since 1874, they did not become legally competent until the Marriage Act of 1921. Men's right to exercise power and control within the family was then abolished and married women and men had equal decision-making rights over family finances (Niskanen 2004). However, even if this was a break-through for women, the new law was introduced with a key limitation: it was only valid for marriages entered into after 1920. For older marriages, transitional rules were created, which were not done away with until 1950.

Already in 1904, the negative effects of joint taxation were pointed out in a motion submitted to the Parliament (Elvander 1972 Chapter V). Joint taxation it was argued promoted cohabitation instead of marriage and lowered the birth rate. The reason was that the combination of joint taxation and a progressive tax schedule meant that if a man and a woman both with earnings got married it resulted in a tax increase, there was a "penalty tax on marriage" (Lindencrona 1985 p.109ff).

In 1952, the principle of income splitting was introduced. This meant that the incomes of the spouses were added up and then divided into two equal parts. High income earners were not included. Still, the reform covered about 90 per cent of all marriages. It also involved introducing more favourable tax rates for married than unmarried persons and the husband could in a family where the woman did not work outside the home use his own as well as his wife's basic tax deduction. For the majority of the families the "penalty tax" on marriage disappeared and became a "marriage bonus". In the same year, a significant increase in the wife's earned income reduction for women with children was presented. The reduction had been introduced already in 1919, the intention then was that it should cover increased costs for buying help in the household if the wife was employed (Pålsson 2001 p. 18).

The new system had new drawbacks: If married couples earlier had been disadvantaged in comparison to unmarried, the situation was now reversed and the new system had a strong restraining effect on married women's employment. The reason was that if the wife became employed her earnings was put on top of the

income of the husband with a higher marginal tax and no additional tax deduction. In order to resolve this problem an optional individual taxation was introduced in 1966. This meant that taxpayers could apply for being taxed according to the schedule of the singles. Only around 5 per cent of the population utilised this option (Selin 2008 p. 75).

In 1960, the Parliament decided almost unanimously that family-based taxation should be maintained since the negative effect only concerned a small group of high-income earners (Elvander 1972 Chapter VII). The idea of individual taxation did not seem to be an urgent question. A couple of years later, the situation had changed completely. Strong arguments in favour of individual taxation were heard. Organisations and parties started to reconsider their positions. In 1971, individual-based taxation was introduced.

1.2. Gender equality and income taxes

In order to understand the sudden interest in individual taxation the intense discussion about “gender roles” in the 1960s must be mentioned (Florin and Nilsson 1999). A new norm evolved; women and men should have equal rights to employment and equal responsibility for home and children. This new, radical view on women’s (and men’s) role in society and the family demanded that economic obstacles for married women’s employment were eliminated, since own income was crucial for women’s emancipation. The male breadwinner/housewife family model was criticised and a dual-earner/dual-carer family model was promoted. A great number of issues were debated including income taxation from a gender perspective. The first major political measure introduced in order to further gender equality and the dual-earner model was individual taxation of income for wife and husband in 1971.

The debate about individual-based taxation was initiated by women with higher education without the support of any political parties or major organizations (Elvander 1972 Chapter VII). They argued that family-based taxation was unfair to single persons and benefitted the “not fully occupied housewife without children” especially in high-income families (Florin 1999). The conservative side of the debate maintained that the tax system should be neutral in relation to married women’s employment. Women’s right to be supported housewives should not be questioned. The radical side objected that no tax system is neutral. The existing system benefitted housewives and was based in the old-fashioned idea that married women should be supported by their husbands. Society had no reason to promote this kind of family, especially not if there were no small children. The political parties were all initially divided and indecisive about individual taxation, but during the 1960s all political parties made up their minds in favour of individual taxation except the Conservative Party.

For the social democrats income distribution was a particularly sensitive question, especially so for social democratic women. They often worked part-time, in other peoples’ homes and women on farms had always participated in farm work (Nyberg 1989). The transition from an agrarian to an industrial society meant that a relatively large share of the male workers for the first time “was able to support a housewife”. Many of the social democratic women were elderly housewives who risked losing out with individual taxation.

