



**Economic Freedom
Network Pakistan**

A Tax Break For Economic Freedom?

The Case of Divorced
Mothers, Divorced,
Disabled and Never
Married (above 40 years)
Pakistani Women –
a Civic Entrepreneur's
Perspectives

Dr Rakhshinda Perveen



Committed to courage
for intellectual risks

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Friedrich Naumann
STIFTUNG **FÜR DIE FREIHEIT**



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The author, **Dr Rakhshinda Perveen**, is the founder director of creativeangerbyrakhshi a social enterprise that is committed to courage for Intellectual Risks. This initiative aims to provide an intellectual and creative forum to bridge the gaps among the world of social mission, business and intelligentsia through socially and financially affordable packaging.
www.creativeangerbyrakhshi.com

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Contents

Acknowledgments	1
Abbreviations	2
Glossary	3
A Note by the Author	4
Foreword (Olaf Kellerhoff, FNF)	9
Foreword (Dr. Ayub Mehar, EFN)	11
1. Preamble – The Untargeted	15
1.1 The disadvantages of a common Pakistani woman	24
1.2 The study & the rationale of the study	31
1.3 Methodology and Data sources employed	32
2. Gender and Taxation	41
2.1 Global Literature Review	43
2.2 National Literature Review	52
2.3 FBR and tax payers in Pakistan	57
2.4 Interventions in the Public Sector and CSO of Pakistan	60
3. From the Corridors of Power and Politics	65
3.1 Interview of Hashem Baber (ANP)	66
3.2 Interview of Nilofar Bakhtiar (PML-Q)	69
3.3 Interview of Qudusia Arshad Chaudhri (PML-N)	72
3.4 Interview of Justice (Retd.) Iftikhar Ahmad Cheema (PML-N)	74
3.5 Interview of Fiza Junejo (PML-Q)	77
3.6 Interview of Alamgir Khan (ANP)	79
3.7 Interview of Dr. Fehmida Mirza (PPPP)	81
3.8 Interview of Syed Haider Abbas Rizvi (MQM)	83
3.9 Interview of Khurram Watto (PPPP)	85

4.	Human Face of the Problem- Dispassionately	89
4.1	Group 2 (Economists, Journalists and Tax Experts)	90
4.2	Group 3 (CSP, Communication ,Development and Gender)	103
4.3	Group 4 Communication, Development & Gender Experts	104
5.	Humane Face of the Problem - the stories of struggle	113
5.1	The critical narratives from real people	115
5.2	Stories gathered from face to face communication	120
5.3	Overall impression	125
6.	Towards a change	127
6.1	Some Key findings	128
6.2	Conclusions-cum-Challenges	130
6.3	Recommendations by the stakeholders	132
6.4	Specific recommendation to initiate a change	134
6.5	Translating arguments and aspirations into actions the way forward	136
Annexures		
	Annexure 1: Chronology of Events	137
	Annexure 2: List of Respondents	138
	Annexure 3: Gender and Political Parties Manifestos	142
	Annexure 4: References	144

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Abbreviations

ANP	Awami National Party
BPFA	Beijing Platform for Action
CDA	Capital Development Authority
CEDAW	Convention on the Elimination of All Forms of Discrimination Against Women
CSO	Civil Society Organization
CSP	Civil Servants of Pakistan
DHS	Demographic Health Survey
EFN	Economic Freedom Network
ENT	Excise and Taxation
FBR	Federal Bureau of Revenue
FNF	Friedrich-Naumann-Stiftung für die Freiheit
GAD	Gender and Development
GBT	Gender Based Taxation
GBV	Gender Based Violence
GDI	Gender Development Index
GEM	Gender Empowerment Measure
HDI	Human Development Index
JI	Jamaat-e Islam
MNA	Member National Assembly
MPA	Member Provincial Assembly
NGO	Non Governmental Organization
PIDE	Pakistan Institute of Development Economics
PML-N	Pakistan Muslim League – Nawaz Sharif Group
PML-Q	Pakistan Muslim League – Quaid-e Azam
PPPP	Pakistan Peoples Party Parliamentarians
PTI	Press Trust of India
SDPC	Social Development Policy Centre
TI	Tehreek-e Insaaf
VAT	Value Added Taxation
VAW	Violence against Women
WID	Women in Development

Glossary

<i>eid</i>	Islamic Religious Festival
<i>haqq mehar</i>	dower
<i>iddat</i>	In Islam, <i>iddah</i> or <i>iddat</i> (period of waiting) is the period a Muslim woman must observe after the death of her spouse or after a divorce, during which she cannot marry another man.
<i>ijtehad</i>	(exertion) <i>ijtehad</i> means intellectual endeavour to seek the solutions of day to day matters. <i>Ijtehad</i> has been much emphasized in Islam. It is a rational and analytical approach, based on the Quran and on the teachings of the <i>sunna</i> (The Muslim usage of this term refers to the sayings and living habits of Muhammad, the last prophet of Islam.) for interpreting religious matters.
<i>jahez</i>	dowry
<i>khairat</i>	charity/alms
<i>talaq</i>	Divorce
<i>wattta satta</i>	Exchange marriage. This Punjabi word literally means give and take-exchange marriage – a brother's sister is married to his wife's brother.
<i>wanni</i>	In Punjab Province of Pakistan, the custom of child marriage where a girl who may be very young is given in marriage usually to settle tribal feuds. This custom is prevalent nearly in all provinces under different names.

A Note By the Author

I began my practical life as a dreamer – and still dream. So, in my capacity as an activist dreamer, I dream of a society in Pakistan where disabled women, divorced women, divorced mothers and unmarried women (above 40¹) who face a number of emotional traumas and are stigmatized both subtly as well as openly (depending on their immediate cultural setting and socio-economic strata) can at least get some support from the state. No, no, I am not demanding² to set up a “special *jahez fund*” or *khairat* from some “income support programme” sort of stuff for such women. All I dream, pray and hope is that these women could also be entitled to some relief as a right in the taxation system. The least can be the similar exemption of property tax that is given to the widows.

Feasibility of a Dream?

In the world of intellectual what is lacking is not the wisdom but the courage.

Dr. Mahbub ul- Haq

As I developed more and more faith in my “dream” and started sharing this too, more widely on every possible forum, including *facebook* (to be precise, from the summer of 2009), the four most frequent questions that I faced were as follows:

- Is it doable?
- Is it cost efficient and/or effective?

¹ This age limit was set after initial discussions with some interested stakeholders as culturally 40 onwards is considered beginning of old age specially for women and a girl is considered nearly ineligible to be considered for a marriage proposal. However, there are class variations in this thinking but overall the chances of getting married are perceived as being reduced for a girl in Pakistan with advancing age.

² In Pakistan, like all developing countries that are characterized by corruption and poor governance, the welfare approach and ceremonial gestures are most readily available by the establishment to approach the issues that requires empathetic understanding of the issue and not the rocket science knowledge.

- Do you think you can get the “information” you need?
- Why not men belonging to this category should be offered similar concessions?

Some honest (may not be correct or complete) responses had been as follows:

Is it doable?

Yes, it is doable as Paulo Coelho advises his readers to be realistic: ‘Go for the impossible! I always tried to find my own limits. So far I did not find them, so my universe is in constant expansion’.

Is it cost efficient and/or effective?

The physician-cum-anthropologist Paul Farmer always dominated my premise when he stated that while providing health interventions to the destitute in Haiti, Peru, Mexico and Boston, he never thought whether his work was cost effective. He simply stated that ‘this was the right thing to do and the humans do right thing to do.’ I am weaving this dream and struggle to chase it with all possible means that fall within the morality of my middle class upbringing because I have measured the stigma endured by these women who are striving to be economically stable while suffering from social poverty as well.

Do you think you can get the “information” you need?

As far information or data is concerned, one never gets the perfect presentation in such ventures but whatever is available is good enough to initiate an advocacy move.

Why not men belonging to this category should be offered the similar concessions?

Ours is an unequal world where certain groups are always 'more equal' than the others. Women though live longer but not necessarily happier and healthier than men. They not only carry greater biological burden of diseases but, in our case, the burden of family honour, and many forms and shapes of social disadvantages that are honoured and endorsed by cultural values, norms, lack of political will and silence, if not ignorance of the policy makers. Thus a woman who is not married (till the age of 40 years) or due to disability or any other cause, or a woman who is divorced and that too with children has lesser probability and options for claiming the rights to be respected socially within household and in public life, or getting married and settling peacefully. Obviously there are class variations but women from the middle class (middle class makes nearly 35 million of our total population) bear the major brunt.

This book – How it happened?

In October 2009 I had a rendezvous with the distinguished economist Dr. Kaiser Bengali with whom I shared the idea. To my extreme surprise he supported the idea and encouraged me to work further on it and build a case.

Finally a stage arrived when Resident Representative of Friedrich-Naumann-Stiftung für die Freiheit (FNF) in Pakistan, Mr Olaf Kellerhoff and Chief-coordinator of Economic Freedom Network Pakistan (EFN), Mr Zubair Ahmed Malik, demonstrated their genuine interest and trust in the idea by signing first formal contract of EFN with sinf surat of creative anger by rakhshi so that a brief book could be produced based on the theme of gender and taxation and present the case of divorced, disabled and never married Pakistani women.

The purpose of this book?

It is to unveil one of the hidden faces of gender inequity in connection with the taxation with the hope and objective of generating a discourse in the circle of feminists, gender experts, human rights and women rights activists, legislators, policy makers, financial pundits and media in Pakistan, on this multifaceted issue for creating if not claiming a space for policy advocacy. I pray that this discourse may also include the ordinary women who suddenly discover that their singular identity is “disabled”, “divorced”, “divorced mothers” as well as “never married”.

This is indeed a tall order. I have attempted to carry out, even if it is partial, materialization of some of the objectives by a rapid review and analysis of the contemporary key discourse on gender and taxation, exploring the possibility of a bringing together a sizable volume of intellectual solidarity and diversity, including public opinion on matters of taxation and overall viewing the problems of the identified groups of Pakistani women with an empathetic economic and gender lens.

This book is a product of passion while remaining conscious of the ground realities. The authority may appear less or negligible to technical experts but the authenticity of information is undisputable. Thus, limitations and biases in the methodology of primary data collection and secondary data review are acknowledged by the author with the hope that these would not appear as a wall before an interested reader but rather serve as a window of opportunity for an unexplored area of gender inequity with a special focus on much neglected categories of women.

The scope of this book is however not broad. The genesis of poverty, injustice, stigma and gender based violence are not deliberated here but they may ooze while I take you along on my journey of weaving a dream: a society where policy recognizes the needs of divorced, disabled and never married women through a clear policy and strategy in taxation system.

The dream woven in the form of this book has actually constructed another dream—the dream of an empathetic Pakistani society equipped with the recognition of structural violence and development professionals who are trained to travel on the convoluted pathways of Economy and Finance and yet possess the courage to articulate, can come up with a masterpiece, much like “Pathologies of Power: Health, Human Rights, and the New War on the Poor” by Paul Farmer³ in the very context of Pakistan.

³ Harvard Human Rights Journal / Vol. 17, Spring 2004. Source: www.law.harvard.edu/students/.../booknotes-Patholog.shtml.

Farmer takes the readers in the words of Michael Turnage (2004) on a “tour of the pathologies that characterize our current hierarchy of power, and the hypocrisy and lies that serve to uphold and legitimize it.” Turnage further observes that the “reader is left with an overwhelming sense of the injustice that demands to be addressed.”

Foreword

Olaf Kellerhoff, Resident Representative Pakistan

Cleopatra was regarded as a great beauty, not only in Egypt but in the whole Ancient World. Even nowadays we use her name as synonym for attractiveness. To maintain her appearance she knew many recipes, some of them passed down to us like a bath in donkey's milk and other. But all this has been bequeathed in history books only because she was a statesman: a powerful leader, a woman who seized power and who empowered herself. To maintain her power she knew many recipes, some of them passed down to us like the love affair with Caesar. But some recipes are forgotten or ignored: As Pharaoh, Queen of Egypt, Cleopatra contained taxation when floods were followed by famines. In a decree dated 13th of April 41 BC she ordered to respect the privileges of employees in the agriculture and not to burden with more taxes.

"Taxes are the chief business of a conqueror of the world." has George Bernard Shaw (1856–1950) Caesar saying in *Caesar and Cleopatra*. The beauty queen and beautiful queen, a widow by the way, did not want to conquer and to impose taxes but to help her people, her country. As states-man she had it in her hands. Her recipe: tax privileges and no tax increase. In nowadays words the positive effects sound more sophisticated with the same results like 2000 years before:

The positive effects of tax cuts on growth arise because lower marginal tax rates raise the reward to working, saving, and investing. Holding real income constant, these lower marginal rates induce more work effort, saving, and investment through substitution effects. [...] Tax cuts or well-designed reforms may also reduce the extent to which taxpayers legally avoid and illegally evade taxes. This can improve the allocation of resources and hence raise

*economic growth even without increasing the level of labor and capital inputs.*⁴

If Pakistan wants to strengthen its economy, if her Government wants to reduce poverty, if her leaders want the Gross Domestic Product (GDP) to cope with the population growth one major tool will be the empowerment of women. According to Goldman Sachs Germany's GDP will increase by 9%, Japan's by 16% and Italy's by 19% if women participation in the labour market was increased. How much more for Pakistan?

It is the merit of Dr Rakhshinda Perveen to have excavated Cleopatra's old recipe for Pakistan. The vulnerable groups in our society have not to be conquered and imposed with taxes, but to be helped in order to enable them in working, saving and investing. Divorced Mothers, divorced, disabled, and never married above 40 Pakistani women have no Caesar at their side. They don't need a Roman Empire for their support if only their reward to working, saving, and investing is raised by lower or better no taxes. Thus, it will permit everyone to act as *mulier oeconomica*, as Economic Woman for herself – and consequently and indirectly for the economic betterment of Pakistan.

Furthermore, I am grateful to Economic Freedom Network Pakistan (EFN) for having taken up the topic and for introducing recipes, tools and ideas of economic betterment. With this study EFN doesn't keep them as beauty secrets but gives them in the hands of statesmen, stakeholders and decision makers.

Olaf Kellerhoff
Resident Representative

Islamabad
July 2010

⁴ Gale, William G. / Orszag, Peter R.: Economic Effects of Making the 2001 and 2003 Tax Cuts Permanent. Brooking Institution: Washington, Aug. 2004. p. 18.

Foreword

Dr. Ayub Mehar

In a verdict on the well popular case “McCulloch v. Maryland” in the history of taxation, the United States Supreme Court’s Chief Justice John Marshall propounded several interesting and profound axioms. **“Power of tax is not only the power to destroy, it is also power to alive”** is a notable citation from this verdict declared by the United States Supreme Court. This axiom is, by nature, universal in extent and everywhere applicable.

To consider power of tax as a tool of economic strategy seems apparently against the economic freedom: Particularly, when a tax is imposed on some particular segments and provides exemption privileges to other segments. However, creating equality and imposition of taxes according to the ability to pay are the desirable features of a good taxation system. These taxation principles are not considered against the economic freedom, and are frequently adopted by the nations in their fiscal policies. All economies in the world – industrialized or emerging, advanced or backward, developed or underdeveloped, liberal or centrally controlled – adopt taxation as a tool of economic justice.

To create socioeconomic equality among the various groups of a society is one of the core objectives of a Fiscal Policy. Every economy has multidimensional distribution of its human forces. Income classes, holding of economic resources, politic-economic power, region and gender are a few dimensions of economic segmentation in a society. Economic segmentation can identify the magnitude and severity of the economic inequalities which may likely lead to economic injustice and social disturbances in a society.

Fiscal policy can reduce disparities among the segments either by spending in the form of subsidies, grants, stipends and monetary compensation to the weaker economic segments or by reducing their tax liabilities to make them powerful. The option of subsidies is highly critical as its effectiveness has several question marks. It may lead favouritism and corruption in the system. Sometime it may hit the honour and freedom of the peoples, so white collars usually avoid from getting benefit by this option. To apply tax policy to empower those women who are socially insecure because of their marital status and age group may be a good option to protect this weaker segment. However, it requires a fool proof mechanism where women should not be used as protectors of the money and assets of the powerful male segment.

It is surprising that in a society where large agriculture farms, landlords, real estate tycoons, and big players in the stock market are exempted from taxes on their incomes; old age and the divorce mothers have to pay heavy taxes on their hard earnings. Despite of the realization that women in Pakistani society are a weaker economic and social segment, they have to pay taxes on their earnings.

The sufficient evidences are available to believe that average propensity to save in women is much higher than men. The apprehension about future uncertainty, wish to build their homes and to achieve a sustainable living standard may be the possible causes for higher rate of saving in women. The outflow of their earned resources by means of taxation may render them weaker in term of future uncertainty because of lower savings; it may lead the lower growth in the aggregate savings which is a major cause of several economic problems in Pakistan. Here, it can be inferred that taxing women income deteriorates the macroeconomic conditions. **In case of old age, divorced and never married women, 'power of tax to alive' is not applicable; it is simply a 'power to destroy'.**

Here it should also be mentioned that before implementation of any tax exemption it must be ensured that tax exemption for the divorced, never

married or old age women will not be misused by males or 'powerful women'. Exemption of tax on agriculture or real estate incomes has provided an opportunity of tax evasion to the taxable sectors. This practice should not be repeated. The tax exempted income must be reconciled with the wealth and assets of those women who have availed the exemption facility. It must not be transferred in the accounts of others by any means or ways.

Dr Rakhshinda Perveen rightly indicated an ignored area of the fiscal policy. No doubt, her efforts to reach the conclusion provided a direction for the policy making. It is important that this study is not based on theoretical background of taxation policies; it was completed on the basis of empirical evidences, while opinions of the experts also favour the conclusion and policy recommendations.

Dr Perveen is right to mention that exemption of tax on old age or divorced or never married women's income is not a part of women policy; it belongs to taxation policy to protect the weaker segment where uncertainties are much higher. On behalf of Economic Freedom Network Pakistan (EFN) I express my gratitude to this outstanding activist to highlight the important and ignored dimensions of Pakistan economy. Furthermore, I would like to thank the Friedrich-Naumann-Stiftung für die Freiheit (FNF) to have enabled this document in their commitment to a fair and just society with equal chances.

Dr. Ayub Mehar

Karachi
July 2010

1. Preamble - The Untargeted

What the economist calls “capital” is nothing more than human knowledge imposed on the material world. Knowledge and the growth of knowledge, therefore, is the essential key to economic development. Investment, financial systems and economic organizations and institutions are in a sense only the machinery by which a knowledge process is created and expressed.

Kenneth Ewart Boulding

Feminists have always argued that economic behaviour is also socially shaped. There is the notion of motherhood that women have been taught in many, many cultures that would put more stress and emphasis on being altruistic - cognizant of the needs of children or other people that women tend to give care to. According to Prof. Nilufer Cagatay⁵, feminists point out that the economy consists not only of the monetized sphere, but also of unpaid work. Women do proportionally more of this kind of work than men in most cultures and countries. The monetized economy and the non-monetized economy are both part of the same system. "In fact, you couldn't have the monetized sphere without the sort of activity where you're reproducing people, as it were. We also call that the reproductive sphere. And we emphasize that the care of human beings - caring labour - is essential and central to the economic analysis." So, macroeconomic analysis, according to Prof. Cagatay from a gender perspective, redefines the sphere of analysis to include unpaid labour activities, including caring labour. Strangely enough, strategies for uplifting the status of women and promoting gender equality have most frequently addressed women as one single group suffering from subordination (though scientific studies include charts and tables showing data for different 'classes' of women like urban, illiterate, low-income etc.). Women, by no means, are homogenous⁶. They do share some common biological features and inherent disadvantages of stolen histories, myths and aftermaths of popular wisdom but they are different. These differences are situated not only in the in the very private individual personality trait but in the visible divisions of caste, creed, race, urban-rural origins and wealth strata. Further, many women around the globe (not only in those societies where marriage is still perceived as a sacred institution in spite of all injustices and greed embedded within) suddenly become different if not inferior when they become widows and divorcees. Similarly girls and women who

⁵ Department of Economics, University of Utah. Excerpt from an interview in reports magazine in 2005.

⁶ There are three important ways in which "South Asian Women" must be considered as heterogeneous: intercommunity diversity, intra-community diversity and inter-temporal diversity" p. 31 from *The Gender Question*. Source: MHHDC (2000).

never get married in eastern and/or Islamic societies due to physical disability or harmful cultural practices like dowry systems etc. are also seen and perceived as odd figures overtly or covertly by the instructed and unenlightened both.

