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## **TAXATION AND PUBLIC TRANSFERS FROM A GENDER AND RACE PERSPECTIVE**

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### **ABSTRACT**

This text aims to assess the distributional impacts of taxation and spending on cash transfers, taking into account gender, race, class and intersectionality. To this end, the 2017/18 Household Budget Survey is used to estimate the impact of taxation and spending on cash transfers and the usual indicators of income concentration - the Gini index and the Concentration Coefficients. The findings show that the tax system burdens blacks more than whites and women more than men, mainly due to the position these groups occupy in the income distribution. Direct taxation, which has a greater impact on men and whites, is not able to completely mitigate the concentrated effect of indirect taxation, which penalizes blacks and women more. On the other hand, social spending on cash transfers is pro-poor, pro-women and pro-black, fulfilling its expected redistributive role.

**Keywords:** Distributive impacts; Taxation; Monetary transfers; Gender; Race;

**JEL:** H22; H23; H2

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## 1. INTRODUCTION

Fiscal policy plays a fundamental role in societies. It is through fiscal policy that a collective economic agent - the government - is able to act. The government acts in a two-way street: on the one hand, it collects taxes via the tax system, and on the other, it provides public goods and services that ensure the well-being of the community.

Bearing in mind the two channels through which fiscal policy operates - taxation and spending - historically different economic currents have theorized about the redistributive role of the state. In the field of spending, there is a more generalized acceptance, even among advocates of a lean and non-interventionist state, that this is a healthy channel for promoting redistribution. As for taxation, the debate is fierce about its redistributive function, with theorists arguing that it is economically counterproductive to adhere to this function and others advocating that efficiency and equity can and should go hand in hand in the tax field.

In the case of Brazil, although the Magna Carta of 1988 contains a commitment for the state to play a redistributive role in taxation, what can be seen in practical terms is the following country is unbalanced in terms of redistribution through fiscal policy towards families - at the micro level. The literature shows that the Brazilian tax system is regressive, so the state not only fails to redistribute, but also burdens the most vulnerable. On the other hand, social spending has contributed to economic deconcentration in the country.

It is well known that Brazil is one of the most unequal countries in the world in terms of income. In addition to class inequality, the country is also strongly marked by gender and race asymmetries. Indicators of education, the job market and political representation show how access to better positions in these spheres is difficult for women, blacks and the poor, especially poor black women.

Considering these inequalities that structure social relations in Brazil, this text set out to assess the impact of tax policy, taking into account gender, race, class and their intersectionality. As far as the literature review has been able to reach, there are no estimates that reveal how the tax system burdens population groups differently, based on an intersectional analysis, and how social spending reaches population groups differently. This research seeks to fill this gap by providing evidence on the effects of fiscal policy from a gender, race and intersectional perspective.

The text is divided into four sections in addition to this introduction and the final considerations. The first section discusses the theoretical framework underpinning the research. The second section is dedicated to showing that the effects of fiscal policy on structural inequalities

is still an agenda under construction in Brazil. The third section presents the database used and the methodology. The fourth section presents and discusses the results.

## **2. SYSTEMS OF OPPRESSION THAT STRUCTURE SOCIAL RELATIONS IN BRAZIL**

Patriarchy, according to the feminist conception, is understood as the domination of men over women, in other words, it is a form of social organization in which power lies with men (DELPHY, 2009). In accordance with this patriarchal organization, a model of sexual division of labour is established which treats public and private space in a dichotomous way. This sexual division of labor, which stems from the social relations between the sexes, is based on men being given priority in the productive sphere and women in the reproductive sphere.

The counterposition of functions, the appropriation by men of activities with greater value and social recognition (HIRATA; KERGOAT, 2007).

Based on this traditional model of the sexual division of labor - a male provider and a female caregiver - women have long been excluded from the job market, politics and spaces of power in society.

With the changes in the socio-economic scenario and women's own desire for autonomy, this traditional model has coexisted with other forms of division of labor, in which women are allowed to enter the public arena. However, the essence of asymmetrical relations between the sexes remains, keeping care as a female responsibility, and making, in the words of Passos and Guedes (2022), the gender revolution here incomplete, with women still declaring a care work-day equivalent to twice as long as that of men.

The naturalization of care as something feminine has taken its toll on women in terms of the quantity and quality of their participation in the public arena. Thinking about the reality in Brazil, gender asymmetry is notorious in the labor market, with women being less present, paid less and having higher unemployment than men (BIROLI, 2018; PASSOS, 2018). In politics and other spaces of power, female representation is still low (BIROLI, 2018; PASSOS; GUEDES, 2022). It has to be acknowledged that, in the 21st century, the domestic and family responsibilities that still weigh heavily on women's shoulders mean that gender equality is far from being achieved. Although the gender *gap* in various social indicators has narrowed, in many countries it seems to be stagnating (ENGLAND, 2010), with the completion of the gender revolution a long way off, especially in Brazil.

But patriarchy is not the only system of oppression that structurally characterizes Brazil; racism is a legacy of more than three centuries of slavery that still runs through the country. Understanding racial oppression involves understanding that, as Almeida (2019) points out, the meaning of race is linked to historical circumstances involving contingency, conflict and power, with race being a political factor used to justify inequalities. Having “overcome” slavery as a socio-economic regime, the marks of this past remain in social relations. Racism appears as a form of discrimination based on race, reflecting, whether deliberately or not, advantages or disadvantages depending on the racial group to which one belongs (ALMEIDA, 2019). Racism is based on the assumption that certain physical and ethnic characteristics of one group are naturally superior to those of other groups, thus underpinning asymmetrical power relations between the group that practices discrimination and the group that receives it (PAIXÃO et al, 2010).

Brazil’s current context bears the marks of a long period of slavery. Brazilian racial inequality was constituted by the very way in which the transition to free labor took place, comments Theodoro (2008). The author shows that the abolition-immigration policy and the Land Law shaped two problems that run through Brazilian history: the lack of land ownership and a structural surplus of labor that constituted a labor market with a strong presence of unemployment, underemployment and informality.

After the formal abolition of slavery, the Brazilian state paid little attention to the social and economic inclusion of the black population, which paved the way for unequal opportunities and access to goods and services for these people. 135 years after the end of slavery, the black population is still unable to match the education level of the white population, with, as Silva (2020) shows, an average level of schooling equivalent to 82.5% of the average for the white population.

Even though progress has been made, the reality of the black population is still marked by a more precarious labor market, given the marked presence of blacks in non-market activities or in poorly paid informal work (PRONI; GOMES, 2015), the higher unemployment rate than that of whites (MARTINS, 2012), and the average income of blacks still being at least half that of whites (OSORIO, 2021).

It is worth noting that, although in reality the mark of racism on the lives of the black population is clear, in Brazil it is taboo, as Guimarães (1995) points out. For the author, the perception among Brazilians is that they actually live in a racial democracy, a feeling based on the comparison with other nations that have had formal segregation and racial conflicts, events that are not present in the country. This supposed racial democracy actually conceals a very

complex and ambiguous system of racial differentiation, based on phenotypical distinctions that will have profound consequences in terms of status and economic possibilities.

While it is well known that gender and race are determining factors in social positioning, it is also important to consider how different systems of oppression jointly imprint their mark on society. The intersectionality debate meets this need, pointing out that people's vulnerability can be different depending on the system of oppression that affects them. According to Crenshaw (2002), the intersectional view recognizes that there is an association between multiple systems of discrimination - racism, patriarchy, class oppression, among other systems of oppression - with structural and dynamic consequences on the relative position of women, black people and the poor. Through this lens, to think of gender inequality in isolation from race and class inequality is to have a partial view of vulnerability. For Collins (2000), intersectionality is the paradigm used to reveal intersecting oppressions and, based on this, create collective strategies to change them. The intersectional debate does not aim to hierarchize the axes of discrimination, but rather to show their inseparability (RIBEIRO, 2018).

In Brazil, a country marked by racist and sexist relations, the intersectionality of systems of oppression cannot be neglected, given their weight in people's concrete experience. The intersectional view shows that black women are a population group with increased vulnerability due to their lower educational level (SOTERO, 2013), high unemployment (PASSOS; SOUZA, 2021), concentration in precarious occupations such as domestic work, lower salaries (LIMA; RIOS; FRANÇA, 2013), and low representation in the National Congress (RIOS; PEREIRA; RANGEL, 2017). Thus, the overlapping of gender, race and class oppression and discrimination means that black women occupy the bottom of the social pyramid (PASSOS; SOUZA, 2021; SILVA, 2013).

### **3. FISCAL POLICY AND THE ISSUE OF GENDER AND RACE: AN AGENDA IN THE MAKING**

When we think about the effects of fiscal policy on families and their well-being, they may or may not play a redistributive role. At times throughout history, such as during the process of building and consolidating welfare states, especially after the Second World War, the redistributive role of fiscal policy has been emphasized, while at other times, such as during the 1970s, the opposite was the case. These differences are expressed in different economic contexts, also have peculiarities depending on whether fiscal policy is carried out on the collection

or spending side.