The problem for the social democrats was to design an individualised taxation system in such a way that it did not foremost benefit high-income families and was

unfavourable to low-income male-breadwinner/female housewife families. When it was shown that the right for the husband to use two basic deductions from his income when his wife did not participate in the labour market and that lower tax for married persons benefitted high income earners more than low income earners the debate took a new turn (Elvander 1972 Chapter VII, Florin 1999). A woman's question which initially was perceived as an upper-class problem could be reformulated as a working class disadvantage and thus accepted. In a newspaper article, the Prime Minister Olof Palme, put forward the social democratic arguments for separate taxation. He declared that it first and foremost was a reform of distribution to benefit those with low incomes, but he emphasized that it also concerned independence and equality for women. This meant that the arguments about married women's labour force participation, gender equality, and income distribution all pointed towards the need for individual taxation.

1.3. A gradual process

An important argument for individual taxation was gender equality. Another was the demand for women's labour in the labour market. Long-range forecasts for the Swedish economy in the 1960s predicted that in order to achieve economic growth the supply of labour had to increase and the main labour reserve was married women. This argument finally convinced the social democratic Minister of Finance of the benefits of individual taxation. It was also argued that individual taxation would facilitate the use in the labour market of educated women (Elvander 1972 Chapter VII). A third argument put forward already in the 1940s, and even more relevant today, was the growing share of elderly, which meant greater need for married women's labour in the labour market. To this could today be added the need for women's tax-paying capacity in order to finance the welfare state and pensions (Jaumotte 2003).

When separate taxation was introduced, it meant that the two earlier tax scales were replaced by one single tax scale for all (Lindencrona 1985). Additionally the basic tax deduction became the same for all individuals and could no longer be transferred from one spouse to the other. It was, however, pointed out that in many families there was only one earner. In these families the introduction of individual taxation meant a tax increase. In order to compensate one earner families of the prospective adverse effect they could use an extra deduction, popularly known as "the housewife deduction". In 1971, this deduction was substantial. However, the amount was kept at its nominal value, which meant that the value decreased over time. It was abolished in connection with a major tax reform in 1991 (Gunnarsson 1995 Chapter 8.2.2).

In the new separate tax system husband and wife were seen as two autonomous individual economic subjects. However, in certain respects family-based taxation was kept. Individual taxation on business and farm income, where one of the spouses was employed by the other, was for example kept. The deduction of a salary paid to the other spouse not being allowed. In 1976, however, individual taxation was introduced also in this case (Lindencrona 1979 p. 33). Still the most important was that separate taxation only covered earned income. Unearned income (income from property, capital, capital gain, periodical support, and in some cases of enterprise and farm property) was jointly taxed until 1988 when also a number of other family-based taxation elements were eliminated. The last remains of family-based taxation of income were abolished in connection with a tax reform in 1991 (Gunnarsson 1995 Chapter 8.2.2). Joint taxation of wealth was in force until such taxation was eliminated altogether on 1 January 2007.