From Women in Development (WID) to Gender and Development (GAD) the discourse on women rights have witnessed and experienced many milestones that can be seen and measured in the form of plethora of international conferences, conventions and treaties. None of these served nor intended to be the magical wand that can solve all problems rooted in patriarchy, poverty and political structures of countries and societies. There is no doubt breaking of silence on the low status of women as may be reflected by their brutal treatment endorsed in the name of culture and religion even in the most conservative societies in the past ten years. This can be safely attributed to the activism of feminists and gender practitioners (mostly from NGOs), economic hostilities and media revolution rather than metamorphosis of political will and power structures in favour of women. Gender (unlike sex that is a biological incident if not accident) is also socially stratified just like race, class, ethnicity, and so on. For example, gender determines who does what kind of work, who owns property, who has access to inputs, and who gets remuneration for work. Cultural traditions, gender roles, marriage practices, almost any arrangement by which people and nations order their lives and societies can be in one age or context a force for oppression and in another a force for good.

“For most of the women of the world, change has been painfully slow, if it has occurred at all.” This was said by the Ambassador Terry Miller⁷ in 2008 in a lecture on “Economic Freedom: Revolutionary Empowerment for Women” who noted that even after 60 years, “we still need a revolution for women. We need to free women from discriminatory ideas and

⁷ Ambassador Terry Miller is Director of the Center for International Trade and Economics at The Heritage Foundation. He delivered these remarks on the occasion of a meeting of the United Nations Commission on the Status of Women at UN headquarters in New York in 2008.

practices that hold them back. There is no excuse for laws or cultural practices that relegate women to second-class status. It is not enough to eliminate discrimination in law. Almost every country represented in this room has signed on to the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW)⁸, committing themselves in law to ending discrimination in the political, social, economic, and cultural life of their countries.”

On the role of CEDAW, that it sets an agenda for equality under three broad themes namely; civil and political rights, health and reproduction, and establishment of “the new international economic order.” Terry Miller found that nothing is sadder in CEDAW than this call in the preamble for a “new international economic order.” He emphasized that nothing sets the convention more in its time and place than this reference to an economic debate that was highly controversial and dominated this organization at the time but which has thankfully faded into obscurity and irrelevance. Like the call for a new international economic order, much in the economic provisions of the Convention is almost quaint, certainly out of touch with economic reality in a globalized world. Women suffer as a result. The Convention calls in broad strokes for equal treatment of women and men in economic activities. There is nothing wrong with that. Unfortunately, the Convention is oriented toward socialist thinking about the role of the State in the provision of goods and services. It calls for the State to ensure the provision to women of everything from health care to agricultural credit, to housing, sanitation, electricity, water, transport, and communications.

It is here that the Convention fails most miserably in improving the actual conditions of life for women, because states that provide all of these things to their citizens generally don't do a very good job of it. Providing equal opportunity for women with men, when opportunities for either are poor, doesn't do much for women.

⁸ Pakistan acceded to the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW) on 29 February, 1996. Source: www.pakistan.gov.pk/ministries/women-development.

“Women empowerment” aims to give women increased choices, thus linking women empowerment with gender equality bridges enables women to gain power to transform their own lives with strategies for changing inequitable gender relations that affect everyone. Naila Kabeer (1994) defines women’s empowerment as the process by which those who have been denied the ability to make strategic life choices acquire such ability. This ability to exercise choices incorporates three inter-related dimensions: resources which include access to and future claims to both material and social resources; agency which includes the process of decision-making, negotiation, deception and manipulation; and achievements that are the well-being outcomes.

Empowerment of women that has emerged as one of the catchiest slogan and mantra in the academia and activism both, “feminization of poverty, agriculture etc.’ and inclusion of women and more women in armed forces for instance have occupied central stage in the empowerment hype. Pro-women legislation, political participation and economic freedom have been repeatedly cited as the magic bullets for women empowerment. What exactly is women empowerment? What are the indicators of women empowerment? A wealth of literature is available on these and one can go on and on debating and deliberating but to me what matters most is: Who are the women who then benefit from such interventions? One can get a clear picture without unnecessarily complicating the issue by looking at Kabeer’s definition of empowerment. Most of the developing countries have mushroom growth of NGOs mostly led by women from elite classes, championing the cause of poor women and gaining access to corridors of power. One interesting example to substantiate the point is from Pakistan.

The following matrix describes the Islamic Republic indeed descriptively.

Matrix 1: State and status of Pakistani women through selected indicators		
Indicators	Value	Remarks
HDI	141	out of 181 countries
GDI	124	out of 155 countries. In Pakistani context the link between education and employment is weak.
GEM	99	out of 109 countries
Population below income poverty line of 2 US\$ a day	60.3%	2000–2007-data refer to the most recent year.
Total population	173.2	About half of the total female population falls into the reproductive age group (15–49 years). 46% of the population in urban areas is in the highest wealth quintile in contrast to seven percent of the rural population. On the other hand, 29 percent of the rural population fall in the lowest quintile compared with only three percent of the urban population.
Average household size	7.2	The household size is slightly smaller in urban areas than in rural areas (7.0 persons versus 7.3 persons, respectively). It is interesting to note that the mean household size in major cities is smaller than that in other urban areas (6.9 persons compared with 7.3 persons, respectively). 41% of households have two rooms for sleeping, 36 percent have only one room, and 23 percent have three or more rooms for sleeping. There are no major variations in the number of rooms used for sleeping by urban-rural residence.

Male: female	102:100	The sex ratio is higher in urban areas (104 males per 100 females) than in rural areas (101 males per 100 females).
Sources: Social Development in Pakistan, Annual Review 2007–08: Women at work. Social Policy and Development Center (SPDC), Karachi, Pakistan. DHS (2007–08) & UNDP Report 2009.		

To an informed eye the disparity in the ranking of the country on HDI and GEM would definitely appear strange Pakistan achieved reasonably graceful score on GEM due to 33% women⁹ in the Parliament. However, these women are from the perpetually ruling elites and/or connected to the corridors of power. Hence, the common, poor or middle class woman, who is a paid or unpaid worker in the labour market, was again missed out and what is measured as empowered women or indicator of gender equality and empowerment effectively and cleverly excludes such women.

⁹ "In October 2002, the Pakistani women entered the legislative corridors in the unprecedented numbers...Quotas are short gap measures, which further bring up a number of problems."
Source: Revisiting Reservation by Gulmina Bilal. FNF, October 2006.

The plight of this category of women may be deciphered from the statistics given in the following matrix:

Matrix 2: State and status of some specified groups of Pakistani women through selected indicators.		
Indicators	Value	Remarks
Percentage of currently married women	62%	Child bearing age (15–49 years)
Percentage of divorced, Widows or separated women	3%	Child bearing age (15–49 years) Independent data shows alarming increase in divorce rates in Pakistan in urban settings.
Proportion of never married women (45–49 years)	1%	This indicates that marriage is still almost universal in Pakistan.
Percentage of disabled population	10%	Post-earthquake ¹⁰ data on changing patterns of disability has yet to be documented in research in Pakistan
Percentage of never married women	35%	Child bearing age (15–49 years)
median age at first marriage (boys and girls)	19.1	Increased over last 16 years from 18.6 years in 1990–91 to 19.1 in 2006–07.
Participation rate of women in labour force	20.8	For the year 2007 according to International Labour Organization.

¹⁰ On Oct 8, 2005, Pakistan faced a great tragedy when an earthquake shook and shattered the lives of many in Khyber-Pakhtoonkhwa, former NWFP and Azad Kashmir. Women who became paraplegic were divorced by their husbands. The widows especially the young ones were forcibly remarried by male relatives to gain rehabilitation funds.

Labour force for women	22%	Increased from 9% in 1971–72 to 22% in 2007–08.
Percentage of women in agriculture sector	74%	Mainly in activities related to livestock.
Percentage of urban women in different sectors	- 28% textile - 20% in social & community services - 16% in Agriculture - 13% in household services	
Overall share of females in formal sector in economy	7%	Declining and same is true for the informal sector.
Men entrepreneurs	400,000	
Women entrepreneurs	5,000	Small enterprises
Male : female workers	4:1	
Fall in unemployment rate for women	8.6%	2007–08 but higher with males 4%
Employed women in different occupational categories	-77% in elementary - 20% in mid-level - <3% in high-level	Vertical gender segmentation exists in labour market
Share of employed men in high-level occupation categories	18%	

Gender gap	132 out of 134	This is the ranking among Asian countries, according to the Global Gender Gap report Pakistan, 2009
Economic empowerment	132 out of 134	Ibid.
Health empowerment	128 out of 134	Ibid.
Gender wage gap	More than 33%	
Sources: Social Development in Pakistan, annual review 2007–08: Women at work: Social Policy and Development Centre (SPDC), Karachi, Pakistan. DHS (2007–08) & UNDP Report 2009 (www.weforum.org/pdf/gendergap/report2009.pdf)		

1.1 The disadvantages of a common Pakistani woman

The disadvantages of a common Pakistani woman¹¹ (every woman does not have all of it but a common woman does have many of them and at different stages) can be listed as follows (most of these can be verified through the data given in the table):

1. Discrimination before birth and afterwards. There is little evidence of prenatal sex selection in Pakistan, but the prevailing sex ratio reflects relatively poor treatment of girls after birth, rather than female feticide or infanticide. This phenomenon has been called “extended infanticide”. Where girls have an elevated mortality rate in childhood because they may be denied inputs like food, nutrition and health care.
2. Lesser or no choices in marriage. Legal rights experts, scholars and human rights organizations in Pakistan agree that the girls and

¹¹ Data sources: Annual reports from MHHDC (2000), SPDC (2009) & The World Bank(2005).

women continue to confront profound disadvantages in marriage and divorce.

3. Psychiatric illnesses are not recognized by masses and do not gain any attention or relevance in general policy or even in health policy discourse.¹² However large studies done by reputed academic institutes revealed that twice as many women as men sought psychiatric care and that most of these women were between 20s and mid-40s. The consultation stimuli were conflict with spouse and in-laws. Interestingly, 50% of these women had no psychiatric diagnosis and were labelled as distressed women. 28% of women suffered from depression or anxiety, 5-7% had personality or adjustment disorders and 17% had other disorders. A study on suicidal patients showed that the majority of the patients were married women. The major source of suffer was conflict with husband (80%) and conflict with in-laws (43%). The distressed women were aged from 20 to 45 years. Most of them had a Bachelor's degree and had arranged marriage relationships for four to 25 years with two to three kids, and the majority worked outside home (running small business, teaching or unpaid charitable community work or involved in voluntary work).

4. Harmful cultural practices like dowry systems, *watta satta*, *vanni*, honour killing etc.

5. No concept of Reproductive Health Rights for a vast majority of women. Gender inequities translate into low investments for women and girls.

6. Lesser and/or denial in the share of inheritance. To grasp the complexity of inheritance practices involving Pakistani women, one must be aware of the legally pluralistic nature of family laws in Pakistan

¹² Data source: Unaiza Niaz: Women's mental health in Pakistan, *World Psychiatry*. 2004 February; 3(1): pp. 60-62. downloaded from www.ncbi.nlm.nih.gov.

as well as distinctions between Islamic laws (sharia), customary law and state law. Women who inherit some share from the property mostly give up in favour of their brothers and or sign some form of mukhtaarnaama (power of attorney).

7. Limited or no job opportunities/gender discrimination for women at work. One manifestation of an enormously influential cultural norm is the restriction on women's mobility. The safety of females in public spaces is a constant worry for urban and rural families alike.

8. Gender discrimination in the labour market as may be verified by the fact that women are highly disadvantaged in accessing paid jobs. Similarly, women have fewer chances to get jobs at high level occupations as compared to men.

9. There is widespread prevalence of sexual harassment and violence against women at work places

10. The situation of women is further complicated by complicated legal procedures, gender bias of the judiciary and law enforcing agencies, intentional bureaucratic delays, high court fees and corruption of the judiciary. As such, it is made extremely difficult for women to enter into litigation to get justice.

The recent economic crisis has further limited choices available to women. Several studies showed that Pakistani women from lower and lower-middle economic strata, when faced almost never ending poverty and starvation, made difficult choices like suicide, killing of their kids and later killing themselves, abandoning and or selling their children. The worst case scenario in the context of conventional morality is that women are turning to prostitution or becoming sex workers. This phenomenon is a common sight not only in major urban centers of Pakistan but also in the semi-urban settlements.¹³

¹³ Data source: SPDC (2009). PP. 110—113

What is the “new” idea – a dream?

This is all about a dream – about common Pakistani women who by no means are a homogenous category. This new idea¹⁴ or dream is specifically about those Pakistani women who are divorced, divorced mothers, disabled or never married (above the age of 40). I am interested in their economic empowerment only. When this idea was initially communicated (through the forum of *sinf surat*, use of social media (facebook and blog) and journalistic writings) I came across people whom I label as sceptics and opponents (see Annex 1 for chronology of events).

In the following section arguments of opponents and sceptics are taken into account by *sinf surat* in the specific context of Pakistan.

Why women only should get concessions?

It is globally accepted that women have more disadvantages than men, even in similar conditions. The situation is no different rather more difficult for a vast majority of women in Pakistan.

Governance, laws and their implementation and interpretation require a revisit. Unfortunately this Islamic Republic is not a welfare state and unlike gender based affirmative action that is common in the US, or Spain and Norway who have introduced in 2007, a stringent quota systems for female and public support for child care that is common in many European countries or Sweden which has recently reformed paternal leave policies with the goal of inducing males to stay more at home with children, and females to participate more continuously in the labour market. No such visible action other than hollow activism on gender endorsing elitist consensus are found here.

¹⁴ New is a relative term. In this old world nothing is absolutely new. Many dreamt simultaneously without each other’s knowledge while many wizards experimented, innovated, theorized and/or invented something that changed the world in good way or bad, or both.

Why unmarried women (above 40 years of age) should get concessions?

Marriage, in spite of increasing divorce rate in Pakistan, is still an intact institution. Getting married is seen and believed as a religious and moral obligation by the vast majority. The institution and custom of dowry (a form of violence sanctioned in the name of culture and misinterpretation of religion) makes marriage a nightmare for most of the poor, low and middle class families. According to an estimate nearly 10 million girls in Pakistan (below the age of 40) cannot get married because of lack of resources to meet the expenses of marriage and expectations of the potential in-laws. Leaving aside a few exceptions, women/girls above 40 (this is the maximum relaxation) are not even considered for marriage proposals. So what are the options? And please don't think that marriage of woman above 40 years is not permissible and or possible.

Why divorced women should get concessions?

They are the most discriminated socially and culturally. They bear the burden and consequences of “social dishonour” and discomfiture. Their children have a complex set of unique problems and issues. Young divorcees/mothers in particular are more vulnerable to harassment at work places. Men as husbands and fathers are seldom responsible and the common practice is to abandon the wife and children both (in some cases, father claims only the boy child). Therefore, such women are more likely to face economic hostilities. Brothers and Fathers of such women, even if sympathetic, may not be able to support them economically and that too unconditionally because of their own financial crunches, family obligations and socio-cultural pressures. Alimony, different from child support is misunderstood in Pakistan. The laws in the West cannot be exactly implemented in Pakistan. The closed doors of “ijtehad” should be opened and some if not all inspirations should be drawn from the legacy of Shah Bano¹⁵ case.

¹⁵ Shah Bano, a 62 year old Muslim woman and mother of five from Indore, Madhya Pradesh, was divorced by her husband in 1978. The Muslim family law (marriage, gifts, inheritance, adoption and a few other civil laws are under the purview of personal laws in India—they are different for Christians, Muslims and Hindus) allows the husband to do this without his wife's consent: the husband just needs to say the word Talaq before the witness/es for a valid divorce. Shah Bano, because she had no means to support herself and her children, approached the courts for securing maintenance from her husband. When the case reached the Supreme Court of India, seven years had elapsed. The Supreme Court invoked Section 125 of Code of Criminal Procedure, which applies to everyone regardless of caste, creed, or religion. It ruled that Shah Bano be given maintenance money similar to alimony. The orthodox Muslims in India felt threatened by what they perceived as an encroachment of the Muslim Personal Law, and protested loudly at the judgment. Their spokesmen were Muslim community leaders MJ Akbar and Syed Shahabuddin; they formed an organization known as the All India Muslim Personal Law Board and threatened to agitate in large numbers in all major cities. The then Prime Minister, Rajiv Gandhi, agreed to their demands and cited the gesture as an example of secularism.

The Shah Bano case has led to Indian Muslim women receiving a large, one-time payment from their husbands during the period of iddat, instead of a maximum monthly payment of Indian Rupees 500 (around 10 US \$ per month). Cases of women getting lump sum payments for lifetime maintenance are becoming common.

Sources: www.individivorce.com/shahbano-case. www.ojls.oxfordjournals.org. www.ithaca.edu/shahbano.doc, www.uiforum.uaeforum.org/Shah-Bano and www.en.allexperts.com/shah_bano_case.

Excise and Taxation Department would face a conflict of interest. Their function is to increase the revenue.

Yes, but usually taxation systems knowingly and unknowingly both are taxing the poor while mighty ones evade the taxes. Further, the guesstimated number of such women would not be high enough to collapse the revenue generated by these departments rather such a concession may encourage the employers to hire such women.

What if a divorcee gets married again?

Then she can always declare her changed marital status on tax returns. However, getting married again for a divorced mother may not be a justifiable reason to give up this exemption because not all step fathers are ready to support their step children. Divorced women without issues, too, many a times support their parents and siblings. Thus, a policy framework and legislation having the capacity to treat individual cases equitably would be required.

Many families/women, who do not disclose their marital status for “honour reasons”, may face huge social humiliation and may become more vulnerable to social injustices.

Effective and continued advocacy may produce different results. When people become aware and sensitized and are convinced of the social benefits they may eventually demonstrate a shift in their attitudes. Further, the harsh economic realities in Pakistan have already started the “elastic empowerment” of women and girls from originally conservative social origins.

These questions if examined through rigid tools of technical assessment may never be answered but if examined with consciousness of the existing practices in Pakistan, one can immediately see the lack of substance in such arguments. Those who can see with empathy would strongly endorse relief in the taxation for the identified groups of Pakistani women.

Besides, worldwide researches and experiences have repeatedly demonstrated that Societies with high levels of economic freedom enjoy much higher levels of per capita income than those that are repressive. There is also a striking relationship between economic freedom and gender equality (Miller, 2008).

1.2 The study & the rationale of the study

In the context of the fact and figures mentioned in the preceding sections, sinf surat undertook a short and simple qualitative exploratory study that was conducted between October 2009 and March 2010. No earlier work has been done on this issue of providing an opportunity of economic empowerment of certain special groups of Pakistani women who are subjected to social poverty and stigma besides economic disadvantages through tax relief as their right by the State in Pakistan.

Therefore, the research based ideas and information contained in this book are aimed to pioneer and promote an advocacy policy dialogue on this multi-faceted issue. Gender empowerment and equality measure cannot follow one size fits all, and a specific policy, set of programs and actions are required to address concerns (said and unsaid) of the identified groups of women that are and can be a significant contributor towards national economy in formal and informal sectors. Economic empowerment of women is one of the many strategies to elevate the status of women and make them liberated. Tax reforms for forgotten groups of women can be one way of doing so. The State cannot change the mindset of a common man or collective psyche of a society enslaved by patriarchal norms and values but it can reflect its own mindset-

progressive and liberated by taking certain measures as policy actions that can offer token honour and practical relief to the disadvantaged if not stigmatized women.

It goes without saying that the purpose is not to impose any personal ideology or to lament existing gaps. Furthermore, this book does not provide any magical recipe derived from economic theories and statistical formulae. It is merely an attempt to initiate the building of a case for untargeted communities of women for their plausible inclusion and contribution in national economies.

1.3 Methodology and data sources employed

Exploratory, Qualitative Research for primary data:

Responses, reactions, perceptions and perspectives from the following five groups (ten categories) of stakeholders and/or duty bearers were collected through face to face communication, telephonic and or e-communication. Many were followed with the follow up queries and clarifications where deemed necessary.

Group 1:

Category 1: Politicians and/or Legislators:

The respondents included those who are currently associated with a recognized political party in Pakistan (irrespective of its ideology or ideological shifts) and/or a legislator. The politicians and/or legislators (Category 1) were sent a questionnaire and a face to face, e-interview and/or telephonic interview was obtained.

Group 2:

All respondents from the following three categories were administered the same questionnaire.

Category 2: Economists (From public & private universities / academic / research institutions/sectors):

The respondents included experts in economics.

Category 3: Journalists (Urdu/English/print & electronic):

The respondents included those journalists who regularly cover business, finance and economy. Due to non-availability of women journalists with the required criteria, three women journalists who cover gender, women including women's economic issues were included in this category.