Social spending has preserved its redistributive role even in unfavorable economic contexts, and there is an acceptance that it is an important channel for redistribution. In relation to taxation, however, the debate is controversial in the field of redistribution, especially with the prescriptions of Optimal Taxation Theory (OTT).

The orientation of TTO, which has become the *mainstream* on tax issues, is that taxes should be neutral, as this minimizes their distortive impact on the behaviour of economic agents. In other words, redistribution should not be sought via the tax system, as this can have counter-productive effects on the economy. These prescriptions, according to Silveira et al (2020), have led to the revision of tax systems in many countries in the direction of less progressivity, given the focus on exempting high incomes and capital.

Brazil is an emblematic case in the revision of the tax system along the lines of the TTO. In taking this direction in the 1990s, the country adopted privileges for capital that are present in the reality of few countries and reduced the redistributive role of taxation. As a result, Brazil has a highly regressive indirect tax system that is not offset by the direct tax system, making the system as a whole regressive (SILVEIRA; PASSOS, 2017; SILVEIRA et al, 2022).

While the evidence attests to the burden of taxation on the poorest population, it also testifies to the redistributive role of social spending. Although the financing of spending is still regressive, with little change in its profile from 2002 to 2018, it is worth noting the expansion of the Brazilian state's redistributive effort through monetary transfers and public services (SILVEIRA et al, 2022).

A vast amount of literature has been dedicated to showing the problems of Brazilian fiscal policy in terms of efficiency and equity, and what paths the country could take in order to align itself with the good international experience in the field of redistribution<sup>1</sup>. Something that is not yet central to the debate are the effects of this policy on issues of gender, race and their intersectionality. The lack of prominence of this issue in national scientific production may be due to the fact that the debate imposed by the *mainstream* on fiscal policy disregard the weight of patriarchy and racism in society, or consider that it is not up to fiscal policy to ameliorate structural inequalities.

If the marks of patriarchy and racism are undeniable in the Brazilian reality, it is worth reflecting on the role of taxation and social spending in tackling these problems. However, to

1 For more information see: Gobetti and Orair (2016); Gobetti (2017); Silveira and Passos (2017); Silveira et al (2020); Silveira et al (2022).



date, there has not been much empirical evidence to attest to the role of fiscal policy in gender and race issues.

When it comes to taxation, there is a vast body of literature<sup>2</sup> which shows that the system is regressive due to the way the tax burden is distributed and organized, with indirect taxation having a greater weight and direct taxation being less progressive. Thus, in proportion to income level, the poorer population would be more burdened by the tax system than the wealthier. Based on this finding, it has been inferred that blacks, women and black women would be more penalized by Brazilian taxation given their greater representation in poverty (GUERIM, 2021; MARONESI, 2021; REICHERT, 2021; VIECELE; AVILA; CONCEIÇÃO, 2020; SALVADOR; YANNOULAS, 2013).

On the issue of race, apart from the indirect inference, as far as the literature review has been able to reach, there is no empirical evidence that the Brazilian tax system is deliberately racist, nor is there any research that analyses the organization of the system from this point of view. The issue of gender has been more widely produced, and it shows that the way the tax system is organized is not sensitive to women's vulnerability.

When it comes to direct taxation, studies show that in the Individual Income Tax (IRPF), men declare more assets than women, that in the upper income bracket the majority of declarants are men and that the IRPF rate paid by women is higher than that paid by men (MARONESI, 2021; REICHERT, 2021; VIECELE; AVILA; CONCEIÇÃO, 2020).

This greater incidence of the IRPF on women is related to the tax configuration that exempts distributed profits and dividends that are mostly received by men (VIECELE; AVILA; CONCEIÇÃO, 2020). The gender bias in the IRPF is also noticeable, as Marins (2022) points out, in the rule that states that in the case of alimony, the alimony payer, as a rule a man, can deduct the amount of the alimony from the IRPF calculation base, while women do not have the same prerogative. The author draws attention to the fact that the legislator, albeit not deliberately, discriminates against women since the mother bears the IRPF on the amount of alimony (MARINS, 2022).

On the indirect taxation side, women are heavily taxed since their consumption basket includes many goods considered superfluous, which are taxed more heavily than goods considered essential (GUERIM, 2021; MARONESI, 2021). Gender discrimination appears in the fact that women's consumption basket is influenced by socially established beauty standards,

2 Just to name a few studies: Gobetti and Orair (2016); Gobetti (2017); Silveira and Passos (2017); Silveira et al (2020); Silveira et al (2022).

such as being well-dressed, having well-groomed hair, groomed skin and wearing accessories, and this particularity is not taken into account when defining indirect tax rates (MARONESI, 2021). A notable example of gender discrimination is the fact that female sanitary pads are highly taxed in Brazil, as they are considered superfluous goods, even though menstruation is part of female biology (GUERIM, 2021; NERIS, 2020). It is worth noting that within the group of women, in field research, Guerim (2021) attests that black women are the most burdened by the tax burden as they earn less and a large part of their income goes on consumer goods.

Another way in which a gender bias is expressed in indirect taxation is known in the literature as the *Pink Tax*. The term indicates that there is price discrimination between products aimed at women, which implies that women may be spending more money on consumption because they are women (MARINS, 2012).

Despite this apparent non-sensitivity of indirect taxation to gender issues, Viecele, Avila and Conceição (2020), analyzing the tax burden, conclude that indirect taxes do not mitigate, but neither do they reinforce gender inequality. Even with this finding, the authors advocate the importance of exempting the basic food basket, whose consumption expenses are very important for female-headed households.

There is no direct evidence in the national literature that the tax system penalizes blacks, women and black women more. What does exist is evidence that the organization of the system is not sensitive to the poor, given the low progressivity of taxation, and to women, given that it does not take into account their consumption profile different according to gender. It is important to highlight the study by OXFAM Brasil (2018) which investigates tax incidence through the lens of family composition. The text shows how the presence of children tends to increase the indirect tax burden, whether considering color or gender, with this effect being more pronounced among the poorest. Considering the racial difference, the research reveals that poor blacks and whites spend a similar proportion of their income on taxes, with a focus on indirect taxation. When looking at gender, there is a similar conclusion to racial asymmetry.

With regard to the role of Brazilian spending, no studies were found that show concentration indicators for monetary transfers with a focus on gender and race. There is, however, a study by OXFAM Brazil (2018) which investigates the issue of the incidence of social spending considering gender and race based on family composition. The research concludes that for any family arrangement, part of the income at the bottom of the pyramid comes from public transfers and provisions. They also show that transfers have a greater effect on couples and people without children, while investment in health and education is more important for families with

children. In terms of spending on transfers and public health and education provision, the differences between couples are small, regardless of racial composition and economic stratum, while for individuals the prevalence for whites or blacks depends on whether or not they have children and their position in the economic stratum. As far as transfers and services are concerned, women generally have a higher share of income than men, regardless of family composition and economic status.

In addition to the study by OXFAM Brazil (2018) on cash transfers, more general discussions of gender and race will be considered, especially the gender issue which has been more central in the literature.

In the field of social security transfers, the gender debate is rife, especially due to the age differential that allows women to retire five years earlier than men. Despite this supposed privilege, studies show that women are less present among those who contribute to the social security system (MARRI; WAJNMAN; ANDRADE, 2012; SANTOS; SOUZA, 2015; SILVA; 2018), and that women are more likely to retire than men. who are able to retire receive a lower retirement income than men (MARRI, 2009; MARRI; WAJNMAN; ANDRADE, 2012), and women are more likely to be retired than men. more present among those receiving the INSS floor (MARRI, 2009; SANTOS; SOUZA, 2015). With regard to pensions, women are more likely to receive pensions on the death of their husbands (MARRI, 2009; MARRI; WAJNMAN; ANDRADE, 2012). Despite being more present at the lower end of this transfer, women are more dependent on social security benefits (MARRI, 2009; MARRI; WAJNMAN; ANDRADE, 2012).

In terms of social security coverage, it's important to note that blacks are less likely to be covered due to their poorer working conditions (PAIVA; PAIVA, 2003; PASSOS; SOUZA, 2019), which is also reflected in the amounts they receive in retirement. It should be noted that social security, according to Zorzin (2008), mitigates income inequality by race among the elderly, making an important contribution to lifting the elderly population out of poverty, especially blacks. The author shows that social security means that there is a net transfer of income from whites to blacks, which reduces the racial income inequality that exists in the labor market in old age.

In the field of welfare transfers, it is important to highlight the two main programs, the Continuous Cash Benefit (BCP) and the Bolsa Família Program. The BPC is a benefit granted to the elderly and people with disabilities who are in poor families - per capita household income below  $\frac{1}{4}$  of the minimum wage. Due to the nature of the elderly benefit - a guarantee of welfare

income that can be requested by those who have not managed to achieve a sufficient level of contribution to apply for retirement - there is a prevalence of women due to their more erratic work trajectory, with exits from the labor market to exercise care and work in a more informal way (MARRI, 2009; MARRI; WAJNMAN; ANDRADE, 2012). There is also another gender issue in the BPC, which refers to the benefit for those who are unable to work due to some physical or intellectual disability. People with disabilities may require some kind of care, for some it is even an integral need for support, and this care is usually provided by a woman in the family. When there is a child or a disabled BPC beneficiary in the family who needs care, many women decide to leave the job market or remain in it informally or underemployed for fear of losing the benefit (MENDES NASCIMENTO, 2013; MARTINS; ACOSTA, 2020). Despite the importance of BPC as a guarantee of minimum income, one cannot fail to recognize that women who leave the labor market to care for a beneficiary may be left helpless in terms of social security protection in the event of the death of the BPC recipient, and they will probably find it more difficult to reach the contribution time for retirement.