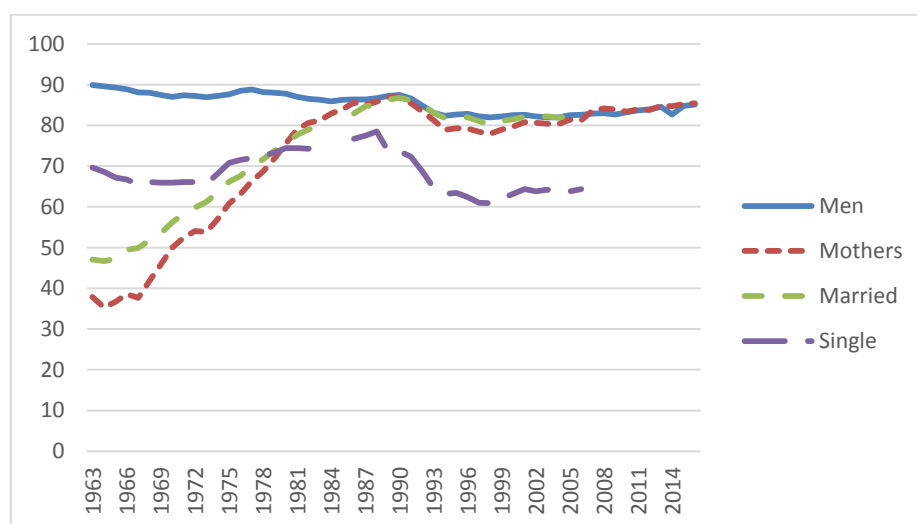
2. Results of the policy and its impact on achieving gender equality

2.1. Income taxes and women's labour force participation

The introduction of individual taxation in 1971, significantly reduced the marginal tax rates for married women, which benefitted married women already in the labour force, but it was also expected to increase married women's labour force participation. Figure 1 shows the development of the share of men, married and single women, and mothers of pre-school children in the labour force.¹ As can be seen married women and mothers entered the labour market already in the 1960s and they continued to pour into the labour market in the 1970s and 1980s. However, this trend was broken in the beginning of the 1990s, when there was a severe economic crisis in Sweden.

The share of married women in the labour force (16-64 years) increased from 47 per cent in 1963 to 87 per cent in 1990. The increase among mothers with children aged 0–6 was even bigger; from 38 to 87 per cent. At the same time the share among men declined from 90 to 88 per cent. In 1990, the share of married women, mothers with pre-school children and men (16-64 years) in the labour force was of about the same size, 87–88 per cent.

Figure 1. Share of men, married and single women (16-64 years) and mothers with pre-school children (0–6 years) in the labour force, %, 1963–2006/2015



Source: 1963–1983 Gustafsson and Lantz 1985 Tabell 3; 1984–1985 SCB 1986; 1986–2006 SCB Statistisk årsbok; 1963–2016 SCB AKU

Researchers often show that taxation significantly affect female labour force participation (see for example Jaumotte 2003, OECD 2012, Thomas and O'Reilly 2016, Rastrigina and Verashchagina 2015). It is also often assumed that the development of married women's and mothers' labour force participation in Sweden is related to the introduction of separate taxation. However, there is in fact not much research about this specific case. Still, Gustafsson and Jacobsson (1985) made cross-section estimates of the probability of labour force participation in 1967, 1973,

¹ Married also includes cohabiting women and men even if they are not married.

and 1980. They found that by far the most important explanatory factor was increases in women's real wages relative to husband's after-tax earnings. This was an effect both of the introduction of separate taxation in 1971 and of diminishing gender pay gaps.² Selin did simulations, which indicated that female employment would have been 10 percentage points lower in 1975 without the introduction of individual taxation in 1971 (2008). He also observed that the 1971 tax reform increased employment relatively faster among women married to high-income men the years following the tax reform (2008 p. 95). The reason for this was that before the reform spouses were taxed jointly, which meant that the wife's economic gain of being employed was a function of the husband's income. The higher the income of the husband, the lower the incentive for the wife to be employed, *ceteris paribus*. After the reform, the link between the husband's income and the wife's participation tax rate was, in principle, abolished. He also argues that the trend in women's increasing labour force participation up until 1990 hardly can be explained by the 1971 reform.

In addition to the separate tax reform in Sweden another important factor for women's increased labour force participation is doubtless that the gender pre-tax wage gap decreased. Women's wages increased from 70 to 86 per cent of men's between 1960 and 1980 (Persson and Wadensjö 1997 p. 4). This was a result of the unions' struggle to decrease the wage gap in general. Since women on average have lower wages than men, this policy benefitted more women than men. Sundström (1987) concluded that increasing real wages per hour was the crucial factor for the increase in labour force participation and number of hours worked for married women between 1970 and 1982.

