



MENSTRUAL HEALTH & HYGIENE WEB-DIALOGUES 2019/2020

**WASH UNITED - MENSTRUAL HYGIENE DAY
WATERAID INDIA, DEVELOPMENT SOLUTIONS
- MENSTRUAL HEALTH ALLIANCE INDIA
& PARTNERS**

Scrap The Period Tax LMIC Perspective

Setting the Scene

- Why scrapping the Period Tax: Tanya Dargan (Development Solutions for Menstrual Health Alliance India)
- Global Research: Ina Jurga (WASH United) and David Ruell, Tax Expert

Case Studies (5 minutes each)

- India: Arundati Muralidharan (WaterAid India)
- Tanzania: Priya Sippy (WaterAid Tanzania for the MHM Coalition Tanzania)
- Bangladesh: Abdullah Al-Muyeed (WaterAid Bangladesh)
- Zimbabwe: Clemence Machadu (Sanitary Aid Zimbabwe)
- Kenya/Rwanda: Natacha Mugeni (Kasha)
- India private sector: Jaydeep (Aakar Innovations)

Discussion and questions & comments from audience (15 minutes)

Tax from the lens of health, gender equity, and rights



Dignified Menstruation

Information, products and facilities to ensure healthy, dignified and safe menstruation

Access to quality products

Normalising menstruation

- Limits ACCESSIBILITY and AFFORDABILITY of quality menstrual products
- Normalize menstruation in the policy discourse → information on SRH over reproductive life-cycle

TAX on Menstrual Products

- Add on to price to consumer (MENSTRUATORS)
- Limited margins for retail – limiting access

Tax from the lens of health, gender equity, and rights

SDG 3: Health

Universal access to SRHR services

SDG 4: Education

Eliminate gender disparities, ensure gender sensitive facilities

SDG 5: Gender Equality

Informed decisions by 15-49 year old women on SRH
Laws/regulations guaranteeing access to SRHR IEC and care for 15-49 year old women