Category 4: Tax Experts (lawyers, accounts and finance experts):

The respondents included those who have established reputations as the experts on tax laws and related matters and are currently practicing.

Group 3:

All respondents from the following four categories were administered the same questionnaire.

Category 5: Civil Servants of Pakistan (CSP):

The respondents included those who are or were with FBR, ENT, Finance and Trade related departments and ministries.

Category 6: Communication & Media Experts/Practitioners (media & NGOs):

The respondents included those who are actively involved in development communication, gender, women issues and innovation.

Category 7: Development Experts/Practitioners (NGOs & donors):

The respondents included those who are human rights/social sector development leaders/activists/practitioners in social sector development in their personal or organizational capacity.

Category 8: Gender Experts/ Practitioners (Public, Private & NGO Sectors):

The respondents included those who are working as the gender experts as full time employees or consultants in reputed international and national organizations.

Group 4:

Category 9: Entrepreneurs (women and men):

The respondents included those small to medium level people (literate and illiterate, tax payers and non tax payers) who are willing to enhance their skills in business and are currently operating it.

Group 5:

Category 10:

Included divorced women, divorced mothers, and disabled women, never married (above 40 years of age disabled women), disabled and never married women, widows and male relatives of such women. A selection of ten case studies and critical narratives from these respondents has been included to reveal the humane face of the issue.

Sampling:

A purposive sampling of 100 ideal respondents was done and a total of 229 "ideal respondents" were reached out and selected for this study.

A purposive sampling for each group and the related category/ies was done as follows:

Matrix 3: Distribution of the identified ideal respondents and the turn over						
Category	No. of Identified ideal Respondents	No. of Identified ideal Respondents M:F	Total No. of Respondents	M:F	Geographical Coverage	Response Rate
Group I/Category 1	14	08:06	09	5:4	All Pakistan	60%
Politicians/Legislators	14	08:06	09			
Group II /Categories 2,3,& 4	50	42:08	22	18:04	All Pakistan	44%
Economists	15	13:02	07	6:1	¹⁵ Islamabad, Sindh & Punjab	47%
Journalists (print & electronic who cover industry, business, tax and finance)	20	17:03	08	7:1	All Pakistan	40%

¹⁵ Ibid.

Tax experts	15	12:03	07	5 : 2	Islamabad, Khyber Pakhtoonkhwa & Punjab ¹⁷	47%
Group III/Categories 5,6,7 & 8	80	40:40	48	25:23		60%
CSP Officials	20	10:10	05	5:0	All Pakistan	25%
Communication & Media Experts/Practitioners	20	10:10	16	8:8	All Pakistan	80%
Development Experts/Practitioners	20	10:10	20	10:10	All Pakistan	100%
Gender Experts/Practitioners	20	10:10	07	2:5	All Pakistan	
Group IV / Category 9	35	20:15	29	15:14		83%
Entrepreneurs	35	20:15	29	15:14	¹⁸ Khyber-Pakhtoonkhwa, Punjab & Sindh	

¹⁷ This pertains to current postings and not a determination of their limited experience which is established at national and international levels.

¹⁸ Ibid .

Group V/Category 10	50	04:46	37	2: 35	74%
Women-special groups	50	04:46	37	2: 35	¹⁹ Khyber Pakhtoonkhwa, Punjab & Sindh
Five groups/ten categories	229	114:115	145	65:80	63%

Some respondents have diverse expertise but they are put in a specific category in view of their core expertise. For instance economists are academicians and development experts both but they were assigned the category 2. Similarly experts and practitioners in Communication, Media, Development and Gender were put together in their respective categories. CSP included current and former officials who are or were attached to the concerned Tax departments.

List of the respondents (Category 2–7) is attached as Annex 2.

The selection criteria included:

- Willingness to participate in the current exercise and further discourse
- Access to telephone and/or internet (not for all respondents in categories 1, 9 & 10)
- More than eight years of relevant and active experience in the identified core expertise (except for the respondents in category 9 & 10)
- Enjoy credibility in their respective area of work and/or (except for the respondents in category 9 & 10)
- Relatively easy to access

Desk review for the secondary data analysis

This aims to share the key trends at international and national levels regarding women empowerment, gender equality in the specific context of taxation and to highlight the missed out women groups.

Author's own observations based on personal and field experiences as a media professional, public health professional, gender practitioner, activist, organizational head, and social entrepreneur, spanned over a period of nearly 18 years.

Biases and limitations:

Biases included selection bias in sampling, observation bias, empathy bias, passion bias and convenience bias. Dearth of economic terminologies, time and monetary constraints emerged as the limitation if this research has to be gauged from strict technical criteria. However, to avoid any miscommunication or error in understanding or mar the quality of research the entire process was supervised at each and every step by the author with the clear and conscious understanding that most of the respondents included in the study can influence public policy. But this sample by no means is a representative sample.

Structure/organization of the book:**This book consists of six chapters.**

The current chapter would be followed by a chapter that gives an instant review of major trends and discourse in taxation with respect to women and gender perspectives, both at global and national levels. This by no means should be equated as a comprehensive literature reviews done for a scientific/academic study.

Chapter 3 contains telephonic, electronic and face to face interviews with politicians and legislators.

Chapter 4 concentrates on human face of the issue and documents the view points of experts and practitioners from groups 1, 2 & 3.

Chapter 5 concentrates on humane face of the issue. Some soul searching stories of the real people constitute this chapter.

The final Chapter 6 analyzes the entire exercise, identifies certain challenges and certain recommendations and identifies a way forward for the policy makers and the civil society organizations.

2. Gender and Taxation

In terms of policymaking, of course, our ultimate goal is to come up with equitable macroeconomic policies, including gender-sensitive policies. So the most obvious example is the example of fiscal policy. One of the things that we argue, and that lots of other people have of course argued for some time, is that fiscal policies have political and social content. Fiscal policy is fundamentally a policy of distribution: how do you allocate public expenditures and from whom you collect taxes. We promote pro-poor fiscal policy as well as gender-sensitive budgets or gender-equitable

budgets - there are many terms for this...the outcomes of macroeconomic policy, whatever policy you are adapting, are always mediated by social relations, including gender relations.

Prof. Nilufer Cagatay.

Is it fair to give more income tax exemption to women? This question has been raised in many developing countries. There is no definite and final answer as yet. So, how does one deal with a more humane view of women having to pay taxes while balancing it with the need to get as many tax rupees from all citizens irrespective of gender to run the country? One solution is what's called the 'Ramsey taxation principle'²⁰, which states that a good whose demand (or supply) is more elastic – i.e., responsive to prices – than another one, should be taxed at a lower rate. The reason is that the more responsive the equilibrium quantity of the good is to prices, the more the tax distorts the allocation of resources. When applied to people this principle is proven by econometric studies: women's labour supply is more elastic to wages than that of men, as is the case in Pakistan. So if we were to increase taxes for men and reduce taxes for women, the increase in female labour supply would be larger than the fall in male labour supply. In short, a good tax goal could be to achieve equality between men and women by first allowing women to pay lower taxes than men until 'equality' is achieved. When that goal is reached, the affirmative action gender tax can be removed.

This chapter looks into these disregarded but explosive issues through a short review of the purposively selected published academic, activist and advocacy journalistic literature. The contents are broadly divided into Global and National Literature Review.

²⁰ The Ramsay Principle is the abbreviated name given to the decision of the House of Lords in two important cases in the field of UK tax, reported in 1982: *Ramsay v. IRC*, the full name of which is *W. T. Ramsay Ltd. v. Inland Revenue Commissioners, Eilbeck (Inspector of Taxes) v. Rawling*, and its citation is [1982] A.C. 300. *IRC v. Burmah Oil Co. Ltd.*, the full name of which is *Inland Revenue Commissioners v. Burmah Oil Co. Ltd.*, and its citation is [1982] S.T.C. 30, H.L.(Sc.). Source: Rakhshinda Perveen and Adnan Rehmat in *The News on Sunday*, 15th November 2009.

2.1 Global Literature Review

Todaro (1997) while advocating for the need to go beyond simple economics argues that specially in the Third World, economics and economic systems must be viewed in a broader perspective than that postulated by traditional economics implying that they must be analyzed within the context of overall social system of a country and indeed within an international, global context as well. He further contemplated that “just as some economists occasionally make the mistake of confusing their theories with universal truth”, so they also sometimes mistakenly dismiss the non-economic variables as a “non-quantifiable” and therefore of dubious importance. Yet, he concluded that they often play a critical role in the success or failure of the development effort.

Globally, there are consternation and concerns that many tax codes are biased against women, and that contemporary tax reforms tend to increase the incidence of taxation on the poorest women while failing to generate enough revenue to fund the programmes needed to improve these women’s lives. Because taxes are the most serious and strategic source of revenue governments themselves raise, understanding the nature and composition of taxation and current tax reform efforts is a recipe to reducing poverty, providing sufficient revenue for public expenditure, and achieving social justice.

Three principles outlined by CEDAW are particularly relevant to gender equality and have been articulated in most of Asia-Pacific constitutions. These are the State obligation, the principle of equality, and non-discrimination (Agarwal 2002). State obligation may be legally defined but also is a matter of political commitment and philosophy. It is premised on that notion the “State should be an architect in eliminating gender discrimination, in law and legal practices rather than leaving it solely up to free market forces, for example, or the less predictable process of social change over time” (UNDP 2010).

There is formal equality in Ghana's personal income tax system. The tax laws do not explicitly differentiate between men and women. The tax rates are the same irrespective of the sex of the individual. The tax laws do not make reference to the marital status of the individual except with respect to the reliefs provided to married dependent spouses. Oudaro (2009) in his research report "Gender and Taxation: case of Ghana" concluded that the evidence on substantive equality presents some negative and positive elements with respect to women. The tax system in Ghana discriminates against single earner households many of which are headed by women. On the other hand the marriage/responsibility allowance provides valuable relief to households headed by widowed, separated and divorced persons, the majority of whom are women. These households on average tend to contain more children than similar households headed by widowed, divorced or separated men. It is recommended that the value of the responsibility relief should be increased and graduated. The value of the relief should decline as the income of the individual increases above a threshold level. He further recommended an element of targeting to increase the value of the relief to low income households without burdening the budget. Recognizing that the negative effects of fiscal drag on low income persons impacts a higher proportion of women in the tax net compared to men, because a larger proportion of women have incomes in the first income tax bracket, he also recommended that income tax bands are adjusted more frequently to protect the real disposable income of low income tax payers. Fiscal drag when it occurs is a source of revenue to central government. It is therefore recommended that government strengthens its tax collection mechanisms to reduce tax evasion as a means of maintaining and if not increasing its tax revenues.

IDRC²¹ (2000) has initiated a project (2006–2009) under the leadership of Prof. Caren Grown, on "Gender and Taxation" by systematically investigating gender bias in tax policies and tax reforms in several countries, the project intends to fill this critical knowledge and policy gap.

²¹ www.idrc.ca

The project has examined various alternative tax regimes in terms of how well they address the goals of raising revenue and promoting gender equality objectives. The main expected outcome of this project is deeper understanding of the gendered impacts of tax policies and tax reforms in countries at various levels of development from an inclusive growth perspective. More specifically, the project hopes to contribute to improved understanding of key stakeholders (parliamentarians, tax-policy officials, civil society organizations) of the gender dimensions of direct and indirect taxes, where there are biases and how they can be remedied in ways that promote both equity and growth in the context of globalization. The project will also pioneer new research methodologies, foster their application, and establish a network of research and policy analysts poised to play a prominent role in further developing policy analysis of gender and taxation.

In USA, the Innocent Spouse Doctrine comes into play when one spouse deceives the other about income, tax payments, or both. Signing a joint income tax return can be costly if your spouse hides income or fails to properly pay taxes. In the eyes of the IRS (Internal Revenue Service), “your signature makes you equally liable with your spouse for taxes due, including interest and penalties. Taxpayers who are no longer married or who are legally separated also may use the Innocent Spouse Doctrine to seek ‘Separation of Liability Relief’. The Innocent Spouse Doctrine was established by tax law changes enacted on July 22, 1998, so the doctrine only applies to collection activity initiated after that date” (Dernovsek 2003).

“It would be odd to keep tax break for divorce but not for marriage”, The Guardian (1999) commented when it was found that nearly 300,000 divorced parents, mainly men, will lose £4 a week from a hidden clause in Gordon Brown's Budget scrapping tax relief on child maintenance payments. It further observed that the abolition of tax relief on maintenance payments from April 2000, was not mentioned in the

Chancellor's Budget speech, but it was clearly spelt out in the Red Book, which sets out the details of Brown's measures. Even so, the disclosure was certain to renew Tory accusations that Brown is increasing tax by stealth.

Alesina et al. (2007) in their analysis on gender based taxation as a potential tax policy stated that according to optimal taxation theory, a benevolent government should tax less the goods and services which have a more elastic supply. Further, women labour supply is more elastic than that of men. Therefore, tax rates on labour income should be lower for women than for men. This argument is well known in the academic literature, but it is not taken seriously as a policy proposal. It is surprising that while the simple proposal of taxing women less than men has never been "on the table", a host of other gender based policies are routinely discussed, and often implemented, such as gender based affirmative action, quotas, different retirement policies for men and women, and also indirect gender based policies like child care subsidies, and maternal leaves. This study found this "puzzling in light of the basic economic principle that policies interfering with 'prices' (such as the tax rate) are considered superior to those interfering with 'quantities' as affirmative action or quotas in the market."

A proposal to tax women less than men is garnering popular and political attention – having been proposed by the Spanish opposition party in 2008 in its campaign platform. Gilles Saint-Paul (2008), one of Europe's most eminent labour economists makes the counter argument as follows:

"A few centuries back, Europe was under a feudal system. A self-appointed caste of aristocrats was supported – thanks to the labour of the laymen. The system was based on the latter having fewer civil rights than the former; they had to pay high (mostly in kind) taxes, so that the nobility did not have to work for a living. Predictably, at some point such a system was deemed unfair. The people of the Enlightenment abolished the privileges of the nobility and wrote constitutions stating that all citizens

were equal before the law. In recent papers and Vox columns, Alberto Alesina, Andrea Ichino, and co-authors propose to overturn these constitutions and to restore some fiscal privileges based on a birth characteristic: sex. That is, they propose that women pay less taxes than men, everything else being equal. This proposal has long been associated with a fringe of radical feminism, so it surprises me to see it coming out of mainstream economics and the academic establishment. In fact, it is becoming so mainstream that Spain's allegedly conservative Partido Popular has a tax break for female workers in its platform for the next election. Given that the ruling Socialist Party is unlikely to oppose such a progressive measure, the Spaniards will have gender-biased taxation whether they like it or not. This will probably remind them of the good old days of Franco."Saint-Paul strongly holds the opinion that despite being disguised as a tax break for women with no mention of the fact that men will have to pay more taxes to finance it, the Alesina et al. proposal will nevertheless be perceived as unfair by many men who will retreat from the labour market."

Saint-Paul has given several arguments that can be summed up as follows:

- **Economic argument:** "A central argument is based on the so-called 'Ramsey taxation principle', is not a totally convincing argument because increasing GDP is not a goal in itself. The Soviet concentration camps increased GDP but that does not mean we should have them. But instead of looking at GDP you can prove that some utilitarian social welfare measure (i.e. some abstract quantity which supposedly adds welfare across individuals with different identities and preferences) goes up if we allow for 'gender-based' taxation. That is, according to this criterion we increase the welfare of women by more than we reduce the welfare of men. And if 'society' (up to now) wrote down constitutions saying citizens are equal before the law, while

our utilitarian social welfare functions say that some should be more equal than others, it is unlikely that these welfare functions represent the social preferences implicit in those constitutions.”

- **Winners and losers:** “While some dubious measure of aggregate welfare would go up, gender-biased taxation would clearly create losers. The welfare of single men would fall, as would that of married couples where the man has substantially more skills than the woman. It is not possible to make everybody better-off by means of a transfer from gainers to losers. For example, a single man who faces a higher marginal tax rate on his labour income would have to be compensated by a higher lump-sum transfer equal, at the margin, to the increase in the taxes he pays. But it makes no economic sense to increase somebody’s taxes in a distortionary way and compensate them with a transfer. In other words the compensatory scheme would have to be financed by higher distortionary taxes on women which would eliminate all their gains.”
- **Gender Neutral alternative:** “It remains true that there is a case for taxing marginal hours at the household level at a lower rate than infra-marginal ones. But this can be achieved by a gender-neutral reduction in the tax rate on the secondary earner’s hours (which could well also apply to the primary earner’s marginal hours such as overtime). And since such a scheme can make the household better-off by supplying more hours without reducing the total taxes they pay to the government, one can actually leave the household free to choose between that and a more traditional tax schedule.”
- **Abolishing equality before the law is wrong and dangerous:** “All these are practical objections which suggest that the supposed gains from gender-biased taxation may turn out to be much smaller than the authors think. But my opinion is that such a proposal is both wrong and dangerous not because of these practical shortcomings but because it is about abolishing equality

before the law. The authors do not seem to realize that they are contributing to the decay of our democratic institutions.”

- **Equality before the law as safeguard of liberal democracy:** “So, game is being played here? ‘Equality before the law’ was written in constitutions by the people of the Enlightenment not only because they genuinely believed in it, but as a safeguard to prevent democracy from degenerating into tyranny. Absent of individual rights, a majority can impose arbitrary harm to a minority. The constitution defines the rights that the individual has that cannot be overturned by majority rule. Now, given that men and women have many stakes in common, a men vs. women split could seem unlikely. But the decline of marriage and the fall in fertility have reduced these common interests; and the rise of ‘political correctness’ has led us to a situation where men are the only minority that can be played against for electoral gains. So I believe we are in fact entering a dirty – and most dangerous – round of divisive identity politics.”

The three economists (Alesina, Ichino & Karabarbounis) advanced the policy answer to the critics by taking a very clear, informed and genderized position. Alesina et al. (2008) argued that that it is also a duty of the State to remove the economic and social obstacles that de facto prevent the freedom and the equality of citizens, the full development of their personality and their successful participation to the political, economic and social life of a country. According to their study this is precisely the reason why tax systems in many countries effectively do not treat all citizens equally, via progressivity and tax deductions, but no one seems to worry that “this is bringing us back to Louis XVI.” They further emphasized that many, if not Gilles Saint-Paul, believe that men and women are not equal for biological, cultural and historical reasons, which do not need to be spelled out here. “What we claim,” specifically, is that the way in which family chores are currently divided across genders within families may generate obstacles to free and egalitarian participation of women in the labour market. “This is enough to consider seriously our proposal, in the

light of the Constitutional principle outlined above, without worrying that it opens the door to a sensational come back of the Ancient Régime. Our proposal should be judged on other grounds: those of economic efficiency and political feasibility.”

In Italy, a country where low participation of women in the labour force is especially notable, two members of the Parliament, one from the right and one from the left, have jointly proposed a law that goes in the direction that was suggested by Alesina et al. (2008), suggest acts on tax deductions rather than tax rates. The government of Romano Prodi has adopted a somewhat convoluted policy that mixes tax incentives to hire women and incentives to move activities to the South. One of its Ministers, Emma Bonino, has initiated a study which includes an analysis of “our proposal. Thanks to the bipartisan support that it has received, this analysis is likely to continue with the next government. Discussion about our proposal has been intense in Germany, Austria, France and Denmark” (Alesina et al. 2008).

Alesina et al. (2008) further advocated the idea by emphasizing that first it should be introduced not “in addition to” but largely “instead of” a variety of other policies already in place that favour women, like quotas, affirmative action, publicly supported child care facilities and care for the elderly. Often people who object to gender-based tax rates as favouritism to women seem to happily tolerate these other policies that are likely to be much more distortionary and less effective. Secondly, it should be clarified that this is not a policy for women against men but a policy that may favour households as a whole by helping realize a possibly more efficient allocation of duties and market activities across genders, which will increase overall household disposable income. Third, and precisely for this reason, it is like to be successful because it has a “bipartisan” nature. Namely, it should not be feared (by the left) as a convoluted way of reducing taxes tout court to cut welfare spending, while it should not be viewed (by the right) as a feminist policy that imposes constraints on markets. Fourth, the policy can and should be adopted in a deficit neutral

way (thanks to the existing difference in labour supply elasticities of men and women). But perhaps more interestingly, from the public deficit viewpoint, "our proposal should be particularly appealing to those governments that are considering tax cuts, because by concentrating these cuts more on women than on men, the fiscal stimulus to the economy would be stronger. So the same average tax cut would generate a lower deficit if concentrated on women. Finally, gender based taxation does not conflict with the implementation of the degree of fiscal progressivity that each society prefers."