As can be seen in Figure 1, the year 1990 was a dividing year. Before 1990, women's labour force participation rate increased continuously and drastically, while men's declined slightly. After 1990 men's – but also women's – labour force participation rate decreased significantly. Thereafter the development is very similar for men, married women and mothers, with ups and downs in concord with the economic cycles. Today (2016) the labour force participation rate for mothers of pre-school children and men 16-64 years is the same, 85 per cent. Although, the labour force participation rate among fathers of pre-school children is 96 per cent.

The labour force participation rate has increased in all age groups except for young people, which affects the rate among single women (and men). The reason is related to young persons' education. Also study allowances were transformed from family- to individual-based. In 1965, legislation changed and the allowances no longer depended on parents' incomes. In the 1970s, the number of women attending the university grew fast. Many of them were married (Gustafsson and Lantz 1985 p. 180). It was argued that the study allowances discriminated against married women. In 1980, the study subsidies and loans were made independent of spouses' incomes.

In connection with the introduction of individual taxation 1971, progression in the tax system was sharpened. Tax levy and marginal taxes were lowered in low levels of income, but were increased for higher incomes. This led to high inflation, which meant that ever more persons paid ever higher taxes in the progressive tax system

² Gustafsson (1992) compare Sweden with separate taxation and Germany with split taxation in 1984. The biggest difference between Swedish and German women's supply was that the effect of children was strongly negative for German women's labour supply, whereas it had no effect on Swedish women's labour supply.

(Du Rietz et al. 2013). A tax reform in 1983–1985 reduced the marginal tax and in the late 1980s, the government summoned three committees to analyse the tax system, which resulted in a major tax reform in 1990 and 1991, called “the tax reform of the century”.

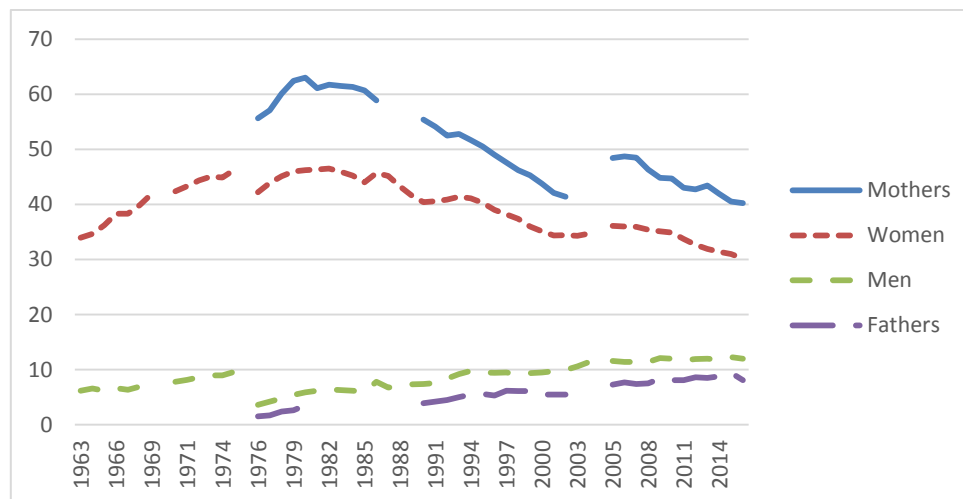
The tax reform in 1990–1991 meant that the marginal tax on work was reduced considerably for a majority and set at a maximum of around 50 per cent (Söderberg 1996). The goal was that all should have at least “half left” (“hälften kvar”). Other measures were estimated to counterbalance the changes in the income tax scales and leave the inequality of the distribution of household disposable income unchanged. Still, it could be expected that the gender differences in after tax income would increase as men on average have higher incomes than women.