In the case of Bolsa Família, considered to be the largest conditional cash transfer program in the world, the gender debate is controversial. By giving preferential entitlement to women, many see this as valuing women's reproductive work as well as contributing to female autonomy (PIRES, 2012; REGO; PINZANI, 2014). Qualitative research has also shown the importance of the Bolsa Família in expanding women's dreams and expectations of a more dignified life, and the greater possibility of female choice, including leaving marital relationships they no longer want (PIRES, 2012; REGO; PINZANI, 2014).

On the other hand, there are a number of critics of Bolsa Família in relation to gender issues, who perceive female entitlement and conditionalities as the state reinforcing the stereotypical role of women as family caregivers (CARLOTO; MARIANO, 2010). There are studies that record ambiguous results of Bolsa Família in terms of gender relations: on the one hand, the program ends up reinforcing the role of women as caregivers, but on the other hand, the program would enable women to engage more in productive work, increasing their chances of autonomy, understood in a broad sense (PASSOS; WALTENBERG, 2016; PASSOS; WAJNMAN; WALTENBERG, 2020).

The program also touches on the issue of race, since the majority of beneficiaries are black people. According to Passos (2017), Bolsa Família reaches historically vulnerable groups - women, blacks and black women - contributing to improving the lives of these groups. For the author, since black women have a strong presence as Bolsa Família beneficiaries, the positive

and negative effects of the program on the gender dimension fall on them.

In light of the above, this text seeks to fill the gap in the literature on the role of fiscal policy in gender and race inequality, showing both tax incidence and spending on monetary transfers, considering women vs. men, blacks vs. whites, and the intersectionality of sex, class and race/color.

#### **4. DATABASE AND METHODOLOGICAL PROCEDURES**

The Family Budget Survey (POF) makes it possible to ascertain the incidence of taxes and the composition of household incomes. Among the incomes investigated are those from public social security, social assistance, unemployment benefits, work allowances and scholarships. Expenditure includes the payment of direct taxes, both those levied on income from work and other forms of income, as well as those levied on assets.

This database makes it possible to identify social security contributions, income tax, Urban Property Tax (IPTU) and Motor Vehicle Property Tax (IPVA) with some aggregates - other rebates on income from active work, rebates on income other than active work and other direct taxes - completing the list of what are considered to be direct taxes<sup>3</sup>.

As far as indirect taxes are concerned, estimation requires associating the corresponding rates of indirect taxes with the goods and services consumed in monetary terms investigated in the POF - the Tax on the Circulation of Goods and Services (ICMS), the Tax on Industrialized Products (IPI), contributions to the Social Integration Program (Pis) and to the Financing of Social Security (Cofins), the Tax on Services (ISS), the Contribution for Intervention in the Economic Domain (Cide), among others. This study used the indirect taxation estimates developed by Silveira et al (2022)<sup>4</sup>, which used the effective rates calculated using the Input-Output Matrix and the 2015 National Accounts<sup>5</sup>.

We used data from the 2017-18 POF, which directly investigated a sample of 58,039 families between July 11, 2017 and July 9, 2018, which represents just over 69 million families and 207 million people. This collection during the year aims to take into account fluctuations in income and seasonal variations in expenditure, as well as reducing the biases of the recall collection. Income and expenditure figures are deflated to January 15, 2018. The reference person

3 The expenses calculated by the POF linked to the payment of taxes on income and assets were aggregated into 7 groups: social security contributions, IRPF, IPVA, IPTU, other deductions from labor income, deductions from income other than labor and other direct taxes

4 The information on the incidence of indirect taxes was provided by the authors.

5 The methodology for estimating effective tax rates can be found in Silveira et al (2002)

plays an important role in the POF, as he or she is the informant on spending for the family as a whole, spending on children up to the age of 10 and the income these children can earn. The way chosen to break down the incidence of taxes and the allocation of spending was according to the sex and race/color of the reference person, contrasting in the analyses women *versus* men, blacks *versus* whites, and the intersectionality of sex, class and race/color.

The distributive impacts of transfers and taxes on household income are assessed using the usual indicators of income concentration: the Gini index and the Concentration Coefficients. The aim is to identify the distributive characteristics of the transfers received and the taxes levied on families headed by blacks and/or women and their impact on inequality. To do this, the Gini index must be decomposed, since comparing the Gini before and after the granting of benefits and/or the levying of taxes on parts of the population (women and/or blacks) is not empirically robust. It is already problematic to perform a static Gini analysis before and after a benefit or tax for the entire population, since policy changes are incremental and, in addition, the population changes behavior with policy changes. These limits are exacerbated when it comes to a subset of the population - it is unrealistic to think without and with Bolsa Família for the population headed by women.

The decomposition of the Gini index shows the contribution of each income share to the index, considering that transfers are positive shares while taxes are negative shares. To do this, the concentration coefficients for each share are used, with the coefficient being represented graphically by concentration curves. In this case, the cumulative proportion of the population is preserved on the abscissa axis, sorting upwards in income, and the cumulative proportion of each share is preserved on the ordinate axis.

The Gini index of *per capita* family income inequality is the weighted sum of the concentration coefficients of each share, with the weight being the share of the share in income. In other words,

$$G = \sum_{h=1}^k \varphi_h C_h$$

With  $\varphi_h$  being the share of parcel  $h$  in income and  $C_h$  the concentration coefficient of each parcel  $h$ . The  $k$  parcels cover all income.

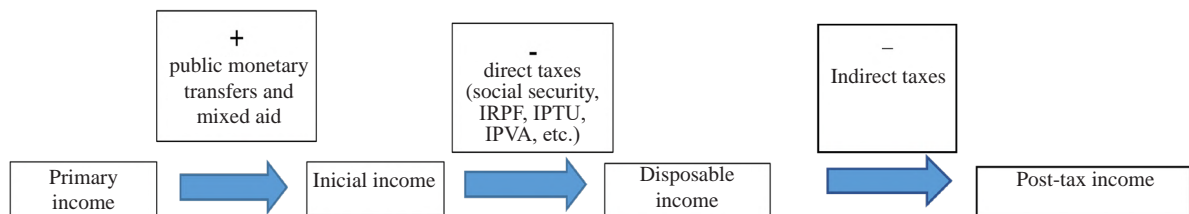
The change in the Gini index is the result of two components: the first relates to the degree of progressivity or regressivity of the benefit/tax weighted by its weight in income, and the

second concerns the rearrangements that these interventions cause in the ordering of families by income.

In the evaluations developed, a scheme of income stages is used, with the first, called *primary income*, made up of income earned in the labor market, from rents and sales, from donations and alimony, and from savings and financial market gains. In other words, all the income earned by family members before the addition of public monetary benefits or the deduction of taxes. Secondly, the monetary benefits granted by the state - social security, welfare, employment and education - are added to primary income, giving the so-called *initial income*. After deducting income taxes, social security contributions and taxes on assets - real estate and vehicles - we arrive at *disposable income*. Finally, with the incidence of indirect taxes on disposable income, the last stage is obtained, i.e. *post-tax income*. Figure 1 illustrates this income scheme, which will be the basis for assessing the impacts of transfers and direct and indirect taxes.

Thus, in the decompositions developed here, in addition to the portions of income related to transfers and taxes, we work with primary income, so that we have all the portions of initial, disposable or post-tax income.

Figure 1 - Income stages: primary, initial and disposable.



It should be borne in mind, as mentioned, that concentration ratios are defined on the basis of sorting by final income. It should be noted that concentration coefficients vary between -1 and +1. Transfers will be redistributive when the concentration coefficient is lower than the income Gini index, i.e. when the

The poorest receive a greater share of the transfers than their share of the income. And when the concentration coefficient is negative, this share is redistributive and pro-poor. In the case of taxes, redistributive taxes are those that penalize the rich proportionally more than the income they appropriate.

Thus, the relationship between the concentration coefficient and the Gini index character-

rizes the distributive profile of the parcel and its magnitude, and the final effect depends on the parcel's importance in income. In other words, redistributive parcels will be more effective the greater their share of income.