In India (PTI, 2005), The government has amended the Finance Bill 2005–06 by diluting the controversial fringe benefit tax, exempting savings account from the 0.1 banking cash transaction tax and raising income tax exemption limit for women and senior citizens. Giving further relief to women and senior citizens, Finance Minister P. Chidambaram has raised the income tax exemption limit for women by another Rupees 10,000 to Rupees 135,000 and for senior citizens by additional Rupees 35,000 to Rupees 1,85,000. The tax-paying individuals are entitled to more benefits this fiscal. Pranab Mukherjee has eased the tax burden and has provided relief for specific groups of people like senior citizens, physically handicapped and women. The Finance Minister, in his union budget for 2009–10 rather has increased the personal income tax exemption limit by Rupees 10,000 for individual tax payers, raising it to Rupees 160,000. A similar increase for women raises the ceiling to Rupees 190,000. He raised the tax exemption limit for senior citizens by Rupees 15,000 to Rupees 240,000 from the current Rupees 225,000.

As countries pursue the twin objectives of economic growth and poverty reduction, it is critical to understand the nature and composition of taxation and tax reform efforts, the gender biases that may exist, and the equity and welfare implications. "We see no reason why Gender Based Taxation (GBT) should not be an excellent horse in a race with all these alternative policies. In fact our basic economic intuition regarding the superiority of price incentives versus quantity restrictions or regulations

would make GBT a favorite in the race, but we still have to run it.” (Alesina et al. 2007).

2.2 National Literature Review

In a social milieu defined by patriarchy and men-friendly interpretation of the state religion, which permeates all aspects of life, it is unsurprising why like most other laws the taxation laws too are ambiguous, unfair, unrepresentative and gender-blind when it comes to women.

Pakistan's taxation system does not embrace a satisfactorily nuanced system of identification and categorization among potential taxpayers. For all practical purposes, it shifts the burden on the taxpayers mainly according to their incomes and ability to pay. Little consideration is given to social inequities and deprivations made worse by a non-enabling environment for probably the most outstanding category of eligible citizens: women. While unacceptable in the casual formality of the rigid tax laws, it is not surprising.

A sketch of taxation system in Pakistan (copied from various web sources²²) can be presented as follows:

Federal taxes in Pakistan like most of the taxation systems in the world are classified into two broad categories, viz., direct and indirect taxes.

Major sources of Tax Revenue in the country are federal taxes comprising of Income Tax, Sales Tax, Custom duties and Federal Excise Duty.

²² www.asiatradehub.com/Pakistan/tax1.asp, www.highbeam.com/doc/1G1, www.allbusiness.com/legal/tax-law/richpaki.tripod.com/taxweb.htm, openlibrary.org/b/OL3014564M accessed between 15th March–5th April 2010.

A broad description regarding the nature of administration of these taxes is explained below:

Direct Taxes

Direct taxes primarily comprise income tax, along with supplementary role of wealth tax. For the purpose of the charge of tax and the computation of total income, all income is classified under the following heads:

1. Salaries
2. Interest on securities
3. Income from property;
4. Income from business or professions
5. Capital gains; and
6. Income from other sources.

Personal Tax

All individuals, unregistered firms, associations of persons, etc., are liable to tax, at the rates ranging from 10 to 35 per cent.

Reliefs

- Intercorporate dividends declared or distributed by power generation companies are subject to reduced rate of tax, i.e. 7.5%.
- Dividend income received as below enjoys tax exemption, provided it does not exceed Rupees 10,000/.
- Dividend received by non-resident from the State enterprises Mutual Fund set by the Investment Corporation of Pakistan.
- Dividends received from a domestic company out of income earned abroad provided it is engaged abroad exclusively in rendering technical services in accordance with an agreement approved by the Central Board of Revenue.

- A person resident in Pakistan is entitled to a relief in tax on any income earned abroad, if such income has already been subjected to tax outside Pakistan. Proportionate relief is allowed on such income at an average rate of tax in Pakistan or abroad, whichever is lower.

Sales Tax

- Sales Tax is levied at various stages of economic activity at the rate of 15 per cent on:
All goods imported into Pakistan, payable by the importers; all supplies made in Pakistan by a registered person in the course of furtherance of any business carried on by him;
- There is an in-built system of input tax adjustment and a registered person can make adjustment of tax paid at earlier stages against the tax payable by him on his supplies. Thus the tax paid at any stage does not exceed 15% of the total sales price of the supplies.

Agreement for avoidance of double taxation

The Government of Pakistan has so far signed agreements to avoid double taxation with 39 countries including almost all the developed countries of the world. These agreements lay down the ceilings on tax rates applicable to different types of income arising in Pakistan. They also lay down some basic principles of taxation which cannot be modified unilaterally.

Eligible women²³

For the Federal Bureau Revenue, the motto simply is "we've got what it takes to take what you've got" not for them is to differentiate among taxpayers apart from their incomes. For instance, eligible women income

²³ These observations were documented in the first policy article (published on 15th November 2009) written jointly by Rakhshinda Perveen & media analyst Adnan Rehmat for the News on Sunday Pakistan.

and wealth taxpayers are considered a homogenous group that will pay up upfront or, like most taxpayers, do their best not to. No allowances for special treatment are made for sub-categories of eligible women taxpayers in Pakistan who face difficult social and cultural impediments in situations that men, in similar circumstances, almost always don't: single parents, divorced, unmarried (particularly those over 40 years of age when it becomes very difficult for this status to change) and physically challenged (mostly due to medical conditions). Some also struggle; in addition, to hold on to what little property they have but may not have the money to pay regular taxes.

It is precisely due to this pointed lack of emphasis on sub-categories by the taxation authorities that it is difficult to find verifiable statistics of the numbers of women in Pakistan eligible to be taxpayers. FBR is silent on how many women pay how much in taxes each year. Or what women get in return for paying taxes. Even the non-tax officialdom is less than efficient about precise figures for the number of divorced women in any given year. The last national census – conducted in 1998 – indicates that in the then population of 145 million, at least 3.4 percent of women in the 40–45 age bracket never married (3.3 percent in the rural areas and 3.7 percent in the urban), six percent were widowed (5.8 percent rural and 6.5 percent urban) and 0.7 percent were divorced (0.7 percent rural and 0.7 percent urban). Considering that women's life expectancy is barely 70 in Pakistan – this easily projects into over a million women aged 40 or above who have never married, are widowed or are divorced. Not all of them were, or are, engaged outside their homes for gainful employment. But those that are, and may potentially be tax eligible, easily run into hundreds of thousands at any given instance.

Taxing Policies, Not Women²⁴

As the tax reforms in Pakistan move forward (slowly, more than surely), it is time to think about women. It is time to go beyond rhetoric. Those

²⁴ Ibid.

who manage generation of funds and architect public policies must revisit the structure of taxation with a gender lens and apply such factors as costs of stigma, discrimination and social poverty faced by women who are divorced and, or single mothers or those who never get married because of various reasons.

This is not an argument to abolish taxes on eligible women taxpayers in Pakistan; it is an appeal to make the tax codes on them representative. Taxes women pay should distinctly improve women's lives. Because taxes are the key source of revenue governments themselves raise, understanding the nature and composition of taxation and current tax reform efforts is the key to reducing poverty, providing sufficient revenue for public expenditure, and achieving social justice, in particular for women.

Tax Reforms

Among different strategies for promoting women's employment in an annual review by SPDC (2009). Under the Income Tax Ordinance 2001, there is only one provision which relates exclusively to women²⁵ which is the initial exemption. The limit of tax exemption under the Finance Act 2009 is Rupees 260,000 for women as opposed to Rupees 200,000 for men. Tax Reforms have been proposed as one of these. The report recommends that the female employees must be given income tax incentives. The report recommends that a tax credit of up to 30% should be offered to women at all levels of earned income. This would reduce the post tax wage gap among men and women and possibly encourage employers to hire more female employees.

Widows in Pakistan enjoy tax exemption in property. According to the

²⁵ There are concessions for the senior citizens (men and women), where taxable income, in a tax year, of a tax payer aged 60 years or more on the first day of that tax year does not exceed PKR 500,000, his/her tax liability on such income be reduced by 50% as provided by clause (1A) of Part III of Second Schedule to the Income Tax Ordinance, 2001. This concession does not apply to cases covered by fixed/final tax regime i.e. income from property, interest income, income from construction contracts and from supplies of general items etc.

Rules and Regulation of CDA, one residential house, flat or apartment belonging to a widow, if she owns no other built up property any where in Pakistan, is tax exempted. This exemption shall also be available to a widow's minor sons and un-married daughters after her death. Exemption is 100% of property tax (up to plot area of 240 square yards).

2.3 FBR and Tax payers in Pakistan

Tax policies can not be isolated from the international economies either. Tax competition is almost an un-alloyed evil, working as a constraint on governmental over-reach. Countries, therefore, have to take positive steps to protect the integrity of their individual and corporate tax systems from the competition so engendered²⁶.

According to the data collected and collated by *sinf surat* mostly from DHS Pakistan, the population of Pakistan is estimated around 160 million as of mid-2007 and is growing at 1.9 percent per annum. The population growth rate has receded from a record high of 3.7 percent per year in the 1960's. About two-thirds of the population is rural. Pakistan is the sixth most populous country in the world and is adding around three million persons per year.

Forty-one percent of the population is below 15 years of age out of the total population. Pakistan's demography is ideal for economic growth, needs planning and all depends on how planners nurture its 63% human resource that is less than 25 years old. The overwhelming majority of them will not have taxable income. Rural labour of 40 million earns skimpy income. Thus, the total income tax paying population having taxable income of Rupees 100,000 can safely be around 25 million.

The FBR is not only taxing all of them but even many of those whose incomes fall below taxable limits. 'The poor are paying not only indirect taxes but also income tax at source under various provisions of the Income

²⁶ www.fbr.gov.pk (accessed on 13 and 14th March 2010).

Tax Ordinance, 2001 section – 148 to 156A, sections 234 to 236. Thus, in reality the people – except the ruling trio are over-taxed. In return they get nothing”. Renowned tax lawyers, Ms. Huzaima Bukhari and Dr. Ikramul Haq made these observations in their candid account²⁷ “A Story of Incompetence”. FBR admitted that even after “great efforts” less than two million Pakistanis have filed income tax declarations for tax year 2009. They have also noted that for a long time now, “FBR has been apologetic (specifically before the IMF and the World Bank) that total income tax payers (referring to registered only) in Pakistan are just two million in a population of 170 million. This is a myth. The reality is that since July 1, 1992 all commercial electricity consumers (including about 3.2. million retail outlets in urban areas), irrespective of whether their income bracket is taxable or not, are paying minimum income tax of Rupees 60 per month.”

The story further revealed that the total number of persons earning interest on bank deposits is not less than 30 million. They pay ten percent mandatory withholding tax irrespective of their quantum of income. Total number of mobile and land-line telephone users, subjected to withholding tax, in the country, is in excess of 60 million – yet FBR claims that our tax base is narrow. The reality is that FBR is incompetent as a result of which it has failed to book/register a majority of these taxpayers. Had it been done, we could today have boasted of nearly 25 million registered taxpayers. Even a petty village shopkeeper (whose total income is much below the minimum taxable limit of PKR 100,000) is paying tax as high as Rupees 720 per annum.

On the contrary, big absentee landlords, earning millions by merely leasing out orchards/lands, are not paying even a single penny as personal income tax.

²⁷ Published in The News on Sunday p. 2, Policy on 14th February 2010.

The FBR²⁸ responded to this by saying that it has finally decided to bring all the persons earning taxable income in the tax net through its tax intelligence system. The Chairman of FBR referred to various proposals such as:

“Tax legislation will be introduced for installation of electronic cash registers at the retail outlets. Prime Minister has agreed to provide free of cost electronic cash registers to retailers to document their sales.”

“Political support/will is requested for taxing black economy and bringing informal sector into the tax net. Most of the housing schemes are involved in selling of files of plots. There is proposal to tax transfer of plots through sale of files that would be instrumental in generating additional revenues.”

“Under new Value Added Tax (VAT) regime, retailers having annual turnover of PKR 7.5 million would be registered – only essential food items and life saving drugs would remain exempt and 15 percent VAT would be imposed on all other goods from July 1, 2010.”

“The professional service providers e.g. doctors, lawyers, engineers and architects would also be brought under VAT from July 1, 2010. The implementation of the broad-based VAT would generate around PKR150-200 billion in next fiscal year. The revenue generation from VAT implementation would reach to around PKR 600 billion in coming years.”

“The importers, wholesalers and big retailers are paying PKR 125 billion, which is below the actual potential. In most of the cases they deposit withholding tax collected from the consumers and do not declare their actual income, thus presumptive tax regime will be abolished.”

²⁸ According to a web posting on www.MyPakistan.com on 15/02/10

2.4 Interventions in the Public Sector and CSO of Pakistan

Pakistan being a part of patriarchal belt is characterized by patriarchy, selective men-friendly interpretation of Islam (the state religion) and ambiguous, unfair, gender-blind laws and legislation (their selective application/enforcement is a different story).

Owing to the collective struggle of intelligentsia, CSO, Media and certain liberal and progressive political parties, focused interventions and growing attention towards gender empowerment, governance improvement and economic stabilization are becoming visible.

International development and aid agencies (like ADB, CIDA, World Bank, DIFID, JICA, UN Agencies etc.) are especially interested in Gender, Gender Mainstreaming and Gender Responsive Budgeting. Several studies have been undertaken to create a gender profile of the country and assess gender inequities (However, no specific intervention has been directed towards examining the gender implications of the existing Taxation rules culture and practice.

Interestingly if not ironically, public policy on finance and its gender implications have never been brought into popular discourse. (ceremonial 'adventures' done or committed in the name of Gender Responsive Budgeting or articles in immaculate English published in glossy reports/elitist newspapers/magazines should not be equated with this).

Box 1: some critical clarifications

I sent an e-mail on 27th February 2010, to Ms. Huzaima Bukhari²⁹ and asked the following queries to which she responded on the same date as follows:

Are there any specific tax concessions offered to disabled people in our system?

There are no tax concessions for disabled persons except under Section 114 which absolves a disabled person from filing a return merely because he/she owns immovable property.

Is there any study in Pakistan or about Pakistan to assess the Knowledge /awareness level among citizens about taxation and or existing concessions/reliefs to certain groups?

No concrete study has been undertaken. All concessions/reliefs are given as and when required.

Mehar (2009) has documented in his study "Economic empowerment of women in Pakistan" that gender inequality is responsible for women poverty in Pakistan. He cited a remarkable expression of this inequality: The average female earning is 1,076 US\$ which is less than fifty percent of the per capita income and one-third of the average male-earning. The case for gender equality is often pitched as a human right or social justice argument but a growing body of evidence reveals that it is "good economics" as well, promoting prosperity, reducing GBV and VAW and enhancing the well-being of societies as well (Mehar 2009). However, rising income cannot automatically reduce gender inequality as many high-income countries for instance Japan score poorly on indicators of women empowerment (UNDP 2010).

²⁹ Advocate High Court/International Tax Counsel, Tax laws specialist.

According to the report “Women at Work” by SPDC (2009), an overwhelming 97% of women entrepreneurs reported shortcomings in the availability of capital and/or finances for their business particularly in the initial stages. 31% of these women reported lack of sufficient knowledge about banking systems and therefore took the loan from the friends and family. Women entrepreneurs also reported problems due to Government regulations. Among these 53% highlighted the imposition of and paying too many taxes as their main problem. Lack of collateral is the most crucial concern faced by women entrepreneurs, which restrict their access to credits. Estimates showed that 300,000 individuals, many of them women, benefited from the non-governmental disbursement of micro credits in Pakistan. Presently, there are more than 30 NGOs in Pakistan that provide micro credit to the poor besides a network of seven specialized microfinance banks.

KASHF Foundation is the most leading name among Pakistani NGOs (it replicates the Grameen model³⁰) in microcredit and it provides loans exclusively to women (married, divorced or widowed). Divorced and Widowed women clients are encouraged for group lending approach so that they can earn by starting a business or by increasing their current business portfolio (SPDC, 2009).

³⁰ Source: www.gdrc.org/icm/model/grameen

The Grameen model emerged from the poor-focused grassroots institution Grameen Bank, started by Prof. Mohammed Yunus in Bangladesh. It essentially adopts the following methodology: A bank unit is set up with a Field Manager and a number of bank workers, covering an area of about 15 to 22 villages. The manager and workers start by visiting villages to familiarize themselves with the local milieu in which they will be operating and identify prospective clientele, as well as explain the purpose, functions, and mode of operation of the bank to the local population. Groups of five prospective borrowers are formed; in the first stage, only two of them are eligible for, and receive, a loan. The group is observed for a month to see if the members are conforming to rules of the bank. Only if the first two borrowers repay the principal plus interest over a period of fifty weeks, do other members of the group become eligible themselves for a loan. Because of these restrictions, there is substantial group pressure to keep individual records clear. In this sense, collective responsibility of the group serves as collateral on the loan.

In Pakistan, till to date, no explicit contribution has been intended towards questioning the gender implications of the existing Taxation rules, culture and practice. A voice loud enough to command the attention of movers and shakers about the particular set of discriminatory issues of Pakistani Women who are divorcees/single mothers, physically disadvantaged and unmarried women (above 40 years) is yet to be heard.

No information or comprehensive information could be found regarding:

- the number of women and men in tax/revenue net and their income by virtue of their marital status and/or disability state,
- the number of gender sensitized and trained tax policymakers,
- the number of other stakeholders who could pay greater attention to the gender equity implications of tax policies and reforms,
- the number of households by employment categories (male bread-earner, female bread-earner, dual earner, or none employed)
- the number of household disaggregated by expenditure quintile and presence/absence of children.

Therefore, an extensive research is required to answer the following:

- What is the existing understanding on the nature and composition of taxation and tax reform efforts, the gender biases that may exist, and the equity and welfare implications?
- Is there any gender bias in tax policies and tax reforms?
- Is there any intervention that intends to fill the critical knowledge and policy gap? What are the alternative tax regimes in terms of how well they address the goals of raising revenue and promoting gender equality and gender sensitivity objectives?
- What is the earning and marital status of the head of the household?

Silence of the State and other stake holders needs to be broken by discrete advocacy. The following chapters contain “the perceptions, positions and points of views” of different stake holders and duty bearers. This is the first ever attempt in Pakistan on this issue and may be equated as the first smallest possible step in the convoluted critical pathway of advocacy.

3. From the Corridors of Power and Politics

Globally, four billion people-most of the world's population-are excluded from the rule of law. The law is meant to protect, but it can also empower, unleashing the full capacities of men and women to exercise choice and build on opportunities to achieve equality and fuel human development.

UNDP 2010³¹

³¹ P.128 & 134p

This chapter includes interviews of nine politicians and legislators. All major parties (PPPP, PML-N, PML-Q, ANP, MQM, and JI) and parties with no representation in the parliament like PPP-Shaheed Bhutto, Tehreek-e Insaf and Awami Jamhoori Party were contacted through e-mails and personal contacts. Those who somehow found time for responding are included here, unedited. The number of interviews from a particular party does not indicate author's affiliation or inclination but the interviewer's success in getting hold of any legislator. A brief on gender in political parties reproduced from SDPC report (2009) is attached as Annex 3 for analytical readers' interest.

The interviews are listed according to the alphabetical order (last name of the respondent).

3.1 Mr Hasham Babar: Additional Secretary General, Awami National Party (ANP). Specialty: "currently politics". Interview via telephone, face book and e-mail.

A very humble yet candid Hasham Babar who is a farmer and businessman, a former Civil Servant is a famous Pashto poet and holds a master degree in English literature from Peshawar University. He is candid about his secular political views and is accessible to common person through his face book.

Do you think Pakistani women are facing gender discrimination?

Mr Babar: *Yes. The discrimination against Pakistani women has no two opinions. This is strengthened by feudalism in our society. Further the urban rural divide makes it worse. One way to eliminate this discrimination is to ensure availability of urban amenities like educational opportunities and justice system to people especially women in rural areas. Only effective legislation with no urban bias can address this issue.*

Have you ever worked on Gender Based Violence or Ending Violence against Women?

Mr Babar: *The motto and philosophy of ANP is non violence. We condemn and reject all forms of violence that unfortunately has always been endorsed in the name of culture and religion particularly by our military dictators, the mullah and feudal lords.*

Have you ever tried to address the problems of discrimination against women and/or violence against women, with innovative or relatively newer approaches? If yes kindly enumerate.

Mr Babar: *ANP does not believe in segregation of sexes. We have no women's wing or female youth wing. We assemble together and thus by doing so we promote gender equality and discourage any form of violence and discrimination.*

Have you as an individual or your party has ever worked on or contributed directly or indirectly gender issues of: divorced women, unmarried women, divorced mothers, widows, disabled women/girls. Have you ever worked for financial empowerment of women? If yes kindly elaborate?