SDG 6: Clean Water and Sanitation

Access to adequate and equitable sanitation and hygiene for all

SDG 10 Inequalities

Eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and action

SDG 12: Sustainable production and consumption

Reduce waste generation through prevention, reduction, recycling and reuse

SCRAP THE PERIOD TAX CAMPAIGN

Strategy

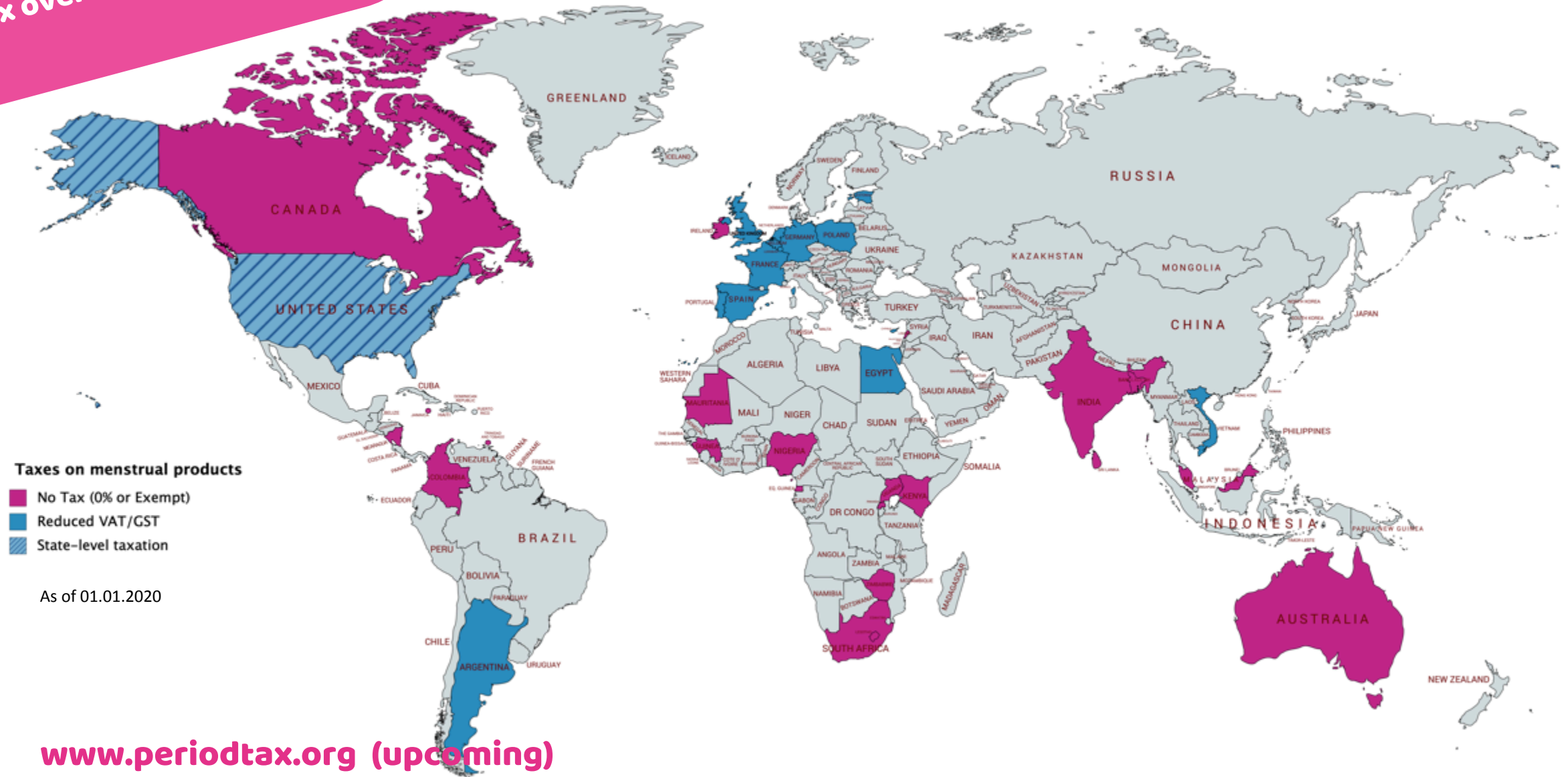
The “campaign” catalyses the global momentum to abolish taxes on menstrual supplies by

- ✓ creating a global map of current taxes in countries on menstrual supplies to enable peer-pressure on governments;
- ✓ support ongoing campaigns and enabling campaigns in additional countries by encouraging activists to connect and sharing experiences as well as lessons from successful campaigns.
- ✓ Compiling an Advocacy Guide and website