## 5. RESULTS

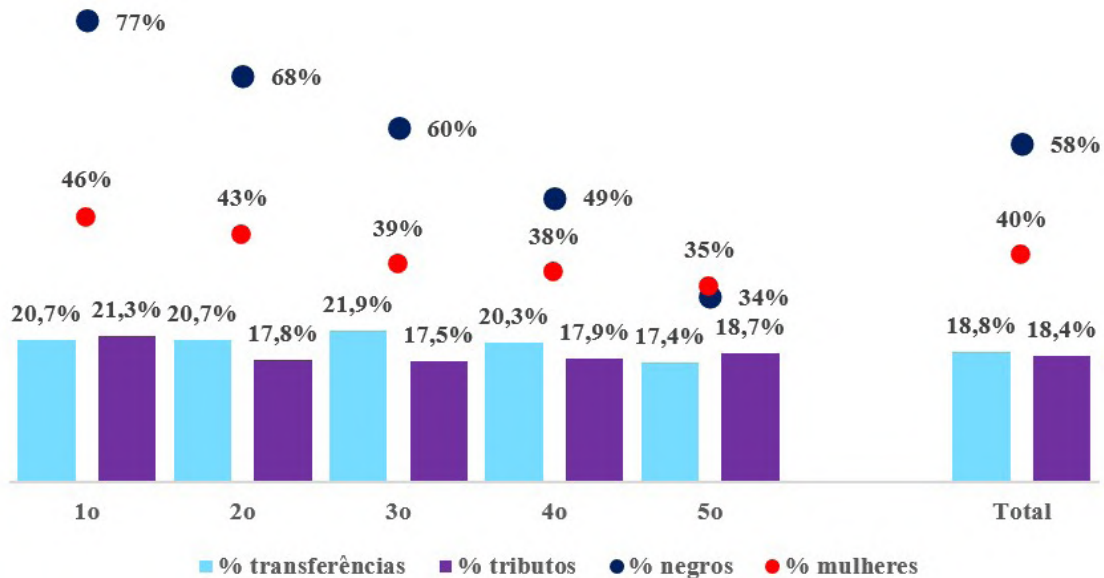
### *5.1 Overview of tax incidence and social spending*

The Brazilian tax burden was around 33% of the Gross Domestic Product in 2021, with 46% of the revenue coming from indirect taxation and 54% from direct taxation (SECRETARIA DO TESOURO NACIONAL, 2022). The high weight of indirect taxation in the country means that the tax system as a whole is regressive, especially given that the poorest spend almost all their income on consumption. The richest section of the population has a surplus of income over expenditure and their consumption baskets include a greater share of services, which are undercosted compared to products in general, and are less penalized by indirect taxation.

Graph 1 shows the tax burden on families, according to quintiles of per capita family income, as well as the population shares for black "heads" and women. As you can see, the population in the first fifth (the poorest 20%) has a tax burden of 21.3%, while the richest 20% are burdened by 18.7%, which is very iniquitous given the average monthly incomes of R\$ 311 and R\$ 5,268 per capita, respectively. And as is clear from Graph 4, around 77% of the population in the first fifth are in households headed by blacks, compared to 58% of the population. This over-representation of the population in black-headed households is evident in the poorest half of the population and, consequently, there is a much lower share in the top fifth. In the case of women, the gap is slightly smaller, but women are also over-represented in the poorest half of the population.



Graph 1 - Incidence of taxes on income and share in the population of people living in households headed by black people and women, according to quintiles of per capita household income. Brazil, 2017/18



Source: prepared by the authors based on POF 2017-18 microdata - IBGE

In the case of cash transfers, there is a higher share in the middle fifth (3rd fifth), accounting for almost 22% of income, while in the lower fifths (poorest 40%) it is 20.7% and in the 4th fifth 20.3%. In fact, in the richest fifths (20+), transfers are at a lower level, accounting for 17.6% of income. The data allows us to infer that, as with taxes, the progressiveness of transfers falls far short of redistributive demands. However, it should be borne in mind that pensions predominate among transfers, which are largely anchored in the formal labor market, i.e. in the formalization- affiliation/contribution/benefit trinomial.

The redistributive/concentrating impact of each transfer is the result of its distributive profile (concentration coefficient) in income weighted by its weight in income. In more formal terms, the contribution to the income Gini index of each share of that income (each transfer is a share) is the result of the product between the difference in the concentration coefficient of the share and the income Gini by the share of the share in income. There are transfers that are allocated in a deconcentrated way in relation to income, and there are those, as in the case of Bolsa Família, that are concentrated among the poorest and therefore have a negative concentration coefficient. The question is not just to analyze how targeted the policy is, but rather its determinants, the possibilities of expanding its redistributive space, bearing in mind the redistributive effect depends on the size of the transfer. Thus, the General Social Security System (RGPS)

does not have a low concentration coefficient (0.433, considering the Gini of post-transfer income and taxation of 0.535), being concentrated in the middle of the distribution, but due to its weight in income (11%) it has a greater redistributive impact than the BPC with a slightly negative coefficient, but a relatively marginal share of income (0.6%).

As with transfers, there are different impacts from direct and indirect taxation, with the former being redistributive and the latter concentrating income. The final effect of taxation being concentrative is due to the weight that indirect taxation has on income and the low participation and progressiveness of direct taxes.

It should be borne in mind that, in the case of the RGPS, social security contributions have a contribution limit. This aspect, together with the design of the labor market, points to a greater incidence on the middle layers of the distribution and, therefore, not as progressive. Furthermore, the growth of the formal market and the incorporation of the vulnerable means an increase in direct taxes on this population.

The differences in the profile of indirect taxes are due to the different consumption baskets, given the different taxes levied on products and goods in economic activities. On the one hand, services are under-taxed and, on the other, food products and medicines, among others, are exempt. Silveira et al (2022) found that exemptions are not very effective in reducing the regressivity of indirect taxes, and the proposals to harmonize indirect tax rates, which are part of the tax reform initiatives being debated in the National Congress, would imply some redistributive gains (ORAIR; GOBETTI, 2019). In reality, the concentrated impact of indirect taxes stems from their regressivity in relation to income, even though we don't see this behavior so acutely in consumption expenditure - it is clear, therefore, that the mismatch between consumption and income according to income is the reason for the regressivity in relation to income.

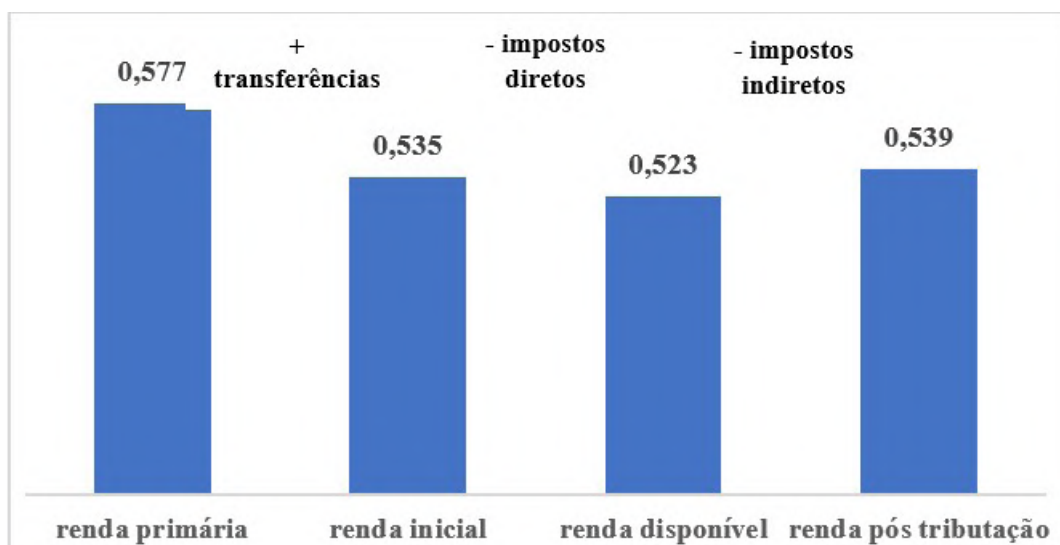
Families headed by women, and especially by black women, suffer more from tax inequality as they are over-represented in the poorest fifths of the population, as well as due to the fact that the largest transfers are anchored in the formal labor market. It's true that there are benefits for people with little formal work history and no ability to contribute, such as old-age pensions and those for family farmers, which have relatively important redistributive effects. From the point of view of reducing inequalities, we must therefore seek to expand opportunities for women and black people in the job market and rethink the cash transfer policy beyond poverty, encompassing other vulnerabilities, which has been made clear by the crisis resulting from the pandemic.

It is worth presenting the redistributive effects of transfers and taxes on the population,

before analyzing them with a focus on gender, color/race and income. As can be seen in Graph 2, the Gini index of primary income of 0.577 is higher than that of initial income of 0.535, which points to the good performance of social security, welfare and labor transfers. It should be noted, however, that it is less pronounced than in countries with robust welfare states (HANNI; MARTNER, 2017).

The tax system, on the other hand, is shown to concentrate income, as the Gini rises to 0.539 in post-tax income. The reduced effect of direct taxation is mainly responsible for this situation, since indirect taxation is regressive in all countries, where it is also a fundamental source of funding for the welfare state.

Graph 2 - Gini index of income stages - primary, initial, disposable and post-tax. Brazil, 2017-18



Source: prepared by the authors based on POF 2017-18 microdata - IBGE

Given the high inequality of primary income, it should be borne in mind that the redistributive effects of transfers do not require progressive profiles of the distribution of benefits, i.e. transfers that have a lower concentration than that of the primary income. income distribution will have redistributive effects. On the other hand, as already mentioned, since a significant portion of transfers reflect the labor market, there are redistributive limits to these policies, which depend on improvements in inequality in the labor market.