Mr Babar: *ANP has established Bacha Khan Trust that runs education foundation. Under this foundation we support education, quality education of children from very poor families usually their mothers are widows, disabled or may be divorced. We prefer educated and talented women to work in these projects. Our performance has been assessed and as an acknowledgment of our efforts we have received funds from the donors from many European countries as well as overseas Pakhtoons. This is one of the most practical ways that we are working towards the economic empowerment of our women. Further detail is available on our website: <http://www.bkefoundation.org/>.*

What is your take on the idea that certain groups of Pakistani women (divorced women, unmarried women (above 40 years), divorced mothers, and disabled women/girls) may be given certain relaxation in taxation (income, property)?

Mr Babar: *All poor women who own a house must be exempted from the property tax. The groups that you have identified must not only get Tax exemption but there should be visible and effective state mechanisms and institutions to ensure that all such women get protection and relief in economic matters with dignity and without any compromise on their self esteem.*

What is your opinion about tax system in Pakistan and fiscal policy in Pakistan with respect to poor people and women?

Mr Babar: *Tax system in Pakistan is the worst in the world and is continuation of the one in the British Raj to exploit the people. There is no provision of any facility for the salaried class. The system should be pro poor and like the one prevalent in European countries where everyone is in the tax loop and a tax payer can see the investment of her/his taxes on social benefits and civic facilities. Here 85% of our taxes are spent on defence expenditures.*

General population faces a number of issues in accessing judiciary to claim their rights. Do you think that these problems are more for these women if they wish to claim their rights through courts?

Mr Babar: *Yes. Where are the opportunities for a common man to access the judiciary? The problems multiply for a woman. State should ensure enabling environment for women to claim their rights. I have witnessed the sufferings of women in jail because of ineffective and insensitive judicial system and procedures.*

Thank you for your time and inputs!

3.2 Nilofar Bakhtiar: Senator/ Acting Chairperson Pakistan Red Crescent. Specialty: Politician/Social Worker. Political party: Pakistan Muslim League (Q). Interview via e-mail.

Brief introduction of the party by Senator Nilofar Bakhtiar

Pakistan Muslim League is a centrist political party and laid down the foundation of the State of Pakistan. It was founded in 1906. The party formed government in 2004 and evolved a gender just strategy in all areas of governance. It strengthened women representation (33%) at grass roots through local bodies and enhanced the ratio of women's participation to 20 and 22 percent, the highest in the region, in the Senate and National Assembly. The PML government appointed, a woman, as Governor State Bank and raised women's quota in public sector employment from a negligible three percent to ten percent. It had a strong policy against VAW and expanded the Women Crisis Center to twenty cities including locations like Mianwali, Quetta, Kohat and Nawabshah. Exclusive skill centers (*aik hunar-aik nagar*) for women were established for women with credit linkages with Khushali Bank, First Women Bank and partner organizations.

Brief Self-introduction

Grew from a conservative rural setting in Bannu and excelled in a non conventional discipline (hotel management) from two internationally renowned universities in Europe and US. Joined politics in the 1980s and went up the political ladder despite the middle class disadvantage. Lobbied for gender justice through policy reform, activism and an inherent value system. Resigned as federal minister after experiencing bias and discrimination by cabinet and party colleagues. Defines social work as her first love and continues expansion of services for Internally Displaced Persons and disabled women and children in war torn areas in northern Pakistan.

Do you think Pakistani women are facing gender discrimination? If yes can you identify some form?

Ms. Bakhtiar: *Yes. Women from low and middle income brackets are discouraged to aspire for senior slots in political parties. All political parties are male dominated and have minimal presence of women at policy and governance level.*

Have you ever worked on Gender Based Violence or Ending Violence against Women?

Ms. Bakhtiar: *Yes!*

Have you ever tried to address the problems of discrimination against women and or violence against women, with innovative or relatively newer approaches? If yes kindly enumerate.

Ms. Bakhtiar : *Yes! By creating work opportunities and women networks for employment.*

Have you as an individual or your party has ever worked on or contributed directly or indirectly gender issues of: Divorced women, Unmarried women, Divorced mothers, Widows and Disabled women/girls?

Ms. Bakhtiar: *Yes!*

Have you ever worked for financial empowerment of women? If yes, kindly elaborate

Ms. Bakhtiar: *Yes! Through structured initiatives with skill development, literacy enhancement, provision of education loans, small and medium credit schemes.*

What is your take on the idea that certain groups of Pakistani women (Divorced women, Unmarried women (above 40 years), Divorced mothers, disabled women/girls) may be given certain relaxation in taxation (income, property)?

Ms. Bakhtiar: *I fully support tax relaxation for above mentioned groups.*

What is your opinion about Tax system in Pakistan and fiscal policy in Pakistan with respect to poor people and women?

Ms. Bakhtiar: *Faulty/ Unfriendly*

Fiscal policy in Pakistan with respect to poor people and women Biased and Insensitive.

General population faces a number of issues in accessing judiciary to claim their rights.

Do you think that these problems are more for these women if they wish to claim their rights through courts?

Ms. Bakhtiar: *Most certainly*

Thank you for your time and inputs!

3.3 Mrs. Qudusia Arshad Chaudhri: Member National Assembly of Pakistan. Specialty: “cooperation and participation”. Political party PML-N. Interview by Mr Jonaid Iqbal

Brief introduction of the party:

To strive for women empowerment, development and struggle against discrimination and violence against women is in accordance with the party manifesto, policy and instructions.

Brief self-introduction:

For over 50 years I have been continuously engaged in various activities for women empowerment and development and fight against social evils.

Do you think Pakistani women are facing gender discrimination? If yes, can you identify some?

Mrs. Chaudhri: *Certainly there is gender discrimination in social, cultural, political, administration and economic fields.*

Have you ever worked on Gender Based Violence or Ending Violence against Women?

Mrs. Chaudhri: *Yes, always, over the years.*

Have you ever tried to address the problems of discrimination against women and or violence against women, with innovative or relatively newer approaches? If yes kindly enumerate.

Mrs. Chaudhri: *Yes, with understanding of issues and trying to solve with reason and compassion.*

Have you as an individual or your party has ever worked on or contributed directly or indirectly gender issues of the following groups: Divorced women, Unmarried women, Divorced mothers, Widows, Disabled women/girls.

Mrs. Chaudhri: I have continuously and consistently worked on all these issues and problems. I try every thing possible to solve these problems with understanding, reasoning as far as possible.

Have you ever worked for financial empowerment of women? If yes, kindly elaborate?

Mrs. Chaudhri: By trying to get all possible help and assistance through government and private channels.

What is your take on the idea that certain groups of Pakistani women (divorced women, unmarried women (above 40 years), divorced mothers, and disabled women/girls) may be given tax exemption?

Mrs. Chaudhri: Certainly yes.

What is your opinion about Tax system in Pakistan & Fiscal policy in Pakistan with respect to poor people and women?

Mrs. Chaudhri: Tax system in Pakistan: very lopsided and discriminatory. Fiscal policy in Pakistan with respect to poor people and women nobody ever thought about this.

General population faces a number of issues in accessing judiciary to claim their rights. Do you think that these problems are more for these women if they wish to claim their rights through courts?

Mrs. Chaudhri: Yes, I do strongly feel that our judiciary should be independent, powerful and free from corruption.

Thank you for your time and inputs!

3.4 Justice (Retd.) Iftikhar Ahmad Cheema: Member National Assembly of Pakistan. Specialty: Law Political party: PML-N.interview by MrJonaid Iqbal

Iftikhar Ahmad Cheema was born in 1939 in a small village near Wazirabad, Punjab. He received his Law degree with a silver medal and proceeded to do (Bar at Law) from (Lincoln's Inn), UK in 1971. On the persuasion of the people of the constituency and encouragement from his mentor and Father in Law and also of his Uncle Justice (Retd) Rafiq Tarar (Ex President of Pakistan), Justice (Retd) Iftikhar Cheema contested the 2008 general elections as the Pakistan Muslim League (N) candidate and defeated a stalwart of the Pakistan Muslim League (Q) Mr Hamid Nasir Chattha with a margin of 23000 votes and became a member of the National Assembly of Pakistan.

Do you think Pakistani women are facing gender discrimination? If yes, can you identify some forms?

Justice Cheema: *Sunne main aya; dekhne main nahin aya* (Heard not seen).

Have you ever worked on Gender Based Violence or Ending Violence against Women?

Justice Cheema: *Adalaton main aise sakro (hundreds) cases aye jin ka main ne faisla likha (hundreds of such cases were brought before me in the courts for which I gave judgments)*

Have you ever tried to address the problems of discrimination against women and or violence against women, with innovative or relatively newer approaches? If yes kindly enumerate.

Justice Cheema: *There is no gender discrimination but brute behaviour.*

Have you as an individual or your party has ever worked on or contributed directly or indirectly gender issues of divorced women, unmarried women, divorced mothers, widows and disabled women/girls?

Justice Cheema:

Divorced women?

muttalaqa tabqa Is ke liye baitul maal main barri raqam honi chhaiye; (baitul maal should have ample money for divorcees)

Unmarried women?

Beshumar aisi auraten hain jinka talaq ke baad koyee vares nahi hota (there are countless such women who have no one to look after their needs after divorce)

Divorced mothers?

Who bhi bari mazloom- adalat main dekhta bhi raha aur faisle main likhae the ke hukoomat ko unke liye naan o nafqa ka intizaam karma chhahiye (yes they are also very suppressed witnessed them in the courts and used to write in the decisions that the government should make arrangements for their living)

Widows?

Answer as above; (same as above).

Disabled women/girls?

Same answer as above.

Have you ever worked for financial empowerment of women? If yes kindly elaborate?

Justice Cheema: *Nahin (no)!*

What is your take on the idea that certain groups of Pakistani women (Divorced women, Unmarried women (above 40 years), Divorced mothers, disabled women/girls) may be given certain relaxation in taxation (income, property)?

Justice Cheema: *Yes!*

What is your opinion about Tax system in Pakistan?

Justice Cheema: *Taxation system koi aisa qabil tareef nahin;(not so praise worthy).*

What is your opinion about Fiscal policy in Pakistan with respect to poor people and women?

Justice Cheema: *It is discriminating towards women.*

General population faces a number of issues in accessing judiciary to claim their rights. Do you think that these problems are more for these women if they wish to claim their rights through courts?

Justice Cheema: *Ji haan (yes)!*

Thank you for your time and inputs!

3.5 Ms Fiza Junejo: MNA (Sindh). Political party: (PML-Q). Specialty: “to work for the people.” Interview by Mr Jonaid Iqbal.

The daughter of former Prime Minister Mohammad Khan Junejo, Fiza Junejo, has been elected MNA from Sindh on PML-Q share. She personally believes that her lineage is overemphasized.

Do you think Pakistani women are facing gender discrimination? If yes, can you identify some forms?

Ms. Junejo: *Yes!*

Have you ever worked on Gender Based Violence or Ending Violence against Women?

Ms. Junejo: *Yes!*

Have you ever tried to address the problems of discrimination against women and or violence against women, with innovative or relatively newer approaches? If yes kindly enumerate.

Ms. Junejo: *I have in the Parliament; in my area; in international forums.*

Have you as an individual or your party has ever worked on or contributed directly or indirectly gender issues of the identified groups of women:

Ms. Junejo:

Divorced women?

Yes!

Unmarried women?

Yes!

Divorced mothers?

Yes!

Widows?

Yes!

Disabled women/girls?

Yes!

Have you ever worked for financial empowerment of women? If yes, kindly elaborate?

Ms. Junejo: *Definitely. Many projects in District Mirpurkhas. More details can be provided.*

What is your take on the idea that certain groups of Pakistani women (divorced women, unmarried women (above 40 years), divorced mothers, disabled women/girls) may be given certain relaxation in taxation (income, property)?

Ms. Junejo: *They should : In fact MUST – if they are earning they definitely must get benefit.*

What is your opinion about Tax system in Pakistan and Fiscal policy in Pakistan with respect to poor people and women?

Ms. Junejo: *Taxation system must improve (The question is complicated. This needs clarification). Fiscal policy in Pakistan with respect to poor people and women -Relaxation for women in education; health.*

General population faces a number of issues in accessing judiciary to claim their rights. Do you think that these problems are more for these women if they wish to claim their rights through courts?

Ms. Junejo: *Of course! There are also more serving women with family problems.*

Any other comment/s

Ms. Junejo: *Law should be updated so that women get justice early in inheritance and equality with males also in inheritance. They are neglected all over the country in all classes of the society (Please refer to Swiss Law!).*

Thank you for your time and inputs!

3.6 Mr Alamgir Khan: MPA (Khyber-Pakhtoonkhwa). Specialty: Politics. Political party: Awami National Party (ANP). Interview via telephone.

Alamgir Khan, a member for provincial assembly, PF-6 (Peshawar Rural), comes from a political family and has been contesting elections for the last two decades. He is a graduate in Political Science from the Islamia College Peshawar.

Do you think Pakistani women are facing gender discrimination?

Mr Khan: *Yes! In our country including our province ‘Pakhtoonkhwa’ woman is the most victimized ones- aurat mazloom tareen cheez hay. They are denied their rights in inheritance and their right to choose freely their life partner. I do not know with accuracy what happens in Punjab but here in my province most of the women are never asked about their will at the time of marriage and those who decide to choose themselves are eventually killed.*

Have you as an individual or your party has ever worked on or contributed directly or indirectly gender issues of: divorced women, unmarried women, divorced mothers, widows, disabled women/girls. Have you ever worked for financial empowerment of women? If yes kindly elaborate?

Mr Khan: *I personally believe that there should be a separate ministry or at least a secretariat for addressing the concerns and genuine need*

of these specific categories of women who or at loss by self styled custodians of society who exploit them in the name of religion and culture. At least the state should be sensitive towards them.

What is your take on the idea that certain groups of Pakistani women (Divorced women, Unmarried women (above 40 years), Divorced mothers, disabled women/girls) may be given certain relaxation in taxation (income, property)?

Mr Khan: *What can be more cruel and unjust than taxing a disabled woman or taxing a woman who is divorced? In our culture the burden of blame and shame lies always on a woman. She is usually considered as an equivalent to sinner when divorced. No one judges a man. Those women who struggle to make a living under such difficult circumstances must be given an exemption in all forms of taxation by the state.*

What is your opinion about Tax system in Pakistan and Fiscal policy in Pakistan with respect to poor people and women?

Mr Khan: *Tax system in Pakistan is very anti-poor. An industrialist or a rich person pays less and gets away and a salaried or low income person has to pay more. Poor are the worst sufferers.*

Thank you for your time and inputs!

3.7 Dr. Fehmida Mirza: Speaker National Assembly. Specialty: Politician. Political Party. Pakistan Peoples Party Parliamentarians. Interview: courtesy Syed Shamooun Hashmi.

Dr. Fehmida Mirza, a medical doctor turned politician from Sindh was elected as the first woman Speaker of the National Assembly of Pakistan on March 19, 2008.

Do you think Pakistani women are facing gender discrimination? If yes, can you identify some forms?

Dr. Mirza: *Yes! Domestic Violence, harassment, segregation.*

Have you ever worked on Gender Based Violence or Ending Violence against Women?

Dr. Mirza: *Yes, from the forum of Women's Parliamentary Caucus.*

Have you ever tried to address the problems of discrimination against women and or violence against women, with innovative or relatively newer approaches? If yes kindly enumerate:

Dr. Mirza: *I have created the Women's Parliamentary Caucus.*

Have you as an individual or your party has ever worked on or contributed directly or indirectly gender issues?

Dr. Mirza:

Divorced women?

The Party has special programmes on every issue like the BISP etc.

Unmarried women?

Same reply as for Divorced women.

Divorced mothers?

Reply same as in the case of Divorced women.

Widows?

Same answer as above;

Disabled women?

I gave employment to a victim in the N. A. Secretariat.

What is your take on the idea that certain groups of Pakistani women (Divorced women, Unmarried women (above 40 years), Divorced mothers, disabled women/girls) may be given certain relaxation in taxation (income, property)?

Dr. Mirza: *I agree.*

What is your opinion about Tax system in Pakistan?

Dr. Mirza: *Special provision must be made for women.*

General population faces a number of issues in accessing judiciary to claim their rights. Do you think that these problems are more for these women if they wish to claim their rights through courts?

Dr. Mirza: *Yes!*

Thank you for your time and inputs!

3.8 Syed Haider Abbas Rizvi: Designation: MNA (Karachi). Political Party: Muttahida Qaumi Movement (MQM). Interview via telephone and e-mail.

With a M.Sc. degree in Applied Chemistry in 1992 from the University of Karachi and M.Sc. Chemical Engineering in 1998 from University of Detroit, U.S.A, a very humble MNA, Syed Haider Rizvi is accessible to public on his face book and aptly uses classic Urdu poetry to substantiate his political arguments.

Do you think Pakistani women are facing gender discrimination?

Mr Rizvi: *Yes! They do face. It's 100% Correct. Gender discrimination is prevalent not among the illiterates but the literate and educated ones too exercise this and target women when it deems necessary to them. MQM has always defended women rights. In Musharaf's tenure when women's protection bill was tabled, ³⁰Altaf bhai, produced a well articulated thought paper to respond to the baseless fears and apprehensions of molvis.*

What is your take on the idea that certain groups of Pakistani women (divorced women, unmarried women (above 40 years), divorced mothers, and disabled women/girls) may be given certain relaxation in taxation (income, property)?

Mr Rizvi: *Yes, I would support a tax break for such women and any group of women who needs such an exemption. Ours is not a truly Islamic society in terms of practicing the Islamic values. Therefore, poor in general and women especially poor and lower middle class women are subjected to a number of injustices and they do experience violation of their rights. If a tax break can do some remedy and facilitate their economic empowerment, it should be done.*

Some ambiguity can arise regarding change in the marital status of women (for instance what if a divorced woman gets married again?) but this can be addressed through an organized taxation system where each adult is

enrolled as an eligible/potential tax payer and computerized records can track his/her income and marital status.

What is your opinion about Tax system and fiscal policy in Pakistan with respect to poor people and women?

Mr Rizvi: *Taxation system in Pakistan is anti-poor and repressive. We are the only country where indirect taxes are 70% and where poor people have to pay more taxes than the wealthy ones. Fiscal policy is also anti-poor and insensitive towards the poor people.*

General population faces a number of issues in accessing judiciary to claim their rights. Do you think that these problems are more for these women if they wish to claim their rights through courts?

Mr Rizvi: *“aah ko chaayee ik umr asr honay tak” (even my sigh takes a life time to have any effect). Unfortunately our courts seldom offer justice; rather they extend “stays” to the perpetrators. Under this situation one can imagine the disadvantages of a woman who is already in a difficult situation.*

Any other comment/s

Mr Rizvi:

A society that is deprived of social justice is at the verge of devastation. Hazrat Ali Murtaza (RA) once said that a society based on “kufr” can thrive but not the one that runs on “cruelty and injustice”.

Thank you for your time and inputs!

3.9 Khurram Jahangir Watto: MNA (Punjab). Political Party: PPPP. Interview by Mr Jonaid Iqbal. Mr Watto is a young elected legislator from Okara, Punjab.

Do you think Pakistani women are facing gender discrimination? If, yes can you identify some forms?

Mr Watto: *Yes, in properties especially.*

Have you ever worked on Gender Based Violence or Ending Violence against Women?

Mr Watto: *No!*

Have you ever tried to address the problems of discrimination against women and or violence against women, with innovative or relatively newer approaches? If yes, kindly enumerate!

Mr Watto: *I have tried in my area to solve these kinds of issues. I have keen interest to solve the issue at national level.*

Have you as an individual or your party has ever worked on or contributed directly or indirectly gender issues of following groups of women?

Mr Watto:

Divorced women?

Yes, I hope my contribution has worked.

Unmarried women?

Not personally. But I have helped in getting the Bill passed in the Parliament

Divorced mothers?

No

Widows?

Yes, I worked on widows issues.

Disabled women/girls?

Yes, I have worked. We have a Trust called Amir Begum Welfare Trust.

Have you ever worked for financial empowerment of women? If yes, kindly elaborate?

Mr Watto: Not personally; obviously I am part of the party which is making efforts in this direction.

What is your take on the idea that certain groups of Pakistani women (Divorced women, Unmarried women (above 40 years), Divorced mothers, disabled women/girls) may be given certain relaxation in taxation (income, property)?

Mr Watto: *Yes, this is a good idea. We should all work for this noble cause. I am ready to work with any group for this cause.*

What is your opinion about Tax system in Pakistan?

