

9. Encouraging individual income taxation to boost the participation of women in the labour force

Taxes and social security benefits have been widely used to support the cost of family responsibilities and play a key role in creating incentives to labour supply, especially in the formal labour market. In particular, the degree of progressivity of taxes and the extent to which income is taxed individually or at the household level (known as “joint income taxation”) have consequences for the labour supply decisions of women in couple households. Empirical studies show that labour income taxation affects labour force participation for women more than for men (Meghir and Phillips, 2009; Blundell et al., 2008; Evers et al., 2008). A higher tax-burden on workers with lower earnings may therefore have a disproportionate negative effect on female employment outcomes, as women typically earn less than men (Gonzales et al., 2015; Elborgh-Woytek et al., 2013; Pissarides et al., 2005; Jaumotte, 2003) and global welfare (Immervoll et al., 2009). This “marriage tax” or “marriage penalty” under a system of joint filing, combined with the high cost of childcare, has been viewed as particularly discriminatory against women. Many advanced economies’ tax systems impose strong disincentives for female labour force participation rates through high tax wedges on lower-income workers (OECD, 2012; Rastrigina and Verashchagina, 2015).

Several developed countries have a joint taxation system, or one with options for joint taxation: the Czech Republic (for couples with children), France (families), Germany (married couples), Ireland (married couples), Luxembourg (married couples), Norway (optional), Poland (married couples), Portugal (families), Spain (optional), Switzerland (married couples), and the United States (married couples). Simulations based on the OECD tax-benefit model show that tax-benefit systems appear to be largely neutral between dual and single-earner couples in the Czech Republic, Estonia, Hungary, Poland and Slovakia. In France and in Germany, the tax-benefit system significantly favours single-earner couples over dual-earner families, in particular those at higher earning levels in Germany (OECD, 2015d). In the United States, when one spouse’s income goes up, the other’s marginal tax rate increases as well. This system of joint filing with a progressive marginal rate schedule may discourage lower-income workers, because the tax on their income starts at the highest marginal tax rate of the higher-income worker (Frankel, 2014). In addition, when combined with high childcare costs, family-income-based tax credits also discourage the participation of lower-income earners (ILO, 2012a; OECD, 2011).

10. Offering work reintegration measures

Employment services providing vocational training, retraining and skills upgrading for parents after leave periods (as in the Russian Federation) or childcare services for jobseekers (as in France) are also critical in supporting workers with family responsibilities in their efforts to reintegrate into the workforce following care-related interruptions. Many reintegration measures involve training, cash benefits, skills development, job-matching, mentorship and career guidance (ILO, 2014d).

Reintegration programmes have emerged in the field of science, technology, engineering and mathematics, given the difficulties in retaining female scientists after career breaks. As shown by Mavriplis and fellow authors, women are leaving their science, technology, engineering and mathematics careers in greater numbers than men because of care responsibilities (Mavriplis et al., 2010). The absence of flexible work arrangements in this field means that women take career breaks but cannot return to work. The major barrier preventing women from returning to work in this field is the stigma against non-linear careers and workplace flexibility. In addition, women who return to their careers after a longer break face the issue of age discrimination (Tanenbaum and Upton, 2014; Herman, 2015; Mavriplis et al., 2010; Ceci et al., 2009). Consequently, women in science careers who take a few years off work could find that their careers have ended entirely. Some women reported that employment placement agencies would not take clients that had taken a year or two off (Williams et al., 2013). Consequently, programmes that provide training and funding to female scientists and engineers would encourage the retention of female scientists after their career breaks (box 18).