Table 1 shows the decomposition of the Gini index of post-tax income and the respective concentration coefficients of transfers and direct and indirect taxes. This allows us to see how redistributive or concentrative transfers and taxes are. The comparison between the share of

income and the Gini shows the redistributive effect: transfers account for 23.1% of post-tax income and 1.5 percentage points less in the Gini, i.e. they have a redistributive profile. Taxes, on the other hand, must have a greater presence in the Gini - in module - than in income in order to be redistributive; as you might expect, direct taxes are redistributive and indirect taxes are concentrative. It is clear that the regressivity of indirect taxes is relatively high compared to the progressivity of transfers and direct taxes. The Gini index between primary and post-tax income is reduced by 6.6%, while the reduction between primary and disposable income, i.e. before indirect taxes are deducted, is 9.4%.

Table 1 - Decomposition of the Gini index of post-tax income and indicators of the progressivity of taxes and transfers. Brazil, 2017-18.

Installments	Concentration coefficient (C.C.)	income participation (pct rda)	Gini contribution (C.C. * pct rda)	Gini participation	progressivity (sign of the plot) *(Gini-C.C)	marginal contribution (C.C - Gini * pct rda)
primary income	0,5357	99,5%	0,5331	98,8%	0,0037	-0,0037
transfers	0,5048	23,1%	0,1166	21,6%	0,0346	-0,0080
direct taxes	0,6277	-10,1%	-0,0634	-11,8%	0,0882	-0,0089
indirect taxes	0,3741	-12,5%	-0,0467	-8,6%	-0,1654	0,0206
post-tax income	0,5395	100,0%	0,5395	100,0%		

Source: prepared by the authors based on POF 2017-18 microdata - IBGE

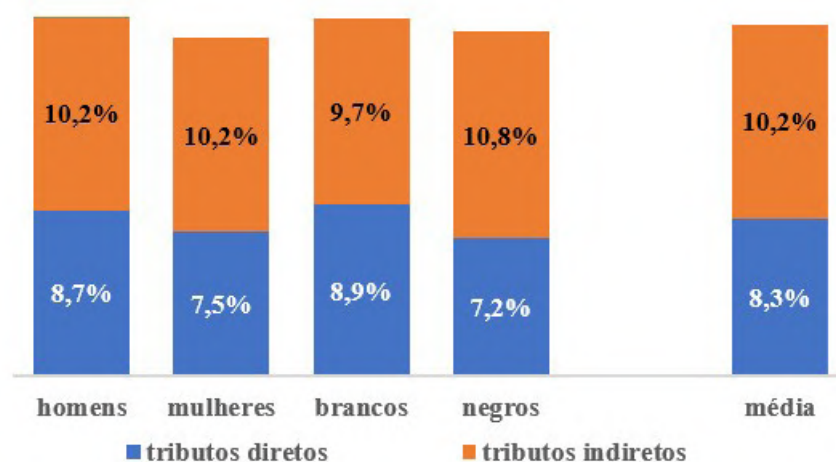
### *5.2 Tax incidence for women and black people*

The incidence of direct and indirect taxation, considering the color/race and sex of the family reference person, reflects the position of these populations in the income structure, given that direct taxes are progressive and indirect taxes regressive. In average terms, the incidence of taxes on total income is 18.5%, with direct taxes having a burden of 8.3% and indirect taxes the remaining 10.2%.

As can be seen in Graph 3, households headed by black people have a higher indirect tax

burden than those headed by white people - 10.8% versus 9.7% - while the direct tax burden is higher among households headed by white people. In the case of women, the indirect tax burden is similar to that of men, but they are less burdened by direct taxes. In the black-headed population, the significant over- representation of the poorest 40% is reflected in this picture, while in women it results in a lower incidence of direct taxes, given that there is less over-representation.

Graph 3 - Incidence of taxes - direct and indirect - on total income, according to sex and color of the family reference person - Brazil, 2017/18.

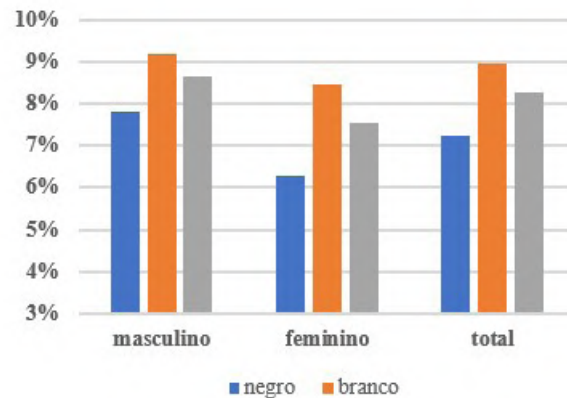


Source: prepared by the authors based on POF 2017-18 microdata - IBGE

Graphs 4 and 5 show the differences in the incidence of direct and indirect taxes from the perspective of gender and race/color. Direct taxes have the lowest incidence among black women and the highest for white men. This reflects the income situation of these groups, with women and blacks having the lowest burden. As for indirect taxes, the differences are smaller, with white men having the lowest burden and black men the highest. In this case, the difference by gender is not present, as can be seen in the average figures for men, women and the entire population - around 10%.

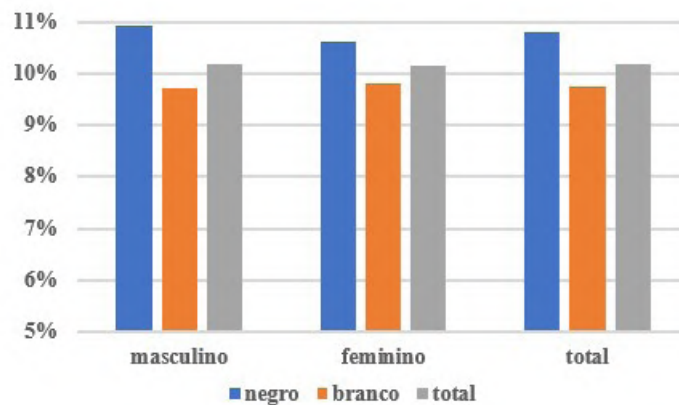
The intersectionality debate requires considering the intertwining of gender, race and class in order to assess complex inequalities. Thus, the direct and indirect tax burdens per fifth of per capita family income for the population headed by women, men, blacks and whites are presented.

Graph 4 - Share of direct taxes in income by sex and color of reference person - Brazil, 2017/18.



Source: prepared by the authors based on POF 2017-18 microdata - IBGE

Graph 5 - Share of indirect taxes in income by sex and color of reference person - Brazil, 2017/18.



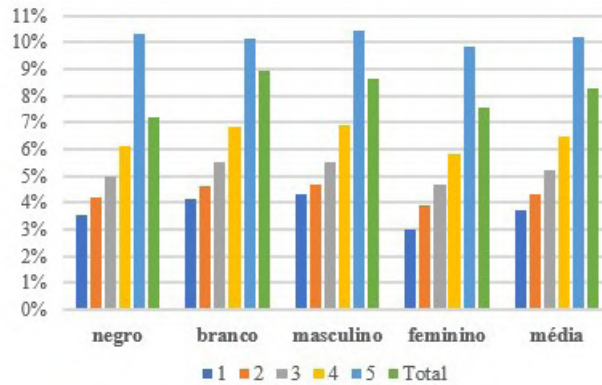
Source: prepared by the authors based on POF 2017-18 microdata - IBGE

As Graphs 6 and 7 show, direct taxes are more progressive in families headed by women and blacks, since the charges in the lower fifths are lower than in families with men and whites as reference persons. As you can see, between whites and blacks, the charges in the richest fifth are similar, i.e. the lower average charge for blacks is due to the lower charges in the initial fifths, particularly in the 1st.

In female-headed households, there is a greater progression in direct taxes compared to men and also compared to blacks. And there are lower rates in the lower fifths. It can therefore be concluded that the greater progressivity of direct taxes in families headed by women and blacks stems from the lower tax burden in the poorest fifths, reflecting their poorer position in

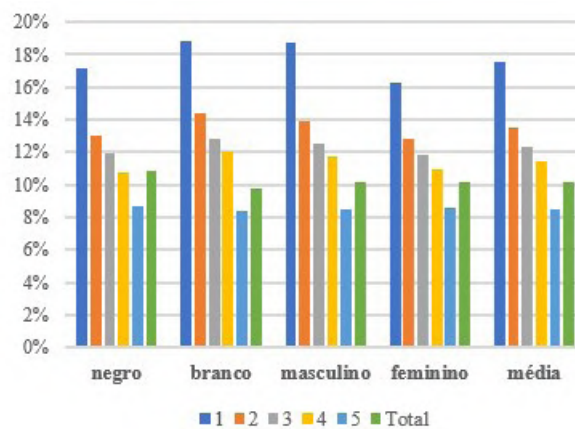
the labor market and lower assets.