Mr Watto: *I am not satisfied with taxation system. There may be loopholes which need to be addressed.*

What is your opinion about Fiscal policy in Pakistan with respect to poor people and women?

Mr Watto: *Present government has taken initiative to make neglected and poor women financially proficient through the Benazir Income Support Program (BISP).*

General population faces a number of issues in accessing judiciary to claim their rights. Do you think that these problems are more for these women if they wish to claim their rights through courts?

Mr Watto: *Women have every right to approach courts if they are not getting their rights. But the basic forum is the Parliament.*

Thank you for your time and inputs!

4. Human Face of the Problem- Dispassionately

Being smarter may help the understanding not only of one's self-interest, but also how the lives of others can be strongly affected by one's own actions. Proponents of so-called Rational Choice Theory (first proposed in economics and then enthusiastically adopted by a number of political and legal thinkers) have tried hard to make us accept the peculiar understanding that rational choice consists only in clever promotion of self-interest (which is how, oddly enough, rational choice is defined by the proponents of brand-named rational choice theory). Nevertheless, our heads have not all been colonized by that remarkably alienating belief.

There is considerable resistance to the idea that it must be patently irrational--and stupid--to try to do anything for others except to the extent that doing good to others would enhance one's own well-being.

Prof. Amartya Sen in: *The Idea of Justice*

This chapter assembles different voices from different walks of life. These voices have been classified into eight categories and three groups (for details see chapter 1). The following three sub-sections review and analyze the points of view from each category.

4.1 Group 2 (Economists, Journalists and Tax Experts)

Economists – they said it!

Do you think women should get special concessions in taxation system? Kindly explain in either case?

Not for all women. But, yes, in special cases where they have more liabilities, problems, constraints and issues (social and economical).

Dr.Usman Mustafa (PIDE)

SPDC research shows that women are highly disadvantaged in accessing paid jobs. Moreover, women have fewer chances to get jobs at high level occupations as compared to men especially in formal sectors. This is attributed not only to less human capital among women as compared to men but also to unobservable factors which may be referred as discriminatory factors. It is hypothesized that once these unobservable factors are eliminated from the society, women labour force participation would tend to increase substantially. Taxation policy can play a positive role to eliminate unobservable discriminatory factors and provide more opportunities to women in the formal sector. These benefits should be based on a higher tax exemption to women along with favourable tax rate differentials.

Mr Muhammad Sabir (Chief Economist, SPDC)

No, so far as indirect taxes (sales tax and duties) are concerned, the segregation of women consumers is not technically possible. It may lead to corruption. In direct taxes (income tax, etc.) the principle of ability to pay should be followed. Who earn more should pay more regardless the source or earning, group of earners, etc.

A male Professor of Economics

Yes, but they are widows living at subsistence level (Guzara level), divorced with children under education, suffering from acute illness/ catastrophic diseases but income is low.

Dr. Fazli Hakim Khattak (Chief (Health),
Planning Commission of Pakistan)

The above issue relates to the gender dimensions of tax policy. First of all, if there is evidence of gender biases (against women) in the taxation structure, then these should be corrected to accord equal treatment to men and women and uphold principles of gender equality in the taxation system. In my opinion, special concessions should be given only as an affirmative measure and in a time-bound manner to facilitate the economic participation of a disadvantaged group of women who are facing specific constraints. I do not support across the board special concessions based exclusively on the female gender status.

Prof. Dr. Aliya H. Khan (Quaid-e Azam University),

Yes!

Prof. Dr. Kaiser Bengali (Advisor for Planning and
Development, Government of Sindh, Pakistan)

Do you think that following categories of women should get tax relief?

- Divorcees
- Divorced mothers
- Disabled women
- Never married women (above 40 years of age)

Divorcees (only for special cases), Divorced mothers Yes, Disabled women Yes (Most deserving), Never married women (above 40 years of age) No (Yes for only for special cases).

Dr. Usman Mustafa (PIDE)

In my opinion, inclusion of some categories and exclusion of other categories of women in providing tax relief may provide distortion in taxation system and may not fit with the idea of horizontal and vertical equity. In contrast, if we want to provide relief to marginalized women then criteria like number of dependent persons and household income may be used to provide tax relief.

Mr Muhammad Sabir (Chief Economist, SPDC)

Yes, up to these socially disabled categories tax exemptions should be provided.

A male Professor of Economics

Yes, but income assessment should be required.

Dr. Fazli Hakim Khattak (Chief (Health),
Planning Commission of Pakistan)

Only if there is evidence that the existing tax structure discriminates against the above mentioned categories of women vis-à-vis the comparable categories of men. This is especially relevant in the case of disabled men and women where, in my opinion, a disabled man is equally deserving of a tax concession as a disabled woman. Also, I would not suggest mixing up of the social context of divorce and single woman status with the tax payer status without a proper justification of why that status deserves special tax concessions and tax relief.

Prof. Dr. Aliya H. Khan (Quaid-e Azam University)

Yes.

Prof. Dr. Kaiser Bengali (Advisor for Planning and
Development, Government of Sindh, Pakistan)

How gender based taxation could contribute towards economic freedom of the special groups of women?

Yes, it will increase the freedom and empowerment of special group of women. It will help in increasing their income, which could contribute economic freedom of the special groups of women.

Dr. Usman Mustafa (PIDE)

Gender based taxation could contribute towards economic freedom of the special groups of women by analyzing the different effects of taxation on women and men and giving appropriate consideration to socio-economic injustices and inequalities in the economy.

Mr Muhammad Sabir (Chief Economist, SPDC)

No, it is not directly concerned with the gender base. Freedom does not require regulations or concessions. It requires equal opportunities and spirit to compete.

A male Professor of Economics

Very clear, that resources saved due to tax concession will be diverted to Health, education and nutrition of the family.

Dr. Fazli Hakim Khattak (Chief (Health),
Planning Commission of Pakistan)

Only, if it facilitates the economic participation of certain disadvantaged groups of women who are facing specific constraints in accessing markets and deriving economic benefit from market opportunities.

Prof. Dr. Aliya H. Khan (Quaid-e Azam University)

It would lower barriers for entry.

Prof. Dr. Kaiser Bengali (Advisor for Planning and
Development, Government of Sindh, Pakistan)

Do you think gender based taxation (in the specific context of Pakistan) should be included as an element in the discourse on:

Gender empowerment

Economic empowerment of women

Free market economy

There is lot of questions on the working of "Free market" itself after the recent worldwide economic recession. A number of countries which were very vocal about free markets made substantial interventions in their economy in order to get rid of the recession. Gender based taxation (in the specific context of Pakistan) is one way or other way is a subsidy or interference from Government Sector in favour of a specific group, which itself is not true as the basic concept of "Free market". In free market economy there is no interference i.e. subsidies, protection, quotas, etc.

Dr. Usman Mustafa (PIDE)

Yes, gender based taxation should be included as an element of discourse on: gender empowerment; economic empowerment of women; and free market economy.

Mr Muhammad Sabir (Chief Economist, SPDC)

No, the policy measures to improve women empowerment are different. Concessions are not the solution.

A male Professor of Economics

Yes (Economic empowerment of women)!

Dr. Fazli Hakim Khattak (Chief (Health),
Planning Commission of Pakistan)

It relates to all the above listed areas so it could be discussed under all three in the relevant context of the particular discourse.

Prof. Dr. Aliya H. Khan (Quaid-e Azam University)

Yes!

Prof. Dr. Kaiser Bengali (advisor for Planning and Development, Government of Sindh, Pakistan)

Do you think that special concessions for certain groups of women in taxation would increase the tax base and/or returns?

Not necessary but the positive side is mainly due to incentive of concession. The people will be encouraged for registration of enterprises by certain groups of women which would boost the base and return and also empowerment of women.

Dr. Usman Mustafa (PIDE)

In short run, special concessions may negatively affect the tax revenues. However in medium to long run, when labour force participation of women will increase than it would increase the tax base.

Mr Muhammad Sabir (Chief Economist, SPDC)

No, I do not think so.

A male Professor of Economics

May not, as establishment of correlation between group of women and tax base would be different to determine.

Dr. Fazli Hakim Khattak(Chief (Health), Planning Commission of Pakistan)

Only, if giving special concessions leads to an increase in the number of tax payers who were previously not in the tax net.

Prof.Dr. Aliya H. Khan (Quaid-e Azam University)

No impact!

Prof. Dr. Kaiser Bengali (Advisor for Planning and Development, Government of Sindh, Pakistan)

Box 2: What could be the best economic argument for offering tax break/concessions/relief to the identified groups of Pakistani women?

This was a follow up query that was shared with some of the respondents. The two responses received are as follows:

Prof. Dr. Kaiser Bengali :(*Advisor for Planning and Development, Government of Sindh, Pakistan*):*Women face multiple layers of discrimination. Business is a man’s world and “single” women face different kinds of vulnerabilities. Tax breaks can be seen as a form of reverse discrimination to lower the disadvantage level of women.*

Dr. Usman Mustafa (PIDE) : *“It is a support to women who suffered or affected one way or other. In economic terms, it falls under welfare economics where economic forces provide financial support to help the deserving citizens. In developing economy, these fall under social security/social protection. Social security is primarily a social insurance program providing social protection, or protection against socially recognized conditions, including poverty, old age, disability, unemployment and others. Social security may refer to social insurance, where people receive benefits or services in recognition of contributions to an insurance scheme. These services typically include provision for retirement pensions, disability insurance, survivor benefits and unemployment insurance. Social protection refers to a set of benefits available (or not available) from the state, market, civil society and households, or through a combination of these agencies, to the individual/households to reduce multi-dimensional deprivation. This multi-dimensional deprivation could be affecting less active poor persons (e.g. the elderly, disabled) and active poor persons (e.g. unemployed).”*

Journalists (covering business, economy, finance and taxation)

The respondents in this group appear in agreement with the idea broadly. However, male journalists could not see the baggage of stigma for such women and thought that a tax break for such women is not “fair” to men and is not the issue of a larger segment of women in our society.

According to different views to different questions, the Gender based taxation (concessions to vulnerable sections of women) can contribute significantly towards the goals of women economic empowerment, which in turn can positively affect their role in a free market environment. Be it any kind of direct tax, concessions has to be across the board for women. In fact, it is not going to be a kind of privilege, just as a compensation for the trials and disadvantages they face for being women in this society. Though some concessions are already there in the policies in vogue but those are just cosmetic and need to be made more relevant to the realities on ground.

Some selected responses are cited as follows:

Women needed to be given concessions and privileges to facilitate their empowerment and respectable status in the society. However, tax concessions won't really make any big difference as far as core issues confronting them are concerned.

Mr Azmat Gondal

It can also lead family members to let the property stay with women to save money.

Ms. Myra Imran

Tax Experts

Generally the tax experts said yes to such a tax-break provided certain administrative and legal criteria are determined. The basic message from all respondents was that the Tax concession should be given to women generating income beyond a specific threshold.

The existing taxation system is not pro-poor. The concept of pro-poor speaks of inclusion of poor and delivering to poor. However both are absent from the current system. The tax slabs are designed on the single criteria to 'grab' citizens for tax collection as well as evasion rather than facilitate and broaden tax base and it is for this reason that CBR has failed in its objectives over the years. Further there is no system in place for verification of actual gain/ income other than that of salaried class; therefore the truly eligible cases for higher tax are not sufficiently within the net of CBR. The recent, most unjust tax was that imposed for internally displaced persons and that too restricted to salaried class. Also, the utilization of tax is not disclosed and not accounted for due to which majority of citizens regard the whole system faulty and look for every reason to evade tax.

A woman tax expert

This would itself be the biggest motivating factor for women to earn and the reciprocal effect would be positive increase in revenue of government through tax by increase in number of women paying tax (due to lower tax rates) rather than few women (due to absence of any concession) paying tax or tax evasion attempts. If however there is need, the criteria of number of dependents may be added so as to restrict over the board tax relief. The word 'special' should be restricted to specific group irrespective of gender (for e.g. senior citizen, special person, etc). As the tax proposals are already being considered every year, hence the said concession may be withdrawn if quantifiable data suggest that women are empowered enough to contribute on equal grounds towards their individual and country's balance sheet as that of men. This concession

if treated like limited time period subsidy to women may work the magic. The tax concession is especially important as Pakistan does not have any social support system in place at present for women, senior citizens or unemployed.

However if encouraging women at work is desired, criteria/legislation should be drafted to practically cover majority of women working and contributing to national income rather than limiting it to stereotype criteria i.e. concession for widows/ divorced.

**Box 3: Responses from renowned tax expert,
Huzaima Bukhari**

Do you think women should get special concessions in taxation system? Kindly explain in either case?

Women already enjoy tax concession with respect to tax rates. These have been provided in Part 1 of the First Schedule to the Income Tax Ordinance in paragraphs (1) and (1A).whereby: Under the proviso to Para (1), no tax is payable by a non-salaried woman taxpayer up to an annual income of Rupees 125,000 as against 100,000 in the case of men; and as per proviso to Para (1A), for salaried women there is a basic exemption limit of Rupees 260,000 as against Rupees 200,000 in the case of men. Another concession relates to waiver of filing tax returns to widows, orphans below the age of 25 years,³²disabled persons, in some specific cases.

Do you think that following categories of women should get tax relief: Divorcees, Divorced mothers, Disabled women and Never married women (above 40 years of age)?

Yes, but only up to a certain income bracket, say Rupees 400,000. If income exceeds this amount, they should be taxed on the excess.

Do you think that special concessions for certain groups of women in taxation would increase the tax base and or returns?

Yes!

How gender based taxation could contribute towards

³² No special or specific tax concession exists to the best of my knowledge. There are no tax concessions for disabled persons except under section 114 which absolves a disabled person from filing a return merely because he/she owns immovable property.

economic freedom of the special groups of women?

Economic empowerment through tax concessions should be the main stay of our tax policy. More and more women, especially from the less-privileged classes should be provided with micro-financing to start their own businesses. Once economically independent and becoming earning hands they would file returns expanding the tax base and enhancing economic productivity.

Do you think gender based taxation (in the specific context of Pakistan) should be included as an element in the discourse on: Gender empowerment, Economic empowerment of women Free market economy?

Pakistan has a mainly agrarian based economy where women work side by side with men but their contribution is not acknowledged in the official documents — Economic Survey released before the annual budget is always silent about female labour contribution in the rural GDP. This shows gender-bias.

In Pakistan's context, we need to document the contribution of women in rural economy. Tax policy should be re-formulated to empower them economically by giving tax incentives in respect of cottage industries based on agrarian products. This is the only way we can revolutionize our agriculture sector, empower women and promote free market economy.

Any other comments

There is a need to provide concessions to economically deprived classes that give them better social protection. There is room for further concession for women who are economically less privileged e.g. exemption from heavy indirect tax incidence for certain income groups, the State must provide subsidies to counter the incidence of 16% sales tax. They should be issued special cards to purchase every day essential items for getting discount equal to GST. In tax administration, female officers are deprived of key posts at policy-making level even though they are substantially large in number.

This anomaly should be removed. At the level of FBR at least 50% posts should be given to female officers. Currently, senior lady officers in grade 21 are side-lined to performing duties that do not have policy-making powers.

The following table summarizes and quantifies some of the qualitative responses

Table 1: Quantification of qualitative interviews with the categories, Economists, Journalists & Tax Experts in group 2

Information	Responses in %
No. of respondents who think women should get special concessions in taxation system	70
No. of respondents who think that Divorced women should get tax relief	40
No. of respondents who think that Divorced mothers should get tax relief	50
No. of respondents who think that Disabled women should get tax relief	80
No. of respondents who think that Never married women (above 40 years of age) should get tax relief	25
No. of respondents who opined that taxation system in Pakistan is anti-poor	100
No. of respondents who think that special concessions for certain groups of women in taxation would increase the tax base and or returns	50
No. of respondents who think gender based taxation (in the specific context of Pakistan) should be included as an element in the discourse on gender empowerment	80
No. of respondents who think gender based taxation (in the specific context of Pakistan) should be included as an element in the discourse on economic empowerment of women	85

No. of respondents who think that gender based taxation could contribute towards economic freedom of the special groups of women in Pakistan	70
No. of respondents who think gender based taxation (in the specific context of Pakistan) should be included as an element in the discourse on Free market economy	65
Total No. of respondents = 22(M:F=18:04)	

Group 3 (CSP, Communication, Development and Gender)

A perception survey was done with the respondents from this group.

4.2 Group 3 (CSP, Communication, Development and Gender)

Most of the in-service CSP thought that they have actually never worked on issues addressing GBV and or VAW. However, there was a consensus that Pakistani women face gender biases, discrimination and disadvantages which are more in magnitude for the rural and poor women. They believed that Pakistan, like most other societies, globally has a male-oriented and male-dominated society, where women do suffer in silence, mostly.

Nearly all CSP appear pro-tax break for the identified groups of Pakistani women when asked:

What is your take on the idea that certain groups of Pakistani women (divorced women, unmarried women (above 40 years), divorced mothers, disabled women/girls) may be given certain relaxation in taxation?

Some selected responses are as follows:

In my opinion the divorced mothers and disabled women/girls should be given exemption from paying taxes on their income. In this regard also some cap should be put on the slab of income; for instance if their income

is less than Rupees 300,000 then they should be totally exempt. If the income exceeds Rupees 300,000 they should be taxed at reduced rates up to Rupees 500,000 and thereafter normal rates should be applicable.

A male CSP

I think the taxation system is unfairly biased towards middle income people, so the reforms should aim to tax the more affluent people more rigorously. As such taxation should be linked with affluence not gender.

Suleiman Yaqub Zai

This is the least a welfare society could do to help and encourage the most deserving sections of the society. I'm strongly in favour of tax relaxation to this section.

A male CSP

An interesting observation was that none of the woman CSP contacted as the ideal respondent for this survey responded back.³³

4.3 Group 4: Communication, Development & Gender Experts

The respondents from these categories who work directly or indirectly with poor communities and groups of vulnerable women and men with right-based approaches through advocacy, activism, research, service delivery and media were more knowledgeable about human rights, constitution and human predicament and less aware of convoluted pathways of economy and taxation. However, very few even in these categories have actually worked for or focused on divorcees/divorced mothers and single woman above 40 years of age. The subtle and obvious sympathy, as noticed with the respondents from Group 1 remain more

³³ It was found out that many women CSP actually fall into the identified category of women for whom I am trying to build a case. The silence of such women indeed says a lot about the stigma associated with these "positions".

for the disable women and girls with which most of these respondents have had the chance of working. The Earthquake 2005 was one catalyst factor but what was overlooked not in their individual responses and overall strategies for women and economic empowerment of women was the change in marital status due to disability gained by a good number of women during earthquake. Many young women on wheelchairs now would probably remain unmarried and most of the married women even mothers of many children were divorced by their husbands on being paraplegic.

Some selected responses are as follows:

I totally support this kind of affirmative action. I believe that concession in this case is justified not for concession's sake but because discrimination against women in Pakistani society is institutionalized – from the state level to the level of an individual. The monetary value of women's productivity and labour is neither calculated nor acknowledged. The above categories are conditions that leave women even more vulnerable than at 'ordinary' times. It is necessary that women be given protection and relief – not as a concession but as a right.

Adnan Rehmat, Communication & Media Expert

Such a facility should be extended as part of affirmative action approach to facilitate women who have been able to make achievement in harsh circumstances. This initiative is a very good start to advocate on a social policy that recognizes needs of women and provides them even opportunities.

Zaigham Khan, Anthropologist & Communication Expert

I feel that taxes should be relaxed for all women and that it should have different types so that un-married, divorced, widows, elderly women and also disabled are able to benefit. Needless to say, there is never any debate on disabled/ special people in our society, so they suffer the most and all in all, women get poorer and poorer every day.

Saadia Haque, A young Radio journalist

At present I am not aware of any study which describes the type of taxation that these women are subjected to. Only form of taxation that might hurt them more than any other form of taxation is sales tax and other forms of indirect taxes. These taxes are most regressive taxes and hurt women and other low income and vulnerable groups. These taxes are used to make payments for Pakistan's outstanding official external loans, debt services and defence budget. Women are never consulted when these loans are signed and the size and nature of defence budget or the rate and coverage of taxes is decided. National Assembly members elected on women's seats have never raised these issues in the parliament. Parliament itself plays a marginal role in law making as most of the legislation is done through presidential ordinances. A case for Tax Relaxation can be made by first conducting a study on the incidence of taxation on Pakistani women mentioned in this question, educating all the legislators, especially the women legislators on the findings of this study and educating public opinion through media and finally starting a debate in both houses of the parliament to make appropriate legislation to reduce the burden of unjust taxation on vulnerable groups of women.

Fayyaz Baqir, Expert, People Centered Development.

