‘Taxing for equality’ in the personal income tax: the choice for separate or joint taxation?

An interdisciplinary and exploratory study on the effect of international norms and organisations on the individualisation of personal income tax in EU Member States during the period 1970 - 2022

International attention for tax individualisation

- In 2019, a European Parliament Resolution stressed “the negative consequences of failing to incentivise women’s employment and their economic independence” in relation to tax systems.¹
- The Resolution concluded “that individual taxation is instrumental to achieving tax fairness for women” and “urges all Member States to phase in individual taxation”.²

- There has been a series of efforts by several international organisations to emphasise that gender equality and taxation are related, including:
  - The United Nations;
  - The European Union;
  - The Organisation for Economic Co-operation and Development.

Individual taxation fosters gender equality

1. Secondary earner bias

- Secondary earner bias occurs when “the second income within a couple – usually that of the woman - faces higher rates” compared to a situation where this person’s tax liability would be individually determined.³

- Individual taxation reduces secondary earner’s tax rates. Studies point at (very) positive effects of individual taxation on (married) women’s labour market participation.⁴

2. Tax fairness

- Ability-to-pay is most properly recognised under individualised taxation.⁶

Puzzle: An impact of international organisations?

- European countries have adopted a process of tax individualisation since the middle of the 1980s, moving away from joint towards individual personal income tax systems.⁷
- This individualisation process can be observed in conjunction with increased attention by international organisations on the merits of individual taxation.

Research Question

“What is the effect of international norms and organisations on the individualisation of personal income taxation in the period 1970-2022?”

Goal I: Measuring gender equality in taxation

- Tax individualisation has primarily focused on the tax unit. Instead of jointly aggregating (married) couple’s income, multiple countries have adopted individual tax units.
- However, in order to understand tax individualisation, assessing the tax unit is necessary, but not sufficient.
- Besides the tax unit, other elements within PIT systems affect the degree of individuality as well.
- This study provides indicators for measuring substantive gender equality in taxation.
  - External normative framework
  - Questionnaire providing the basis for an in-depth comparative legal analysis
  - Countries compared: Belgium, Germany and the Netherlands

Goal II: Mapping international norm diffusion

- Which legal norms are disseminated by international organisations?
- How did these organisations frame these norms? Which problems did they identify in existing domestic legislation, and which solutions did they subsequently propose?

Goal III: Examining the effect

- If there is an impact of international organisations on domestic tax policy change, the size of this effect is hypothesised to be dependent upon:
  - The domestic legal culture;
  - Dominant views within national tax doctrine.
- Applying empirical research methods, a country’s legal culture and tax doctrine are examined to assess potential receptivity to international advocacy.

References

2. Emphasis added.
8. Emphasis added.

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