Graph 6 - Share of direct taxes in total income, by sex and color of the reference person, by quintile of per capita family income - Brazil, 2017/18.



Source: prepared by the authors based on POF 2017-18 microdata - IBGE

Graph 7 - Share of indirect taxes in total income, by sex and color of the reference person, by quintile of per capita family income - Brazil, 2017/18.



Source: prepared by the authors based on POF 2017-18 microdata - IBGE

The concentration coefficients indicate how redistributive or concentrative the income shares are, with transfers being positive and taxes being negative. Thus, in the case of transfers, the lower the concentration coefficient, the greater their redistributive potential, depending on their weight in relation to income. In the case of taxes, those that are more concentrated than income are redistributive, i.e. those with concentration coefficients higher than the Gini, and the effect also depends on how much it represents in relation to income.

Table 2 shows the concentration coefficients of direct and indirect taxes collected by whites and blacks and by women and men. It is striking how low the concentration coefficient

is for indirect taxes paid by black-headed households (0.1789). Specifically, the concentration coefficient of indirect taxes paid by blacks shows that the largest share of this tax is paid by the poor; indirect taxes from black-headed households represent 5.3% of income and only 1.8% of the Gini. The position of blacks in the distributive structure, combined with the greater weight of indirect taxes in poor families, implies the concentrating effects of indirect taxes on blacks. As the intersectional debate rightly points out, the concrete experience of vulnerabilities is produced at the intersection of discrimination and prejudices stemming from different systems of oppression, in the aforementioned data of racism and classicism.

Table 2 - Decomposition of the post-tax income Gini index and progressivity indicators of direct and indirect taxes broken down by sex and color. Brazil, 2017-18

Installments	Concentration coefficient (C.C.)	income participation (pct rda)	Gini contribution (C.C. * pct rda)	Gini Participation
initial income	0,5299	122,6%	0,6496	120,4%
black direct	<b>0,4706</b>	-3,6%	-0,0168	-3,1%
white direct	0,7132	-6,6%	-0,0467	-8,7%
black indirect	<b>0,1789</b>	-5,3%	-0,0096	-1,8%
white indirect	0,5201	-7,1%	-0,0371	-6,9%
direct women	0,6139	-3,3%	-0,0203	-3,8%
direct men	0,6343	-6,8%	-0,0432	-8,0%
indirect women	<b>0,3373</b>	-4,5%	-0,0151	-2,8%
indirect men	0,3946	-8,0%	-0,0316	-5,9%
post-tax income	0,5395	100,0%	0,5395	100,0%

Source: prepared by the authors based on POF 2017-18 microdata - IBGE

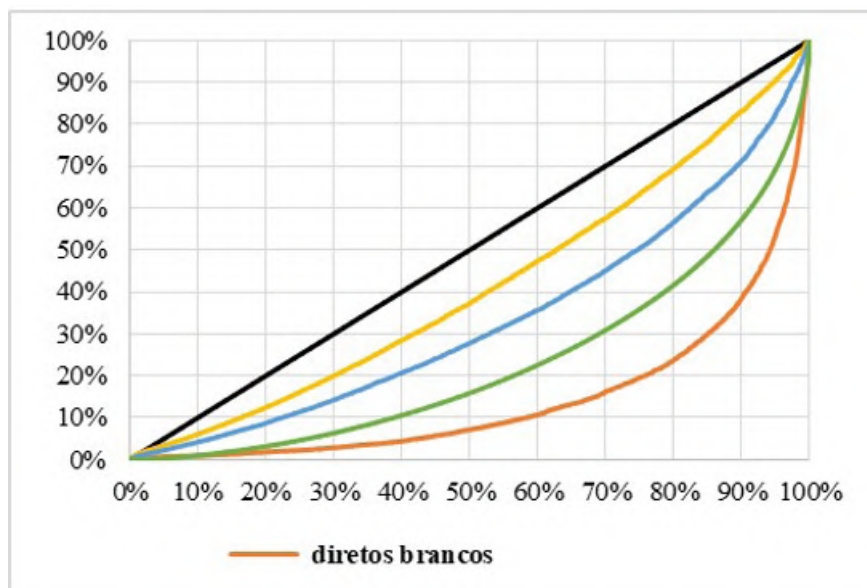
Graph 8 shows the concentration curves of those taxes whose concentration coefficients were highlighted in Table 2, allowing a better understanding of the concentration of these taxes on women and blacks. As you can see, the poorest 30% - the entire population - account for 20% of the indirect taxes collected from families headed by black people. This population, on the other hand, appropriates only 7% of total income. This result shows that the over-representation of blacks among the poorest implies a greater concentration of the taxes they pay in the lower income strata.

Indirect taxation on women is also highly concentrated, with the poorest half bearing almost 30% of the indirect taxes paid by female-headed households, while the income appropriated by the poorest 50% is 17%.



As far as direct taxes on white people are concerned, the richest 10% account for 60% of the taxes levied on them, while the poorest 60% account for 10%. The low progressivity of taxes levied on white people stems from the fact that the income of the richest 10% is 10.2 times higher than that of the poorest 60%. The low progressivity of direct taxes paid by black people is another negative highlight, as it shows the reduced ability of black people to pay and, therefore, their greater vulnerability.

Graph 8 - Lorenz Curve of Post-Tax Income and Concentration Curves of direct taxes levied on female-headed households



Source: prepared by the authors based on POF 2017-18 microdata - IBGE

It's interesting to note that both indirect and direct have the same behavior, with the concentration coefficient being lower for them than for direct families. As in the case of direct, this coefficient is higher than the reference Gini, they have a progressive effect, but less so among families headed by them. The indirect coefficients, on the other hand, have a lower coefficient than the Gini, and are regressive and therefore more regressive among families with a woman as the reference person.

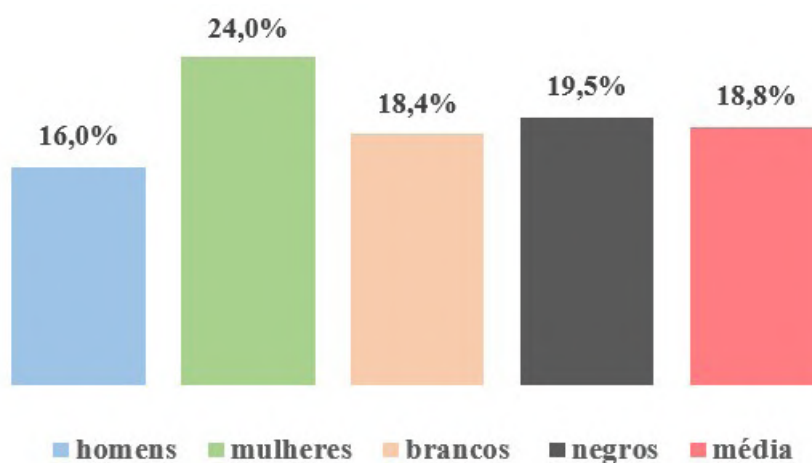
### 5.3 The scope of cash transfers for women and black people

Cash transfers make it possible to increase families' disposable income, and it is essential that they have a redistributive character, especially considering Brazil's high income inequality. According to the information extracted from the POF, cash transfers are pro-women, accoun-

ting for 24% of the income of female-headed households, while the average for the population is 19%. Graph 9, which shows this data, also reveals that transfers are slightly more important in families headed by black people.

The reasons for this pro-woman profile cannot be blamed on the targeting of the poorest, given that the difference based on race is much smaller and, as already mentioned, blacks are much more over-represented than women in the poor strata. The reason for this may be that cash transfer programs are largely received by women, especially the largest, Bolsa Família, which is primarily granted to women. And for both the BPC and special insured pensioners, the granting of benefits to the female spouse is the rule, given the treatment that is given. In addition, women’s longer life expectancy makes them relatively more numerous in older cohorts, representing a greater amount in social security benefits, notably pensions (MARRI, 2009; MARRI; WAJNMAN; ANDRADE, 2012; TEIXEIRA, 2017; ARAUJO; GAMA, 2020).

Graph 9 - Share of social security, welfare and labor transfers in total income, by sex and color of the family reference person - Brazil, 2017-18.