www.periodtax.org



Tax overview

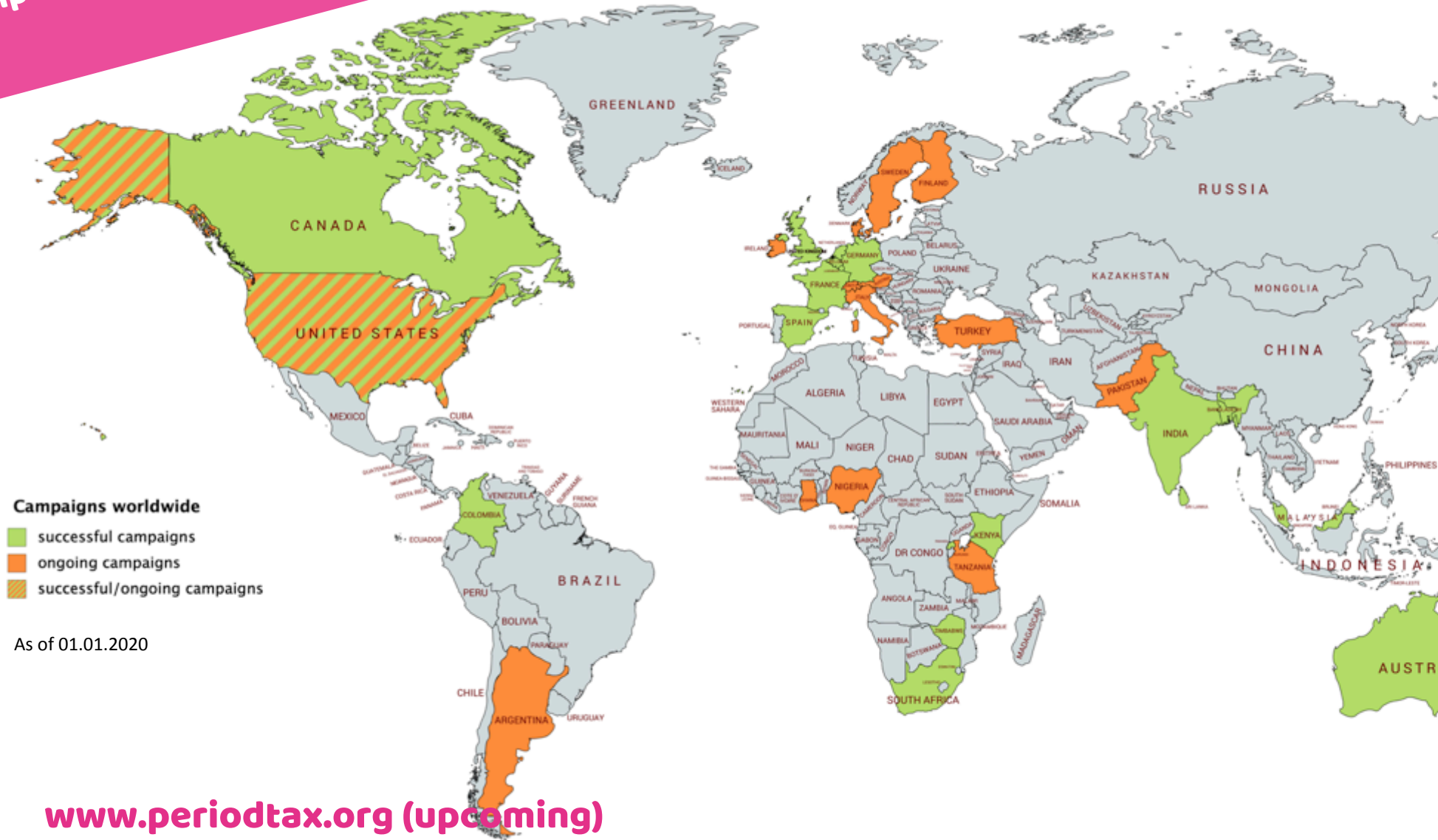


www.periodtax.org (upcoming)

Database on taxation for menstrual products, and general taxation system for 173 countries

Created with mapchart.net ©

Campaigns overview



www.periodtax.org (upcoming)

Database on current and successful campaigns, innovative campaign examples

SCRAP THE PERIOD TAX CAMPAIGN

Ultimate Ask

Abolish unfair and (often unconstitutional) taxes on an item of basic necessity for all people who menstruate!



Further Ask & Hypothesis

Abolish taxes on menstrual supplies to make all types of menstrual supplies more affordable for women and girls.



Research





- **Did the VAT removal or reduction lead to cheaper prices for menstrual products?**
- **If no, why not?**
- **Looking beyond the prices**
- **Develop recommendations for campaigners**

1. Global and national tax systems as well as markets are complicated and differ – campaigners and even policy makers might not fully understand them.



Get support from a local tax expert to understand your national tax system!

Did the VAT removal or reduction lead to cheaper prices for menstrual products?

2.

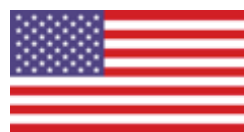
Findings are inconsistent and there is limited robust documentation on consumer prices before and after VAT removal or reduction.