Positive effects on labour supply were expected also in the short run of this reform. Instead Sweden was hit by a grave economic crisis in the beginning of the 1990s and both the employment rate and the number of hours in the labour market declined sharply. The general conclusion in a study was that it was not possible to demonstrate that the relatively large tax and benefit changes in Sweden in 1990 and 1991 had any major impact on labour force participation and hours of work (Klevmarken et al. 1995 p. 18).

2.2. Income taxes and women’s part-time work

At the same time as women’s labour force participation grew, the share of part-time employed women also increased dramatically (see Figure 2). It should be pointed out that a very big majority of women in Sweden work long-part-time, i.e. 20–34 hours per week. Between 1963 and 1982 the share of part-time employed women increased from 34 to 47 per cent and among mothers of pre-school children from 56 per cent in 1976 (the first year for which data is available) to 63 per cent in the peak year 1980. After the beginning of the 1980s, the proportion declined. Today (2016) the proportion is 40 per cent among mothers and 30 per cent among women. Men and fathers’ part-time work has increased slowly and today 12 per cent among men and 8 per cent among fathers work part-time.

Figure 2. Share of part-time employed of the employed, %, mothers and fathers with children 0-6 years, women and men, 1965–2016^{3*}



* 1965–1975 16–74 years, 1976–2015 16–64 years. Data for fathers and mothers are only available from 1976. Observe that there are breaks in the series.

Source: SCB 1978, 1981, 1986, 1988–2016, 1989, 2005.

The major source of part-time employed women between 1970 and 1982 was non-employed mothers of pre-school children and married women (Sundström 1987). In the late 1970s, some full-time working women reduced their hours of work. Sundström maintains that individual taxation is likely to partly explain the growth in female part-time employment. The introduction of individual taxation reduced the marginal tax rates for married women and stimulated their labour supply, while steeply increasing marginal taxes for full-time workers did not, i.e. part-time became more attractive relative to full-time work. For a full-time worker with an average blue-collar wage, marginal tax rates reached 64 per cent in 1976, while those of half-time workers remained constant at about 32 per cent throughout the decade (Tegle 1985). Additionally, in 1979 full-time working parents were guaranteed the right to reduce their weekly hours up to 75 per cent of full time without pay until the child was eight years old. These factors are likely to explain the increasing tendency of employed women to work part-time in the 1970s and the very beginning of the 1980s. Sundström argues that the credibility of this explanation is strengthened by trends in the 1980s; after marginal tax rates were reduced considerably in 1982 for the majority of full-time workers, women's rate of full-time work increased and part-time work decreased (1991 p. 173).

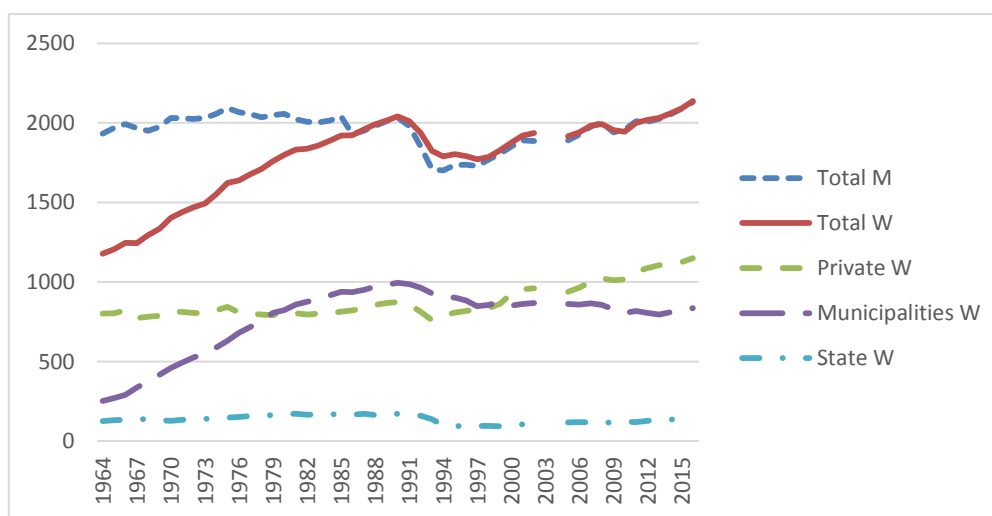
Another likely reason why part-time employment was a better alternative for some women, was the lack of subsidised childcare, since inadequate childcare is less of a constraint for part-time than full-time employment. Short maternity/parental leave in the beginning of the period also made full-time work difficult and part-time work a more attractive option. The possibility to work part-time helped women to combine market work with traditional family responsibilities, which probably also meant less resistance at home in some cases.