Source: prepared by the authors based on POF 2017-18 microdata - IBGE

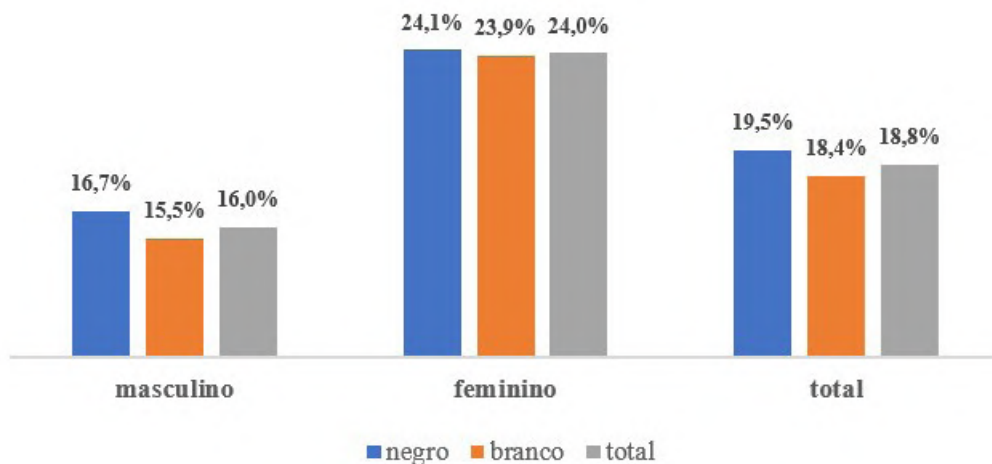
According to the PNAD-C 2019, women pensioners account for 57% of the total number of beneficiaries, with a slight increase in the population aged 75 and over - 58%. It is worth noting that the share of women in the adult population - 18 years and over - is 53%, lower than the share of pensioners. On the other hand, the income received by women is 17% lower than that of men, down to 9% in the universe of pensioners aged 75 and over. These shares are higher than those of women in the labor market and the gap in income is also greater among employed people. Finally, in the case of aid, the rights relating to reproductive issues are achievements

which, in the case of maternity pay, are restricted to women working in the formal market.

This pro-woman profile should not be interpreted as a one-way street. Depending on the transfer being evaluated, it could represent an achievement in the field of gender relations, by de-familiarizing and de-mercadorizing old age protection and reproductive work. On the other hand, The transfer can reinforce stereotyped sexual roles, which give women primary responsibility for domestic care and chores.

When families are grouped according to the color and sex of the head, there is a strong pro-woman profile in transfers, accounting for 24% of income - Graph 9. This profile is observed in both black and white-headed households. This discrepancy in male-headed households shows that transfers are more important in black-headed households - Graph 10.

Graph 10 - Share of social security, welfare and labor transfers in total income by sex and color of reference person - Brazil, 2017-18.



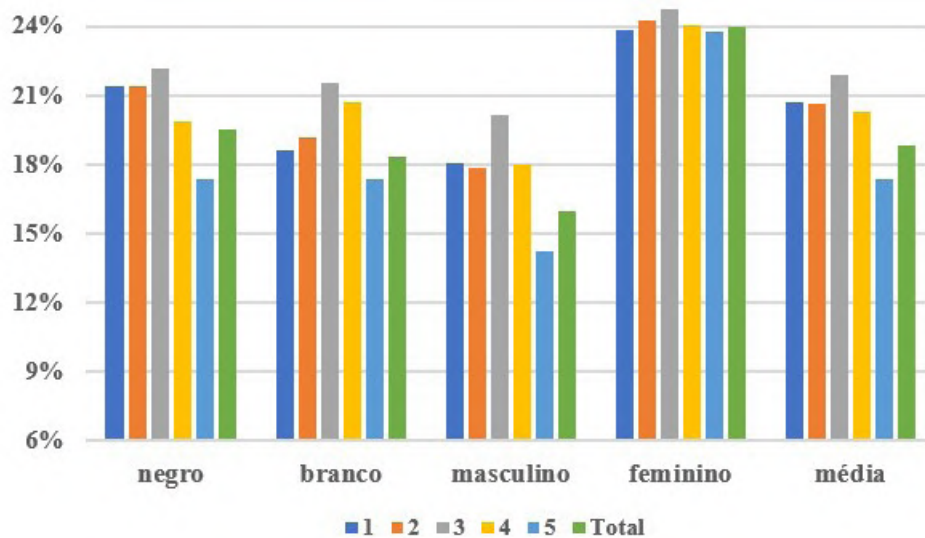
Source: prepared by the authors based on POF 2017-18 microdata - IBGE

Graph 11 shows the share of transfers according to the sex or color of the head of the family, by quintile of per capita family income, which allows us to see whether the importance of transfers differs depending on the level of income. Firstly, it can be seen that the share of transfers in the income of female-headed households is not very sensitive to the level of income, i.e. in all fifths transfers account for around 24% of income. In the case of male-headed households, there is a higher share in the middle fifth, similar shares in the first two fifths and the fourth fifth and a much lower share in the richest fifth. In other words, transfers in male-headed households are relatively progressive.

The analysis of the prevalence of transfers according to color and income strata shows

two patterns: among blacks, transfers are progressive, as participation falls between the first three fifths and the top two fifths. This profile is relatively similar to that observed in male-headed households, although the shares are lower. For white-headed households, transfers are neither progressive nor regressive, and the shares in the bottom two fifths are slightly higher than in the richest fifth. The fact that the share of transfers is higher in the middle fifth in all the sections considered is due to the minimum wage social security benefits, whose beneficiaries are in the middle of the distribution.

Graph 11 - Share of social security, welfare and labor transfers in total income, by sex and color of the reference person, by quintiles of per capita family income - Brazil, 2017-18.



Source: prepared by the authors based on POF 2017-18 microdata - IBGE

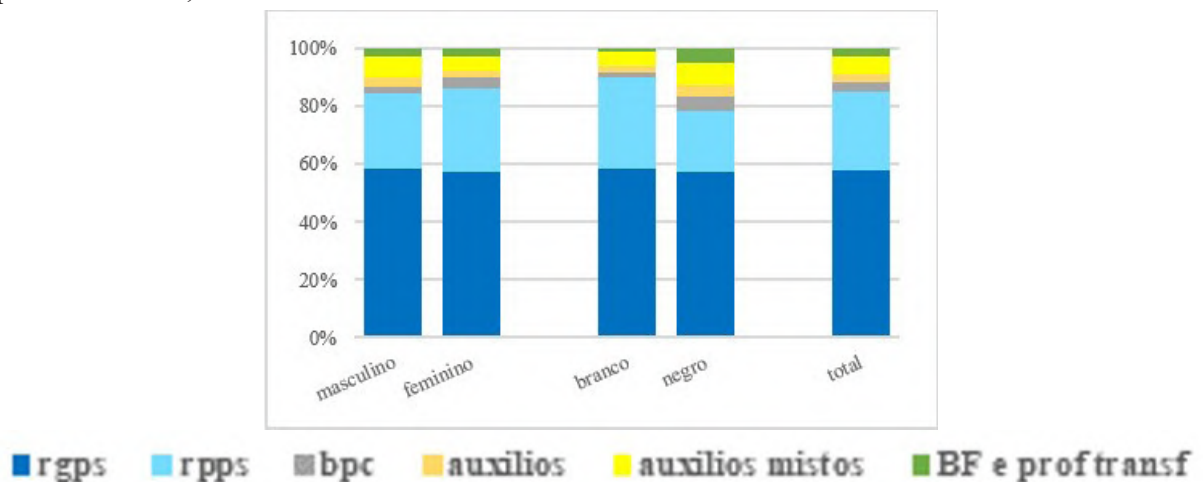
In order to better ascertain the reasons why transfers show similar shares among female-headed households with different levels of income, it was decided to present the composition of transfers for both types of households by color and sex of the head and for female-headed households by quintiles of per capita household income.

The differences in the composition of transfers between female-headed and male-headed households are relatively small, with the former showing a slightly higher share of non-social security benefits. This is quite different from the composition of families headed by blacks compared to those headed by whites, where social security, particularly the Social Security System (RPPS), is much more important among whites than among blacks. This points to the worse integration of the population in families headed by blacks into the labor market, implying less access to social security and labor benefits. Thus, in families headed by black people, more than

20% of transfers are not social security transfers.

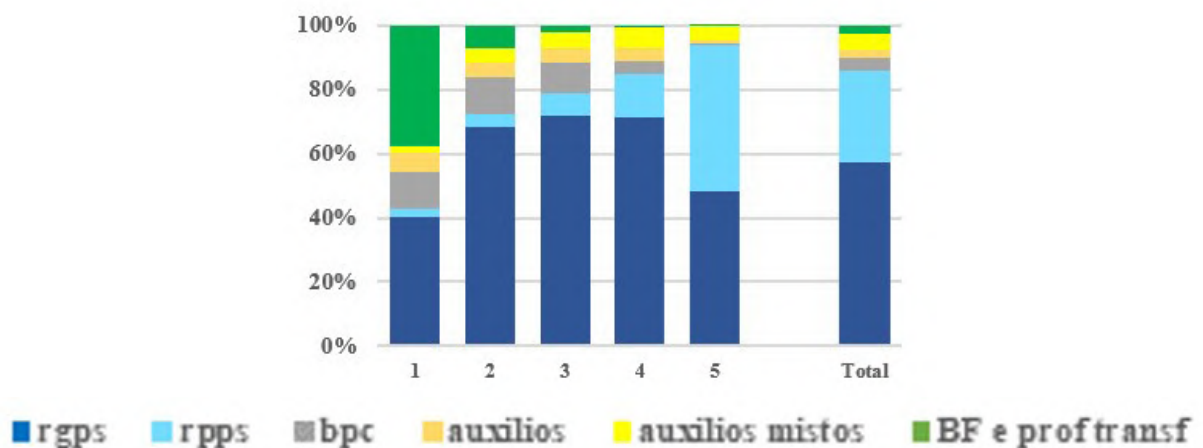
Graph 13 shows that the relative homogeneity in the share of transfers in female-headed households by income level is due to the presence of welfare and social security benefits in all fifths of per capita family income. In the first fifth, the highlight is welfare benefits - Bolsa Família and BPC - which account for more than 50% of transfers. In the following fifths, the highlight is the RGPS benefits, which account for more than two-thirds, with an increase in the share of social security benefits as income rises. In the last fifth, pensions account for more than 90% of transfers, with the importance of those from the RPPS standing out,

Graph 12 - Composition of social transfers, according to sex and color of the reference person - Brazil, 2017-18.