The information available from some countries suggests it has only a negligible or small effect on the final prices.



This equals findings on tax exemptions or removals for other consumer products and services.

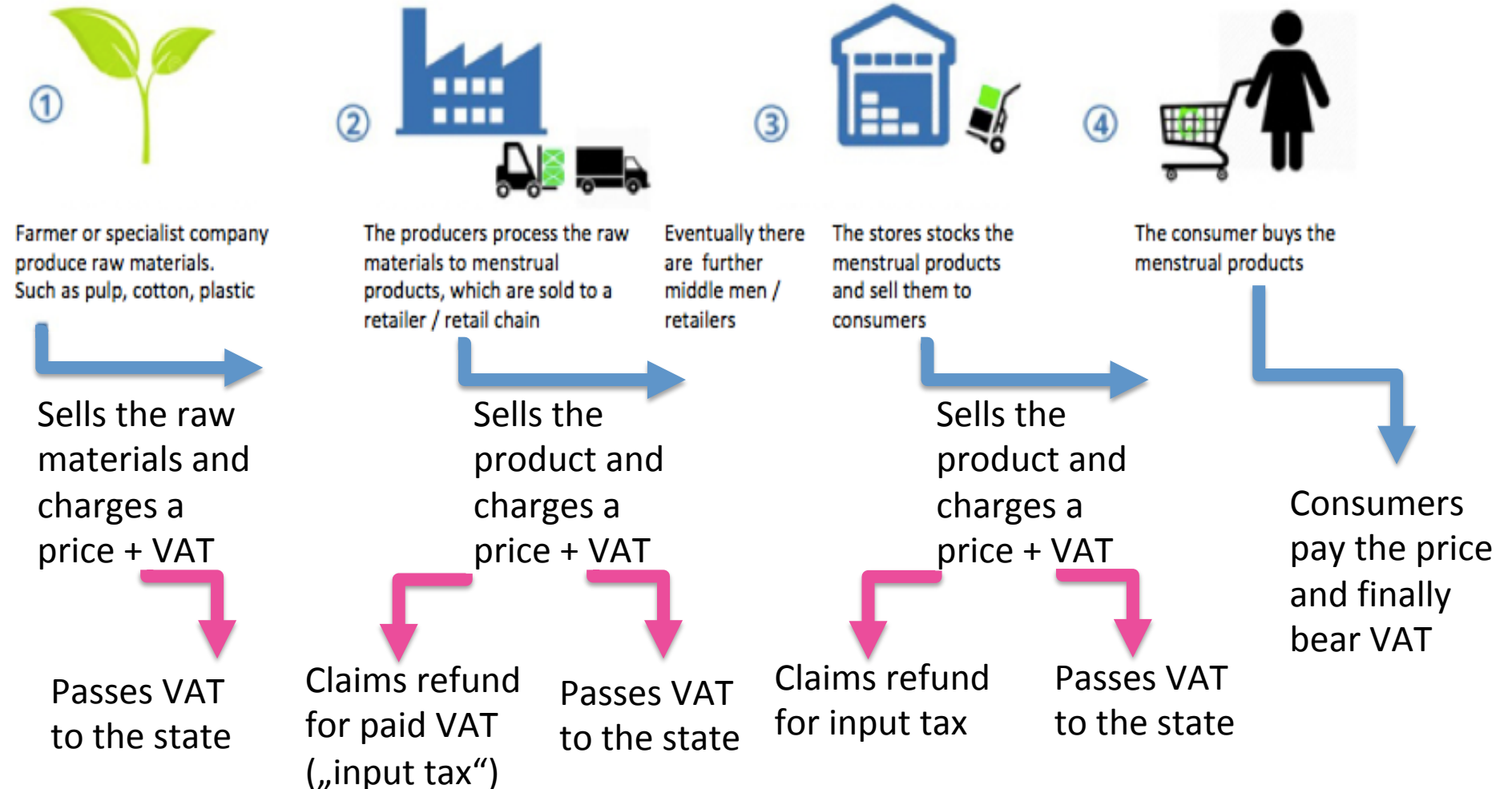
Exceptions: USA (Sales Tax) and Germany



Tax reduction
19% → 7%
Price Reduction (Jan 2020)
11%

Why not? What are reasons?