In my point of view all those Pakistanis who are not receiving services from any public department should be exempted from any taxation as they are already giving in-direct taxes.

Kishwar Sultana, young Development practitioner

There has been lot of discussion about challenges faced by women and such a measure can become one of the specific measures to address needs of the groups mentioned. Recognizing that women are not a homogenous group and in the same manner their needs are also different. This is an important step to draw attention towards the needs of women which goes unnoticed.

Freeha Ummar, Gender Expert

I think that (a) divorced mothers who have to support their own children and (b) disabled women need relaxation in taxation. Unmarried women should not seek tax relaxation if they are not disabled they must earn their livelihood and pay tax accordingly with a minor incentive.

Box: 4: Response of the Chair, NCSW

Anis Haroon, Chair National Commission on the Status of Women (NCSW), is a leading woman rights Pakistani activist since 1981. She has worked extensively on violence against women. Her innovative approaches towards these issues included: forming violence affected women's groups, counselling and helping victims and survivors and through Legal Procedures as well.

What is your take on the idea that certain groups of Pakistani women (Divorced women, Unmarried women (above 40 years), Divorced mothers, disabled women/girls) may be given certain relaxation in taxation?

Yes! They are the most deserving groups. Women are the backbone of our economy and they need fair laws and access to resources.

Table 2: quantification of Perception survey for the categories Communication & Media, CSP, Development & Gender in Group 3.

Information	Responses in %
No. of respondents who think Pakistani women are facing gender discrimination	100
No. of respondents who worked on GBV (gender based violence) or EVAW (ending violence against women)?	63
No. of respondents who ever tried to approach the problem with innovative or relatively newer approaches?	50
No. of respondents who have ever worked on financial empowerment of women	44
No. of respondents who thought that Never married women (above 40 years), may be given certain relaxation in taxation	30
No. of respondents who thought Divorced mothers may be given certain relaxation in taxation	90
No. of respondents who thought divorced women may be given certain relaxation in taxation.	60
No. of respondents who thought that disabled women may be given certain relaxation in taxation	100
No. of respondents who opined that taxation system in Pakistan is anti-poor	100
Total No. of respondents = 48 (M:F=25:23)	

Group 4: Entrepreneurs

Women entrepreneurs who responded were with an estimated annual income range of PKR 100,000–500,000 and included married, widows, never married, disabled and divorced mothers. Irrespective of their tax paying status they endorsed the idea of a tax-break for certain special groups of women. Male entrepreneurs who responded were with an estimated annual income range of 400,000- a little above 1 million.

They were sympathetic towards woman entrepreneurs specially those who are in difficult situations and are physically disabled. Contrary to woman entrepreneurs males do not find any problem in “paying taxes” provided they do pay tax. The key difficulty pointed out by women in paying taxes is pure legal/ financial language for which they have to hire a lawyer and or request the bank to fill the form.

The group of entrepreneurs like all other respondents was not happy with the taxation system in Pakistan. The taxation system is not equitable. According to some respondents more tax is levied on the poor and less tax is levied on the rich. Due to more debt from external sources like World Bank, taxation system is under pressure and to undo this pressure direct taxation is increased by increasing fuel, electricity and commodity prices which also promotes the inflation rate on the increasing verge thus reducing the living standards of citizens day by day. Federal Ministers, Judges and Armed Forces avail high tax relief whereas common citizen bears all the burden of tax. Furthermore there is more inclination of corruption in tax authorities in Pakistan. Rich get relief while poor suffer. Furthermore the tax law has unduly been drafted with language complications: use of law jargon which is beyond common man’s understanding and needs special interpretations.

The only word of praise for taxation system came from some entrepreneurs (males) who have an academic and practical training in financial management for the e-filing system.

Problems faced by men and women entrepreneurs in varying degrees can be summed up as follows:

The common entrepreneur faces the following types of problems namely:

High level of Uncertainty

The overall markets in Pakistan are facing high level of uncertainty due of unstable Political system, ongoing war on terrorism, direct intrusion by external forces in making government decisions.

Constantly increasing Fuel & Electricity Prices

The ever-increasing prices of fuel & electricity in Pakistan increase the unit cost of production without proportionate increase in selling prices which is a problem for new entrepreneurs.

Electricity load-shedding

Due to high load shedding in Pakistan the factories are facing acute problems. This leads to non-production or low production, increase in labour cost due to idle time and strict tax rules. As this problem persists the equity of entrepreneur is eroded due to per year losses. It has been seen in industries where ratio of load shedding is high the ratio of losses is also high which may lead to overall destruction of the economy.

Slow registration process – to begin with, the departmental requirements of registration authorities are not friendly. Lot of precious time is wasted during initial registration or in authorization process. There are no facilitation departments for micro enterprise development, if they do exist (which the respondents don't know), they are non functional.

Some selected responses are as follows:

Pakistan's tax system is not pro-poor. In Pakistan Middle Class (like me) pay the taxes and upper classes get facilities from tax money. I am a taxpayer but I never received any letter of simple thanks from tax department.

A woman entrepreneur

Yes! In my opinion that women who never married or are disabled, if they are living on their own expenses and have some secure property or source of income, should be given special concession in taxation system. I have a property and it is a multi-storey building, and all brothers and sisters have our share in it. The ground floor is the property of my brothers and upper floor is my property. First of all, I can not sell that property. And secondly, I pay property tax on annual basis, as last year I paid a handsome amount in this regard, which disturbed my whole budget. I am running a welfare foundation since last ten years but I never got any tax exemption even for the welfare purpose.

Sahira, running a welfare organization for women and child rights, based in Peshawar

The following table summarizes and quantifies some of the qualitative responses.

Table 3: quantification of Perceptions from entrepreneurs	
Information	Responses in %
No. of male entrepreneurs who pay taxes ³⁴	30
No. of female entrepreneurs who pay taxes ³⁵	70
No. of respondents who thought tax system anti-poor	100
No. of male entrepreneurs who supported the idea of a tax-break for special groups of women	80
No. of male entrepreneurs who face difficulty in paying taxes	20
No. of female entrepreneurs who face difficulty in paying taxes	100
No. of respondents who believe that women in Pakistan in spite of being respected are facing gender discrimination.	100
Total No. of respondents = 29 (M:F=15:14)	

³⁴ The remaining 70% are tax-evaders.

³⁵ The remaining 30% are not eligible income-wise.

5. Humane Face of the Problem – the stories of struggle

We women, when we're searching for a meaning to our lives or for the path of knowledge, always identify with one of four classic archetypes.

The Virgin (and I'm not speaking here of a sexual virgin) is the one whose search springs from her complete independence, and everything she learns is the fruit of her ability to face challenges alone.

The Martyr finds her way to self-knowledge through pain, suffering, and surrender.

The Saint finds her true reason for living in unconditional love and in her ability to give without asking anything in return.

Finally, the Witch justifies her existence by going in search of complete and limitless pleasure.

Paulo Coelho

This chapter embarks onto unveiling the hidden aspects of “inequality” and “injustices” of some women who fall under the category of widows, divorced, divorced mothers, disabled and never married, in one or more combinations. This however is neither their sole nor core identity. These women differ from a “news worthy” victim of violence because they are not suffering from an overt form of violence. Hence, they do not have any attention seeking “symptom” like history of rape, burns or acid attacks or “love marriage followed by threats of honour killings”. They are courageous women who do not know, nor believe or wished to be seen as “victims” and who are not claiming even their rights but are struggling to survive with dignity.

As mentioned in Chapter 1, 50 ideal respondents were selected. Four men were also identified to know their perspective on these issues in their capacity as fathers or brothers of any woman who is widow, disabled, divorced, divorced mother or who never got married and is over 40 years of age. 35 women (five from each group responded back) and two men also responded. Ten stories have been selected as representative case scenarios. What was common among all the respondent women was their resilience and determination to cope. Thinking and talking about their own empowerment through some concession in the taxation was a new idea to almost all of them. The identities and exact age have been changed to maintain the confidentiality. They are presented without following any rigid template to maintain the purity of sentiments and spontaneity.

5.1 The critical narratives from the real people are as follows:

Stories received via e-interviews

Mine is a unique case in the sense that we are just three sisters and I am the eldest. Being independent and educated helps in making the decision but not actually carrying out the decision regarding my property. I am still as vulnerable as any uneducated, lower middle class divorcee woman would be in the same predicament. Filling out any tax return or judicial bond regarding property is not very clearly understood and you don't know actually how to carry out the lengthy and cumbersome procedures. The State riasat should make the system pro divorced women, but keeping the reality in view, it seems more practical that these single women should be exempted from property taxes and other judicial procedures just like wealthy widowed women, because the factor of being vulnerable and dependent on male help is equally valid here too. The core issue of being alone and dependent still holds in this case too. So State should see into the matter on humanitarian basis.

A 32 year old divorced woman teacher

In a society where women are economically empowered and are at par with men in decision making situations, it is not justified. But in a society like ours where ignorance, lack of awareness and an attitude of looking down on divorcee women (a trait of South Asian Subcontinent) and of a mixed nature (ridicule, suspicion, pity, even jealousy and anger) towards single women and even men after a certain age, are the norm, it is fully justified.

In my case, my biggest worry and cause of a major depressive episode was the fear that if for some reason, I am no more there or able to look after my youngest sister who was single then and had crossed 40, what will happen to her and how the society which includes my own sisters and brothers will deal with this issue. As I felt that she is now considered a burden on me by others and because of whom I am not marrying myself,

which was an opinion based upon their own religio-sociological world view. And the funny part is that nobody ever believed me and perhaps don't even now (though they ask no more) when I told them that this path is not for me (and between us, Rakhshi, I had this feeling since the age of seven or eight).

The glaring fact is that a girl like "z" who has done her B.A. and for some time taught in an elitist school, got influenced by a certain school of thought and convinced that it is not for a woman to go out of her house and earn her living. And my insistence on self-reliance was because I thought that if she was earning at least her livelihood, she would be better treated even if she had to stay with any brother or sister after I am no more. Finally, as you know, I gave up.

In this background and context, I would recommend that divorcee, widows, and single women be given some relaxation in taxation (of course, if it is the case of the daughter, or widow of a billionaire fully in charge of her situation, naturally this does not apply), but this exemption should be given appropriate publicity which should reach its possible beneficiaries.

Thoughts of A 62 year old never married brother

...and suddenly I was only a widow

when my husband, who was a retired public official and was trying to establish a small business, suddenly died, I realized that I was no longer that intelligent woman who was appreciated and admired by friends, colleagues and relatives. I was just a widow with four daughters, incapable of handling a business and there was no support system. I did not get any assistance in getting loan, faced hardships in the name of official procedures and much more. Finally, I wined the business off and concentrated on getting my daughters married with honour. However, now when I look back I really wish I had some support from the State. I suggest that widows, divorcees and overage unmarried women must be recognized as a special group of women and they must be treated preferentially where possible. For instance, they must be preferred in jobs instead of being stigmatized, if they are working with the Government

and are good performers they may be given extension in services/relaxation in retirement age, they should be given concession in air/railway/local transport fares and last but not least the State should create special hostels for addressing the shelter and accommodation issues.

Widows do get tax exemption on one house but all widows do not have a house, all widows are not even aware of this concession and, if you recognize the economic hostilities one house cannot offer solution to a plethora of problems that a widow with children particularly daughters has to face

Mrs. Karima, a 67 years old retired government official.³⁶

I am 29 years old 'disabled young unmarried woman' and I know I will be never married.

This category has always been neglected; of course tax exemption is also one of them. These women are facing 'discrimination and stigmatization' by our society wherever they go. No matter how well qualified they are, they have to face people having a typical mindset, which is not less than a psychological trauma for them.

During their academic career, they are not considered equivalent to non-disabled students. Similarly after acquiring their degrees, they are deprived of job opportunities. And if at all they are lucky enough to make their way through and succeed in getting some job, these poor women are considered to be liability on that institution/organization. It is unfortunate that instead of facilitating them in performing their duties, they are ridiculed and asked to perform those tasks which are beyond their capabilities due to their disabilities.

³⁶ She is a highly qualified woman. In her younger days she was a radio journalist. As a mother of four daughters, she experienced an entirely changed life when she was suddenly widowed ten years back.

It is always highlighted that “what these women cannot do?” Nobody is interested to know about what these women can do?”

I think we definitely need to do more than lip service. Some concrete measures are required to be taken at all possible levels. We will have to keep this issue alive through Print & Electronic media, Seminars and Talk Shows. We will have to work to change the opinion of the general public. We may have to suggest viable solutions to practical problems faced by affected people. Sometime we might have to confront people or organizations as well.

Lozina Shoaib³⁷

Story of a 36 year old, modern and rich divorced mother

She was one of the most modern and wealthiest person known to me since my childhood. She submitted after graduation to an arranged marriage with a man, belonging to lower middle class and then struggling in his career. Her parents and family connections not only paved the way of his now enviable social position, but it took an extraordinary toll on her personality by depriving her of her confident personality, self esteem and ability to think. After 18 years of “ acting “ as a happily married woman with four daughters, one fine day she was literally thrown out of her villa when her husband introduced his new wife to her and the daughters.

At the age of 40 she was divorced. Her parents are supporting her mentally and financially, but is this the solution? She has no cash of her own. She has continued her education following a divorce in which she was forced to give up all economic rights. She cannot dare to question her father and brothers about the share in inheritance. Where are her rights?

³⁷ Ms. Shoiab gave her consent to publish her story and response with her real identity in November 2009. On 4 December 2009 her father was martyred in a suicide bomb attack in Parade lane Rawalpindi. Her extraordinarily brave mother and herself are now facing the terrible challenges of life with great dignity.

Therefore, she thinks and believes that when she finds a job or starts her own small business, the system of the State should offer her some concessions in financial matters, at least till the time she is on her own feet.

Naima Hassan, counselling psychologist – a story of success and inspiration³⁸

I am not disabled but with physical deformity and I am unmarried which is my own decision. I was born in a middle class family, my parents were educated, father was liberal and mother was traditional, this combination worked beautifully in the look after, training and upbringing of us, we were eight (three sisters and five brothers) and parents were giving special attention towards our education, sometimes my parents faced economic problems and both struggled hard for us. I do not put myself in any category of physical disability because I did not face any difficulty in doing any of my activity, walking, talking, reading, listening, hearing, vision, mobility, and by the Grace of Allah, I did not face any difficulty in school, college and university life and even in my advanced studies abroad.

As far as any stigma or discrimination is concerned, I did not face it from my family or friends, but yes, society is not sensitized enough and they think if any person is with some disability or deformity, he or she is not considered as normal one, and the present or future of this person will be very painful, which is completely wrong. I have very good friends rather I am a social person who enjoys going out with family and friends, I have travelled a lot in many countries, and did not face any problem.

I struggled hard not for myself but for those women of my country who are deprived and who are facing and suffering abuse, violence and discrimination, who are deprived of basic rights and basic utilities of life, who do not have health and education facilities and who are not allowed to speak or express their feelings, emotions, ideas and imagination.

³⁸ With her consent her real identity has been maintained.

I am struggling for girls who never went to school and are dreaming to be empowered and not getting married is my own decision, not due to my physical deformity but to be with my parents (particularly my father who was old). I am enjoying a good quality of life, earning, supporting from my income to deserving, and spending on myself.

I pay tax since 1988 when I joined my first job as lecturer and I do not feel bad about it, being responsible citizens of Pakistan, we should pay tax and what Government gives in return, this is their responsibility and which should be done properly. I do not have any issue in paying tax, and don't want to be exempted as I am earning, but I will suggest that they spend the tax amount on providing proper transport facilities for women and also facilities and funding for advanced studies.

5.2 Stories gathered from face to face communication

Story of a Lady Doctor: Abdul Wahid

...Once divorced once widowed always struggling

I am not angry with my fate. I am worried about my deteriorating health. What if I am unable to work, who would feed my children? I earn enough to lead a dignified life that is simple but look at the inflation, shocking increase in utility bills etc. I am really confused what to do and at the top of that I have to pay income tax that appears unrealistic to me but I cannot afford any tax lawyer who can help me. Going to that office is a test of nerves indeed.

She is a gynaecologist by profession. When she was doing her house job she got married. Her husband was a nice person as he never “battered” her in spite of her failure to conceive even after four years of marriage. However, the gentleman never got himself tested and succumbed to the pressure of his family and one day when she returned home after a night call she was told that she would be divorced soon. She did not protest as it was of no use. She did not get her “haqq mehar” (a gift, mandatory in Islam, which is given by the groom to the bride upon

marriage) as out of love she gave it up on the sweet request of her husband on their wedding night. Her brothers refused to give her share in the family property on the pretext that the value of her share of property has already been “spent” on her wedding, dowry and gifts given on occasions like eid and wedding anniversaries. Her father was not there anymore to stand for her. She again decided not to protest. At least I made a choice., she told me while laughing bitterly.

Her divorce introduced her to a newer challenge. She was supposed to prove her innocence in one way or the other before “my enlightened society”. When a guy proposed her she accepted his proposal. Getting married again scared her at first but when she conceived during the first year she started trusting herself again. By the end of fourth year of her second marriage, she had three children and she was responsible not only for their raising but running the household expenses as her husband was seldom interested in pursuing any job seriously. While balancing her challenges, she met another tragedy. Her husband suddenly died of a heart attack. “Being a widow provided me with some sympathy but no solutions to my practical problems. I continued with my 9–5 regular job besides working in private clinics on need basis and managing my own small clinic to meet the ends and not being dependent on my parental family. My in-laws told me that I cannot claim any right on property.”

She maintained her record of not protesting even this time because access to Justice and Law in Pakistan are one of the most difficult things to understand even by an urban, educated and modern woman.

Yes, this woman, a bread-earner, wants the systems of the State to recognize her needs at least in the Taxation system. Although she believes that the whole cycle of “injustices” and “brutalities” need to be understood by those who matter like “free media”, “woman parliamentarians” and “judiciary”.

...single again – story of an entrepreneur – Maryum

Since my childhood I had a fear of marriage. May be because I saw my elder sisters who were married, always sobbing, bickering or talking against their in-laws. When I grew up I decided not to marry. Due to my mother's illness I could not continue my studies after doing my F.A. Strangely enough; I hardly met any resistance against my decision of rejecting any marriage proposal. I thoroughly enjoyed my single status. I like to do cooking and babysitting. With the passage of time I found myself cooking for more and more people and looking after more and more babies as my five brothers got eventually married.

At the age of 36, Maryum finally changed her mind as she was sick and tired of doing too much of “unpleasant household chores”. Maryum got married to a 46 year old widower and a father of seven kids. The marriage –an arranged one – introduced her to a new face of life. She was again cooking and caring for children but the beneficiaries were new and there was a husband too who blatantly showed his disinterest in her on the very first day (to be precise, on wedding night) by convincing her that she is an ugly ‘over age’ woman and he wanted a “fresh girl” and that he was not happy with his mother’s decision but “out of respect honoured it.” So she remained in “her husband’s villa” for 18 months, while tirelessly doing all household chores, playing the role of a mother and obedient daughter-in-law and hiding the infidelity of “her husband” who remained in search of “true love and a fresh face”.

One day he melted and demonstrated his change of heart by telling her that she can leave his house and he would send her the divorce papers and dowry items because he cannot remain unfair to her and traumatize himself.

“I could not believe my ears. I begged him. I called my brothers. My eldest brother who is well placed as a business man literally touched his feet but in vain.”

Maryum went into depression and underwent psychiatric care for two years. During the same period she became very religious. I started praying regularly and with the *dava* and *dua* – medicines and prayers – I recovered and for the first time I thought about myself and asked my brothers to pay me back for all the years that I have worked for them and their families. I did not put them in much difficulty by claiming my share on family property. I only asked them to assist me in running a tuck shop in a local girls' college where I can sell my home-made food. Fortunately they agreed not because they loved me but on the belief that Maryum being a good sister will bring the income to them or invest on their kids.

Maryum did fight back and her small business is giving her dividends. But she attributes her success to her brothers' support and her decision of not challenging the conventional wisdom and parameters of society. She is 45 years old now and single-again-divorced not going to be married again.

I believe that money is the best partner. However, despite offers, I do not want to expand my business in other colleges as sales tax stuff is too complicated... this is another factor that keeps me more and more dependent on my brothers... I wish the State can take care of women like us... She clearly, but with a fringe of shyness, responded to my question: Should divorced women get any concession in the taxation system? *I am not asking for any exemption but a simplified administration and some relief, at least in the earlier years.*

...never married: Khawar Aftab Raza³⁹

She is a "high caste Punjabi woman" and lives and work in a small city of Punjab with a public department. She is nearly 55 years old, never got married and has led a "single life by her choice". She ranked herself in middle class and she was not forced by her family or caste to be

³⁹ This interview was conducted by Irfan Raza (volunteer, *sinf surat*).

married. She is a tax-payer and pays income and property tax on regular basis. Being a qualified lawyer she strongly advocated that women who are divorced, divorced mothers, disabled and never married must be given relaxations in taxation.