Source: prepared by the authors based on POF 201/18 microdata - IBGE

Graph 13 - Composition of social transfers in female-headed households, according to quintiles of per capita household income - Brazil, 2017-18.



Source: prepared by the authors based on POF 201/18 microdata - IBGE

Table 3 shows the decomposition of the Gini of initial income, with transfers and primary - or market - income as income shares. It is worth noting that transfers to families with black heads of household are the most progressive, with a very low concentration coefficient. The differences in the concentration of transfers by gender are less significant. Unlike the analysis of the stylized facts, the decomposition shows that transfers to blacks have a greater redistributive effect.

Table 3 - Breakdown of initial income and progressivity indicators of transfers broken down by sex and color. Brazil, 2017-18

Installments	Concentration coefficient (C.C.)	income participation (pct rda)	Gini contribution (C.C. * pct rda)	Gini participation
primary income	0,5454	81,2%	0,4427	82,8%
women transfers	0,4720	8,6%	0,0406	7,6%
men transfers	0,5043	10,2%	0,0517	9,7%
black transfers	0,2855	7,9%	0,0225	4,2%
white transfers	0,6361	11,0%	0,0697	13,0%
inicial income	0,5349	100,0%	0,5349	100,0%

Source: prepared by the authors based on POF 201/18 microdata - IBGE

The breakdown of post-tax income with transfers and taxes broken down by gender and race can be found in Table 4, which summarizes some of the findings on tax incidence and the prevalence of spending with a gender and race focus. The progressivity of transfers to families headed by black women and the regressivity of indirect taxes paid by black women and men are two central results.

Table 4 - Breakdown of post-tax income and progressivity indicators of taxes and transfers broken down by sex and color, Brazil, 2017-18

Instalments	Concentration coefficient (C.C.)	income participation (pct rda)	Gini contribution (C.C. * pct rda)	Gini participation
primary income	0,5357	99,5%	0,5331	98,8%
transf black women	0,2827	4,5%	0,0128	2,4%
transf white women	0,6499	6,0%	0,0390	7,2%
transf black men	0,3334	5,1%	0,0171	3,2%
transf white men	0,6412	7,4%	0,0477	8,8%
direct black women	0,4329	-1,2%	-0,0051	-0,9%
direct white women	0,7147	-2,1%	-0,0152	-2,8%
direct black men	0,4893	-2,4%	-0,0117	-2,2%
direct white men	0,7125	-4,4%	-0,0315	-5,8%
indirect black women	0,1339	-2,0%	-0,0027	-0,5%
indirect white women	0,5020	-2,5%	-0,0124	-2,3%
indirect black men	0,2058	-3,3%	-0,0069	-1,3%
indirect white men	0,5297	-4,7%	-0,0247	-4,6%
post-tax income	0,5395	100,0%	0,5395	100,0%

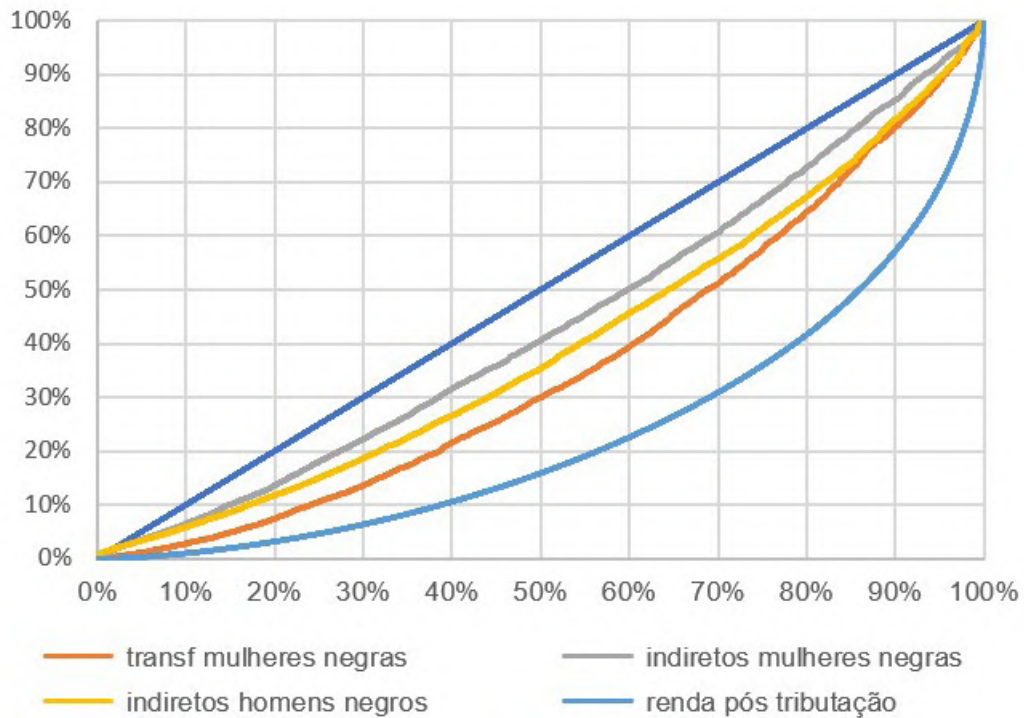
Source: prepared by the authors based on POF 201/18 microdata - IBGE

In order to increase the potential of transfers to black women, as well as to black men, the way forward is to expand welfare policies - Bolsa Família and BPC - and to preserve subsidies for old-age pensions and family farmers. In the case of indirect taxes, reducing their relative importance in relation to income is the way forward, and income policies that reduce the vulnerability of the most vulnerable are essential. poor, i.e. to expand the budget space, with consumption not absorbing all the income.

Graph 14 shows the concentration curves whose coefficients were highlighted in Table 4 and whose behavior shows the importance of the intersectional evaluation of race, sex and income. In the case of transfers to black women, the concentration curve is well above the Lorenz curve, showing a relatively deconcentrated profile. Specifically, the poorest half of the popu-

lation receives 30% of transfers to black women, while they account for 16% of total income.

Graph 14 - Lorenz Curve of After-Tax Income and Concentration Curves of transfers received by households headed by black women and indirect taxes levied on households headed by black men and black women. Brazil, 2017-18



Source: prepared by the authors based on POF 201/18 microdata - IBGE

In the case of indirect taxes levied on families headed by black men or women, they are highly concentrated on the poor, in other words, they are regressive. In the case of indirect taxes levied on families headed by black men, the poorest half of the population accounts for 36% of these taxes and, as already mentioned, 16% of total income. In the case of indirect taxes on black women, the concentrating effect is even greater, since the poorest half of the population pays 40% of these taxes.

## 6. FINAL CONSIDERATIONS

In times of crisis, as the world has recently faced, the role of fiscal policy in tackling inequalities has gained prominence. On the taxation side, the need to increase revenue to cope with spending and the effects of the pandemic on the economy has entered the government's agenda, with greater acceptance of the idea of taxing high incomes and capital, as indicated by the



survey “Nós e as Desigualdades” (We and Inequalities) (OXFAM; DATAFOLHA, 2021). On the spending side, there is a clear demand for the expansion of policies that reach historically vulnerable groups, whose condition has been exacerbated by the pandemic.

By showing the extent to which fiscal policy adheres to tackling gender and racial inequality, this text can help us think about economic and social policies in Brazil in the post-pandemic that are genuinely sensitive to identity issues.

The findings of this research show that, in general terms, the tax system penalizes black people more and, to a lesser extent, women, due to their position in the distribution of income. This is because indirect taxes are regressive and of greater importance than direct taxes. As a result, direct taxation, which is progressive and therefore more onerous for whites and men, does not mitigate the concentrating nature of indirect taxation. Thus, although the tax system is not directly racist and sexist, its design implies greater reductions in the income or purchasing power of families headed by black people and, to a lesser extent, by women.

On the other hand, social spending via monetary transfers is pro-poor, pro-women and pro-black, in other words, it fulfills the redistributive role expected of it. It is true that, in the case of women, transfers are almost neutral between the different income levels, i.e. the share of income of female-headed households is much higher than that of male-headed households, but unlike what happens with men, there are, broadly speaking, no distinctions between income strata.

The evidence elucidated in this text makes it possible to send a message to those who occupy the Central Plateau as well as the National Congress that the tax system is iniquitous and insensitive to gender and racial inequalities,

This could be a field for reforms aimed at making Brazilian society fairer, more inclusive and more supportive. Social spending, on the other hand, plays an important role in tackling social ills and should therefore be central to any management that prioritizes the demands of society and not those of a small elite.

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