³ Statistics Sweden (SCB) cannot explain the big difference in the share of part-time working mothers between 2002 and 2005. There is no change in the definition.

2.3. The demand for women's labour

The development of labour force participation is of course not only dependent on the supply side, and for example the introduction of an individual taxation, but to a very high degree on the demand for labour. This became very apparent in the beginning of the 1990s when labour force participation fell radically in spite of significant cuts in marginal taxes.

Figure 3 Number of employees, 1,000s, total men and women and women in different sectors, 1964–2016*



* 1964–1975 16–74 years, 1976–2016 16–64 years

Source: SCB 1978, 1986, 1988–2016, 2005.

An important argument for the introduction of separate taxation was that women's labour was needed in the industries. But women did not enter this sector in any great numbers, instead they found jobs in the expanding public sector. In figure 3 is shown that the increase in the number of female employees between 1964 and 1990 is closely related to the increase in the number of female employees in the municipalities. The municipalities expanded in order to satisfy demand and reduce queues. It meant increased demand for women's labour, since employment in education, health, child and elderly care and social welfare are considered jobs suitable for women. Between 1964 and 1990, the total number of female employees increased with 862,000, of those 743,000 were in the municipalities. The total number of male employees increased with 100,000 during the same period.

The number of male employees fluctuated with the economic cycle before 1990 and then plummeted with the economic crisis in the beginning of the 1990s. After 1990 the total number of female and male employees has been more or less the same.⁴ The number of women working in the municipalities declined, while the number in the private sector increased. The decline in the number of public employees is not only a result of budget consolidation and austerity policies, which affects women more than men, but also of other political decisions. Since the early 1990s, local government (municipalities and counties) increased the possibilities of outsourcing the production of welfare services to private providers (Hartman 2011). As a

⁴ If we add self-employed and entrepreneurs the number of men will be higher than the number of women.

consequence, there has been an employment transfer: local government employment has been transferred to the private sector, but is still paid by taxes.

2.4. Challenges, obstacles and constraints encountered

The 1960s was a period of challenges but also of creative and productive gender equality policy discussions. Women's labour force participation, gender equality and the dual-earner/dual-carer family model were put forward as modern alternatives by young well educated women without organisational backing but also by some influential social democratic and liberal women. Women's economic independence from men was strongly underlined and seen as a prerequisite for women's emancipation. The challenge was first and foremost to convince the political parties and social partners.

Opposition came mainly from the conservative political camp – the Conservative Party, tax-lawyers, representatives from the Swedish Confederation of Professional Associations and tax-payers organisation – but also from within the Swedish Trade Union Confederation and the Social Democratic Party and social democratic women (Florin 1999). Housewives successfully started a campaign. They collected over 60,000 signatures and demonstrated outside the parliament. However, the men in the press, the political parties and social partners took a stand with the young well-educated women, who spoke about change and presented a new ideology; women should be employed.

For the Social Democratic Party – the dominating party at the time – the challenge was to design an individual taxation system which combined a class perspective with a gender perspective and furthered both the position of low income families and women. Individual taxation of earned income was introduced in 1971, but it took until 2007 until all family-based elements in the taxation system were eliminated. The fact that the change from family-based taxation to a fully implemented individual taxation was carried through gradually very likely made it easier to overcome obstacles and constraints.