Citing her personal example and experience, she shared: *I pay Rupees 3,000 as tax from my salary on monthly basis, and of course it disturbs my budget. A few months ago, when I was appointed as District Officer into a newly established district, the income tax and treasury departments charged more tax on me and deducted an amount of use Rupees 40,000 from my salary. I was quite disturbed on the situation, and then I made contacts in the provincial tax office in Lahore and explained my problem. They admitted their fault and stopped double deduction but my money, which they have already charged, has not been given back. She has not faced any discrimination or stigma. But she admitted that as tax-payer she is not satisfied with the taxation system, which is not pro-poor and does not facilitate tax payers. She said that the government should give tax remission to single and divorced females and widows. I have no other income source, and as a female I am not involved in any type of corruption "Ooper Ke Kamaie", so it is hard for me to manage my monthly budget.*

Story of Reena – from a timid village based house wife to a fearless news reporter

Married in a *watta satta* arrangement by the time she was 25, she had six kids. "Luckily, I had all sons!," she told me with a conscious sense of pride. On her 26th Birthday she received verbal divorce as a gift because her brother who left for the United States some years back suddenly decided not to come back and sent a written divorce to his wife who had no children.

Reena was back to her parents' house and her boys were kept by their father. "Since childhood I was interested in watching Indian movies and every time I used to watch them I thought of writing stories. However, I was not good at studies and was a matriculate when I got married."

Reena told me that somehow that divorce did not make her depressed because probably she never loved the man to whom she bore 6 kids in 7 years of marriage though she missed her children especially the youngest one who was only a few months old then: *I continued my studies and joined a local newspaper as well. I came to my paternal uncle`s house in Multan to "gain this much of freedom". I 'decided' to explore life and one day I shifted to Karachi. Don't ask me what experiences I had – it is a thrilling-melodramatic-sensational journey – now I am 36, a graduate, a free lance journalist, last year I married my boy friend who was with me for the last 4 years and since I built connections with the rich and mighty, I was able to bring 2 kids with me. I am happy – yes I am!* Reena told me loudly.

Reena recently got remarried by her own choice but her new husband does not support her children because his salary is not enough. Reena wants to give good education to her boys. She works quite hard and she wants to remain a law abiding citizen as well *"...but these taxes –why should we pay them–the whole system is against poor."* Reena assured me that if the system recognizes her ordeal and needs and "respects" her as a truly emancipated woman, and there are some realistic concessions for "divorced mothers" like her, she would be filing her returns honestly and regularly.

5.3 Overall impression

These human interest stories can yield a number of impressions and generate many thought stimuli, depending on one's objective of search. However, in the specific context of this study one key impression is that women, irrespective of their disadvantages, are contributing to their household, families and national economy. If they are facilitated by the State they would not only contribute more effectively but the tax net would also be widened.

6. Towards a change

We achieve what we want to achieve, change what we want to change; it is our vision or lack of vision which makes things happen or not happen. We can build the world according to our liking only if we decide what is that we actually like. My dream is to put poverty and gender inequality into museums so that we can take our children and show them how billions of people used to live in the past, and let them make up their mind that it will not happen again.

Dr. Muhammad Yunus

Idea, context and rationale have been explained in Chapter 1. Besides secondary data analysis through a brief literature review at global and national levels on relevant aspects of gender and taxation (see Chapter 2), an exploratory study was done with three groups of respondents consisting of ten categories to get the first hand information. This pioneering study (see details in Chapter 1) was devised to know the mood of different stakeholders in terms of their positions, perspectives and points of view on the idea of taking into consideration the social context and offering tax relief to certain groups of women in taxation system as one of the means (not the only one and/or instead) of their economic empowerment and freedom. The group of widows was deliberately excluded, but the aim was not to deprive them of any possible concession in the taxation system, as they already have concessions in the property tax and they do not experience social stigma which is different from social barriers (see Chapter 2 for details).

This final chapter documents certain key findings, conclusions cum challenges, and recommendations by the stakeholders/duty bearers and offers a plausible way forward.

6.1 Some Key findings

Some Key findings gained through the data collection process and information documented may be summarized as follows:⁴⁰

- Absence of debate on gender and taxation among the political forces, policy makers, middle class women and men and elites in the development sector;
- A sense of avoidance and embarrassment among educated women in formal employment sector to discuss such issues;

⁴⁰ Since this study does not involve a representative sample (see Chapter 1) so to avoid perception of generalizing the results the quantified findings are not included here.

- Absence of focused and concentrated efforts on issues of divorced women and mothers, disabled and never married women above 40 years of age;
- Insensitivity towards stigma and discrimination issues by more informed professionals (women included) and approaching the tax issues with a pure financial and economic framework where gender appears irrelevant;
- Divided opinions among different experts on inclusion of tax matters in the discourse on free market economy, genderempowerment and economic freedom and possibility of increased tax return and or tax base by offering tax break to some special groups of women;
- The complexity of equality and that too gender equality in particular remained a characteristic feature of all confusions and confessions shared on record and off the record; more so by the more informed and technically equipped respondents;
- Lack of acknowledgment and or recognition that taxation is an issue that can either become one of the barriers or a bridge in efforts geared at the economic empowerment of women;
- Women who apparently appear disadvantaged by the stereotype yardsticks of the society are mature and honest and are not willing or inclined to take a tax break if their financial situation is stable;
- The sympathy graph for the identified groups of women in decreasing order of intensity is as follows: Disabled, divorced mothers, divorced, never married (above 40 years of age). The widows when brought into consideration always earned most sympathetic concessions. This trend itself says a lot about preconceived notions and collective psyche of our society.

6.2 Conclusions-cum-Challenges

A broader conclusion of this study is that the proposed tax-break for certain groups of Pakistani women (divorced mothers, divorced, disabled and never-married women above the age of 40 years) can emerge not only as one of the means of freedom from stigma and servitude for these women by restoring and enhancing their self-esteem but would also allow sustenance-of the ability to meet needs to many women who are overworked and underpaid by diluting if not dissolving different layers of discrimination in a patriarchal society and culture.

The main findings obtained through the literature review have led to the following Conclusions-cum-Challenges:

Gender-based taxation though widely debated in the developed parts of the world has yet to gain consensus from economists and policy makers. In Pakistan, with a repressive and anti-poor taxation system, the discourse and debate on gender based taxation has yet to command the attention of policy makers and tax experts. The key challenge therefore is how to translate ideas about economic empowerment of women through a tax-break into policy actions?

The main conclusions that can be drawn from the responses of politicians and legislators are as follows:

This group admits loudly and not so loudly different forms of discrimination against Pakistani women. The respondents included in the study endorsed the suggested tax break. The challenge is how to table this agenda in their respective parties and consequently in the Parliament?

The responses based on the structured qualitative interviews conducted with the economists, journalists and tax experts may be inferred as follows:

Leaving aside a few exceptions, the economists, mainly do not prefer the mixing of social context in economic policy and matters. The idea of considering marital status of women appears to many as undermining

a woman's self esteem or talents. The baggage of biases against women by society was not taken into consideration while posing counter queries that why men, specially divorced and disabled men, should not be offered the similar concessions? This particular thinking point out towards a challenge: how to mainstream gender sensitivity in economic policy making and media analysis on industry, business and finance?

The findings from the perception survey with the CSP, communication, development and gender experts/practitioners point out towards the following:

Gender-based taxation and tax break for the identified groups of Pakistani women is a new but welcoming thought to many. However, it requires more research and needs to materialize incorporation of gender equity and assessment of practical and strategic gender needs in policy and planning not only of programs and projects meant for the economic empowerment of women but across the board in all gender, women and rights-based initiatives. The challenge remains how to make it happen in an elite and donor driven sector of social development in Pakistan where recognition of a woman's marital status appears an alien thought for offering tax-break? Where most of the influential NGOs do not visualize that poor women or women from lower middle class can also become economically independent in its true sense as may be evidenced by their potential capability or likelihood of becoming an eligible tax payer.

Responses from the entrepreneurs can be pointed out towards the following conclusions and challenges:

Taxation system and processes of initiating and maintaining a small business in Pakistan is troublesome even for men. For women, it becomes more complex although urban and educated male entrepreneurs perceive that women do obtain concessions because of their being a female from male officials of the tax and ENT departments. Of many challenges, one critical challenge is how to synergize the efforts by the Non-profit organizations, taxation departments, chambers of commerce, Ministries

of Trade and Commerce, and of Women Development, so that ultimately poor people in general and poor women in particular could benefit and enjoy economic empowerment and freedom?

Reflections and responses by widows, divorcees, divorced mothers, unmarried women (above 40 years of age) and disabled women pointed out towards the following:

There is dire need for the improvements in the “repressive” and “anti poor” taxation system in Pakistan. The “how” remains a challenge in this case scenario as well.

6.3 Recommendations to stakeholders⁴¹

1. Economic empowerment through tax concessions should be the main stay of Pakistan’s tax policy. More and more women, especially from the less-privileged classes should be provided with micro-financing to start their own businesses. Once economically independent and becoming earning hands, they would file returns expanding the tax base and enhancing economic productivity. Pakistan has mainly an agrarian based economy where women work side by side with men but their contribution is not acknowledged in the official documents – Economic Survey released before the annual budget is always silent about female labour contribution in the rural GDP. This shows gender bias. In Pakistan’s context, it is a must to document the contribution of women in rural economy. Tax policy must be re-formulated to empower them economically by giving tax incentives in respect of cottage industries based on agrarian products. This is the only way to revolutionize Pakistan’s agriculture sector, empower women and promote free market economy.

⁴¹ Some recommendations appear beyond the scope of the study and idea but these are included because respondents proposed them.

2. Women entrepreneurs or earners must get concessions on a pre-determined and quantifiable criterion to help them break barriers and to encourage them to be more productive in terms of economic activity.
3. Categorizing women as special attention factor of economy is required for Pakistan however extending the debate and/or practicing it to an extent (time period) that it becomes an element for undue manipulation by society for deriving undue benefit is essential while proposing/drafting or implementing any system. The same is especially applicable to effect of any tax relief to two extreme segments of society i.e. very poor and very rich segments of society.
4. In spite of the encouraging schemes launched by the Government and various development sector organizations, education for the girl child still continues to be a distant dream. Two steps in this direction could help fill the gap to some extent. First, a special education deduction could be allowed say up to Rupees 2,000 per month for the education of any girl child in a family with an annual income of less than Rupees 500,000 per annum. Second, a 100 per cent tax deduction may be allowed for donations made to charitable organizations engaged in promoting girl child education, especially in the rural areas.
5. To ensure and encourage greater participation of women in business and reducing gender discrimination, special housing loans may be introduced. To encourage households to buy a house in the name of the women members or at least in the joint name, an enhanced deduction of say a certain reasonable percentage should be allowed for interest paid on housing loans. To avoid any misuse of this beneficial provision, this deduction may be restricted to only one house.

To ensure that women entrepreneurs benefit from e-filing system and avoid the hassle of going to tax offices, facilitation desks may be created at banks.

The required Tax Break must be coupled with providing linkages with other organizations that could train them on financial independence and personal development.

6.4 Specific recommendation to initiate a change

Current taxation system does offer relaxation to women .this relaxation can be made more realistic taking into consideration the inflation rate and inequity embedded within the taxation system. To enhance more entry points for women entrepreneurs, a tax-break can be considered to offer to the identified special groups of women including widows who, however, do not face those disadvantages that are experienced by the former group.

Property tax regulations already offer certain relaxation to widows. These can be extended to the identified groups of women. A suggested prayer is as follows:

The Prayer

Pakistani Women, irrespective of social origin, family wealth and faith who are divorcees (any age), divorced mothers (any age) and those who are unmarried (above 40 years) due to disability, socio-cultural practices/traditions (dowry systems, caste systems etc.) or any reason must be entitled to certain relief in taxation, at least property tax exemption, that is entitled to the widows already.

Sinf Surat suggests that the competent authorities should review the existing taxation system with the consciousness of the magnitude of disadvantages borne by special groups of Pakistani women (.divorcees divorced mothers and never married women).

Specific conditions could be as follows:

One residential house, flat or apartment (up to 1,000 square yards) owned and occupied, or owned and not occupied, by any woman who is a divorcee, divorced mother or never married woman due to disability or any other reason, whether formally employed or not, possesses whether in her own name or in the name of, or jointly with her dependent minor children and/or mother (as the case may be), must be given due (100%) exemption. This exemption must be for life time irrespective of any change in the marital status of such women. However, if women do not wish to seek this exemption (may be in the case of young divorcees who may get married again and their living/financial conditions improve), she may surrender this waiver.

Two residential houses, flat or apartment (up to 500 square yards), owned and occupied, or owned and not occupied, by any woman who is a divorcee, divorced mother or never married woman due to disability or any other reason, whether formally employed or not, possesses whether in her own name, or in the name of or jointly with her dependent minor children and/or mother (as the case may be) must be given due (80%) exemption, if rented out and 100% exemption if occupying (women support not only their children but siblings and parents as well, so it should not appear surprising that how could the same woman occupy and live in two houses. Similarly if one house is rented, that rent may be the sole or major income to meet the two ends). This exemption must be for life time irrespective of any change in the marital status of such women. However, if a woman does not wish to seek this exemption (as may be in the case of young divorcees who may get married again and their living/financial conditions improve), she may surrender this waiver.

6.5 Translating arguments and aspirations into actions – The way forward

This idea and study need to be shared with a broader number and range of stakeholders through policy dialogues and consultations. Electronic media should take up the issue and involve politicians, legislators, policy makers and civil society to deliberate on it.

Fostering new political, social and bureaucratic attitudes is a tall order. A serious persuasion in advancing this idea as a doable measure would also require strategies and mechanisms of practical application. The decision makers from FBR must be involved and included in all such interactions.

It is hoped that EFN and like-minded individuals and institutions would carry the message forward with a strong advocacy for a public policy and legislation.

Annexure 1: Chronology of Events

Chronology of actions by *sinf surat*⁴² on gender and taxation

Chronology	Date/time
Idea generation by Dr Rakhshinda Perveen	February 2008
Initial research on demographic data & taxation	November 2008 July-Nov 2009
Sharing of idea with Dr Kaiser Bengali	Oct 2009
Sharing of idea on face book	31 st Oct 2009
Joint article of Adnan Rehmat & Dr Rakhshinda Perveen in The News on Sunday	15 th Nov 2009
First Policy Dialogue by <i>sinf surat</i> in Islamabad	12 th Dec 2009
First press coverage (Dawn, The News, Pakistan)	13 th Dec 2009
Documentation of case studies and relevant content on the blog creativeangerbyrakhshi/blog	Nov-2 nd Dec 2009
Second meeting with Dr. Kaiser Bengali	26 th Dec 2009
Production of draft report for sharing with some experts	28 th Dec 2009
Initiation of formulating a strategy for change	29 th Dec 2009-Jan 2010
Contract signing with EFN/FNF	February 2010

⁴² A think channel of [creativeangerbyrakhshi](#), to promote dialogue on the neglected faces of gender inequity in policies, society and development strategies. *sinf surat* (*sinf* is the Urdu alternative of Gender. *surat* mean face and method in Urdu)

Annexure 2: List of Respondents

List of Respondents (from categories 2–7, who gave consent to disclose their names)

Economists

Aliya H. Khan (PhD)

Professor of Economics, Quaid-e-Azam University, Islamabad
Specialty: labour economics

Fazli Hakim Khattak (PhD)

Chief (Health), Planning Commission of Pakistan
Specialty: health planning / economics

Kaiser Bengali (PhD)

Advisor for planning and development, Government of Sindh
Specialty: economics

Muhammad Sabir

Principal Economist, Social Development Policy Centre (SDPCO, Karachi
Specialty: public finance and gender

Usman Mustafa (PhD)

Chief, Project Evaluation and Training Division & Director, Economics of Conflicts, Security and Development Centre, PIDE, Islamabad
Specialty: economic research, development, training

CSP

Suleman Yaqub Khan

Assistant Direct Intelligence and Investigation, Federal Board of Revenue
Specialty: customs, sales tax and intelligence

Waseem Hayat Bajwa

Second Secretary / Project Director (TFCs) Federal Board of Revenue
Specialty: Public Finance and Taxation

Communication & Media experts/practitioners

Adnan Rehmat

Executive Director of Inter-Media (a Pakistani media development organization)
Specialty: advocacy, research, capacity and training

Sajid Mansoor Qaisrani

Development Consultant
Specialty: media, communication, advocacy, gender, governance, capacity building

Saadia Haq

Writer/ Researcher
Specialty: communication and media

Tasneem Ahmar

Director UKS Research Centre, (NGO), Islamabad
Specialty: media and communication

Zaigham Khan

Executive Director, Praxis Pakistan (consultancy)
Specialty: Social anthropology, development, communication

Development experts/practitioners

Anis Haroon

Chairperson National Commission on the Status of Women

Fahmida Iqbal Khan

Gender, HIV and AIDS Specialist, UNIFEM Pakistan
Specialty: health, HIV and management specialist

Fayyaz Baqir

Director Akhter Hameed Khan Resource Centre, Islamabad
Specialty: people centred development

Kishwar Sultana

Director Insan Foundation, (NGO), Rawalpindi
Specialty: gender and governance

Nasira Iqbal

Retired Judge High Court
Specialty: law and advocacy

Sabahat Akram (PhD)

Manager HR (EDF), Ministry of Textile Industry, Islamabad, Government of Pakistan
Specialty: HRD

Saleem Malik

Executive Director Bedari (NGO)
Specialty: gender and human rights

Zahid Abdullah

Program Officer Free and Fair Election Network (FAFEN)
Specialty: rights activist, trainer and university lecturer

Gender experts/practitioners

Fareeha Ummar

Independent Consultant
Specialty: gender & development

Shahid Siddiqui (PhD)

Professor & Director Centre for Humanities and Social Sciences, Lahore
School of Economics (LSE)
Specialty: language, gender and power

Journalists (print & electronic)

Azmatullah Gondal

Bureau Chief Daily Business Day, Islamabad
Specialty: reporting on economy/business

Laiq ur Rehman

Chief Reporter-ARY News TV
Specialty: economy, defence, supreme court, foreign affairs

Myra Azam

Staff reporter at The News, Islamabad
Specialty: women issues

Tax experts

Farrukh Jawad Panni (Barrister)

Advocate Supreme Court
Specialty: tax and corporate affairs

Huzaima Bukhari

Advocate High Court/International Tax counsel
Specialty: tax laws

Zafarullah Khan

Barrister-at-Law
Specialty: commercial, constitutional and human rights laws

Annexure 3: Gender and Political Parties Manifestos

Gender and Political Parties Manifestos

Reproduced from SDPC Report 2009, p. 101, SPDC 2009 Gender in party manifestos:

The following analysis is based on the party manifestos of Pakistan Peoples Party (PPP), Pakistan Muslim League (PML-N), Pakistan Muslim League (PML-Q), Muttahida Qaumi Movement (MQM), and Awami National Party (ANP).

Some common emphasis:

- Participation and women's empowerment will be promoted
- Women's work will be equally valued and paid as that of men
- Participation of women in decision making roles will be enhanced within the family and community
- 33 percent representation of women in Parliament will be ensured
- All international Conventions regarding women's rights will be ratified
- All forms of discriminatory laws will be abolished
- All forms of violence against women will be opposed
- All the laws / policies containing any form of discrimination against women will be opposed
- Laws will be introduced to protect the status of women
- Discriminatory feudal and tribal practices against women shall be forbidden by law

- Awareness about the importance of gender equality will be developed
- State machinery will not be used in any form of violence /discrimination against Women
- Importance of girls / women education will be enhanced and provided
- Facilities will be provided for working women

Specific points of the manifesto's:

(PPP)

- Women will have the right to work, to free choice of employment, to just and Favourable conditions of work, to protection against unemployment, to equal pay for Work of equal value, and payment of maternity leave PML–N
- Microcredit for women will be expanded substantially as a part of the process of their Empowerment

Annexure 4: References

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The Economic Freedom Network Pakistan (EFN) is an informal network of economic experts and entrepreneurs working together to contribute towards economic freedom – which they consider to be central to successful reform. The aims of the network include: Promoting open and free markets, stronger property rights for the less powerful and poor members of society; deregulation and privatization in the interests of job creation. EFN Pakistan exists to promote human development and economic growth. To influence the public policy advisors and political decision-makers; to broaden the debate on the merits of free markets and limited governments, the EFN Pakistan provides a platform for political dialogue, public education and academic exchange.



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