

BROOKINGS

QUALITY. INDEPENDENCE. IMPACT.

Fiscal Policy for Women's Employment

Caren Grown
Center for Economic Studies
November 18, 2025

Current context of fiscal policy

- Declining aid to poor countries – tax decade for development
- More competing needs competing for spending (crises, climate)
- Gender equality backlash has implications for fiscal policy

Fiscal Policy: A critical tool for equality

- How much tax to raise (how big is the government)
- Where that revenue comes from (which groups contribute, comparatively)
- How the available budget is spent (competing priorities)

Fiscal policy through a gender lens

- A holistic approach linking taxation to expenditure
 - » Tax and spending policies together reduce inequality/gender inequality.
 - » Not every policy needs to target gender gaps
 - » What matters is how policies complement one another to achieve desirable outcomes


In developed countries, personal income taxes have significant implications for gender equality

- Persistent gender gaps in labour market outcomes:
 - **Wages and pensions:** women are paid less on average than men.
 - **Labour force participation:** women are less likely to be employed.
 - **Amount of time spent in employment:** women spend less time in paid work and are far more likely to work part-time.
 - **Second earners:** the majority of second earners are women.
- Women are more responsive to changes in net wage than men are.
- The **design of personal income tax and benefits systems** impacts **gender equality in labour market participation**.

Tax Designs that Matter for Women's Employment

- Progressive income taxes
- PIT designs: individual filing, structure of deductions and exemptions (refundable tax credits for children)
- Broad-based consumption taxes
- Simplified/presumptive tax regimes with sufficiently high exemption thresholds (to reduce financial/ compliance burdens on lower-income firms/workers)

Public Expenditure for Women's Employment

- (Green) physical infrastructure (to reduce unpaid work)
- Social infrastructure (education, health, social protection)
 - » Universal care systems
 - » Partly self-financing  increases fiscal space
- Paid parental leave
- Appropriate allocations for enforcement of laws on anti-discrimination, gender-based violence, equality in marriage/divorce.