Married women and mothers' labour force participation increased drastically from the beginning of the 1960s to 1990. To which extent this development is related to the introduction of separate taxation is hard to judge but was most certainly a contributing factor. It is also hard to judge, to which extent individual taxation in combination with increasingly progressive taxes encouraged part-time rather than full-time work. However, the development of women's labour force participation could not have taken place without the expansion of the public sector.

When women entered the labour market many did so working part-time. This is not surprising since lack of subsidised childcare and short maternity/parental leave constituted serious constraints. Part-time work was at that time seen as a solution, by many, however, over time it also became a problem. A challenge today in Sweden is to fight involuntary part-time work and promote full-time work. It is well known that women work part-time in order to take care of children. Around 132,900 or 19 per cent of part-time employed women and 20,600 or 8 per cent of part-time employed men stated in 2015 that the reason they worked part-time was care of children (SCB 2017). Much less known is that many more testify that they work part-time because "suitable full-time work is unavailable/looking for full-time work": 202,600 or 28 per cent of the part-time employed women and 84,500 or 33 per cent of the part-time employed men.

Today the gender gap in employment is no longer the most important indicator of gender equality, instead the gender gap in working time and women's lower wages

are such indicators, which also constitute the main obstacles for economic gender equality and women's economic independence of men (Nyberg 2015).

3. Assessment of the strengths and weaknesses of the policy

The introduction of individual taxation in 1971 was part of a larger package in order to further gender equality: in 1973 liberalised divorce was introduced in a new family law; in 1974 parents entitled to share parental allowances upon childbirth and a decision to expand publicly financed childcare; in 1975 a new abortion law; in 1976 agreement between employers and unions on equal opportunities in civil service; in 1977 agreement between employers and unions on equal opportunities; in 1979 right to shorter working hours for parents with small children; and in 1980 a law against sex discrimination in employment, establishing an equal opportunities ombudsman, equal opportunities agreement with municipal and county governments, all professions open to women including the defence sector, and a new law on succession to the throne, monarch's first daughter or son succeeds to the throne, and study subsidies and loans were made independent of spouses' incomes. It can be argued that the policies have been sustainable, as since then the policies have to a large extent been about implementing and extending the measures introduced in the 1970s.

The gender equality policies introduced in the 1970s were innovative. The introduction of individual taxation meant not only that women and men were seen as two autonomous individual subjects, but also involved a shift in the transformation of the prevailing gender order and family model. Both women and men were expected to be employed and as individuals they faced the same tax-system, which encouraged women's labour force participation. The weaknesses were that not all women were young and well-educated, and lived in places where there were jobs to be had and there was hardly any publicly financed childcare. Formal equality does not guarantee equality in practice. Implicit biases arise when the tax system has different effects on women and men, based on the interaction of the tax system with social and economic norms. Even after individual taxation is introduced, men might still be seen as the main breadwinners and women as the main caretakers. In spite of this, it can be argued that the gender policy measures have been effective, in the sense that Sweden is graded high in different international gender equality rankings. Individual taxation has most certainly been transferred between countries. For example a tax law in 1959 in Norway gave married couples the right to choose between joint or separate taxation and in Denmark, individual taxation was introduced in 1967, but joint taxation of capital was not abolished, and the personal allowance as well as debts/deficits are still transferable between spouses (Ravn 2008).

Most OECD countries applied family-based taxation at the beginning of the 1970s, although today almost all countries have separate taxation or at least offer the option of separate taxation. Twenty three of 34 OECD countries applied individual-based taxation in 2015 (Thomas and O'Reilly 2016). Four EU countries apply pure family-based taxation (Estonia, France, Luxembourg, and Portugal), while the remaining countries offer some degree of choice regarding the unit of taxation. However, to classify a taxation system as pure family-based/joint or as pure individual-based is open to different interpretations. Rastrigina and Verashchagina (2015) for example classify Germany, France, Ireland, Luxemburg and Portugal as having joint taxation. This means that while Thomas and O'Reilly (2016) classify

Estonia as pure family-based, Rastrigina and Verashchagina do not. They classify Estonia as having individual taxation, but with a note saying that "married couples can file a joint return"⁵. On the other hand Rastrigina and Verashchagina classify Germany and Ireland as having joint taxation, but Thomas and O'Reilly do not. They classify Germany as optional and Ireland as family based (individual option). In a note Rastrigina and Verashchagina mention that in Germany "married couples are taxed jointly with income splitting, i.e. the tax function is applied to half of the sum of the spouses' taxable incomes, and then the resulting tax amount is doubled, they have the right to be taxed individually when this is more advantageous to them" and the note for Ireland states that "either spouse may opt for separate assessment"⁶.

For countries that apply individual-based taxation, most also have some family-based provisions: a number of countries withdraw some form of support on the basis of family income (in several cases eligibility for such support requires the presence of dependent children); and seven EU countries provide some form of additional support for a dependent spouse or transferable tax credits (Austria, Belgium, Czech Republic, Italy, Netherlands, Slovak Republic, and Slovenia). As a result, only two EU countries (Finland and Sweden) apply a purely individual system with no family-based elements.

4. Main questions and issues for debate at the meeting

An objective in Europe 2020 *A strategy for smart, sustainable and inclusive growth* is that "The employment rate of the population aged 20-64 should increase from the current 69% to at least 75%, including through the greater involvement of women, older workers and the better integration of migrants in the work force." (European Commission 2010 p. 8). Additionally an increase in working hours is needed.

Tax systems in EU range from pure family-based taxation to pure individual-based taxation, with different degrees of family-based elements in between. But also a purely individual tax system with no family-based element has different outcomes for women and, since it interacts with differences in patterns of economic behaviour associated with gender. For example women work part-time to a much higher extent than men. The question then is if moving from a family-based to an individual-based tax system would influence the employment and working hours for women in general, older women and migrant women relative to men in the same categories. And would reducing or eliminating tax allowances or tax credits to families, "indirect taxes" in terms of childcare costs, changes in tax progressivity and for example shifting from taxing income from employment to taxing income from capital, increase the employment and work-hours among women in general, older women and migrant women? In all categories men's employment rate is higher and work-hours longer, but there are also big variations between women in different countries. Are there direct or indirect "penalty taxes" on married women's employment and/or a "marriage bonus" for men?

⁵ Rastrigina, O. and Verashchagina, A. (2015) *Secondary earners and fiscal policies in Europe*. European Commission – Directorate-General for Justice. Luxembourg Publication Office European Union 2015, table 2 page 24-25, available online at: http://ec.europa.eu/justice/gender-equality/files/documents/150511_secondary_earners_en.pdf

⁶ see above.

In order to investigate if tax systems and the different elements in the tax systems further or hinder women's labour force participation, gender budgeting can be helpful. According to the Council of Europe, "gender budgeting is an application of gender mainstreaming in the budgetary process. It means a gender-based assessment of budgets, incorporating a gender perspective at all levels of the budgetary process and restructuring revenues and expenditures in order to promote gender equality" (Council of Europe, 2009). Gender budgeting is not new. Feminist economists have argued for it since the 1980s. Now the World Bank, the UN, the IMF, OECD and other organisations promote gender budgeting as do many governments. Of the EU-countries Austria, Belgium, Finland, Netherlands, Spain and Sweden have introduced gender budgeting, Italy is planning to and the Czech Republic is considering it (OECD 2016). Gender budgeting seems so far to have been applied mainly on expenditures and less on the revenue side of budgets, i.e. on tax systems.

Crucial in investigating the effects of tax systems on women and men's employment and working hours are gender disaggregated data on women and men's individual incomes. It would greatly facilitate the evidential basis for the identification of gender equality gaps, design of policy interventions, and the evaluation of impacts of different tax systems. In Sweden an Annex to the Budget Bill presents data showing women and men's average individual disposable income and the different components.

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