Introduction: How does the VAT system work in general?



Why not? What are reasons?

3. KEY REASON 1: VAT reduction is turned into profit along the supply chain



From this second stage on, a price **up to the former sum of price + VAT** might be charged along the supply chain.

Why not? What are reasons?

4. KEY REASON 2: Market Structure matters

Copenhagen Economics (2007): Study on reduced VAT applied to goods and services in the Member States of the European Union:

- In a fully competitive market, VAT changes are passed entirely through to consumers
- In a less competitive market, VAT changes are not passed entirely and not consistently through to consumers in the short to medium run.



LMIC:

Transport to remote areas

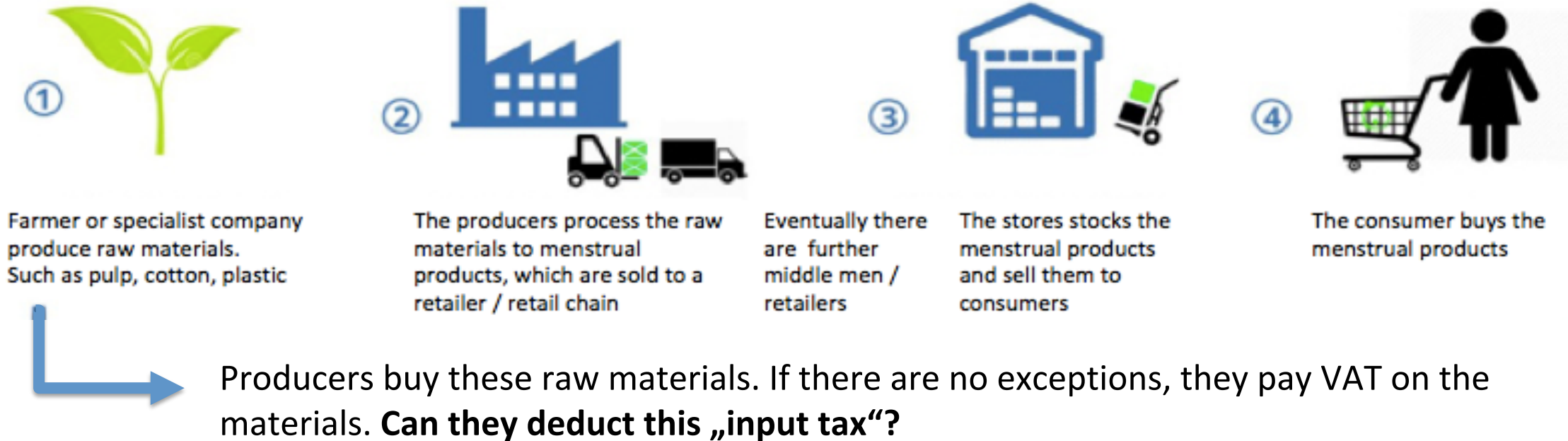
Small kiosks



Why not? What are reasons?

5.

KEY REASON 3: Type of tax scrap matters



Reduction

Zero-Rating vs Exemption

This depends on the legal nature of the reduction: In case of a **zero-rating** of menstrual products, producers are able to **deduct** their input tax; in case of an **exemption** they are **not** and **pass on** this burden.

Looking beyond the price

- VAT Reduction as an instrument to stimulate demand for specific products or services

Idea to be discussed: tax reduction on sustainable menstrual hygiene products?

- VAT Reduction stimulate local markets or increase employment



- Zimbabwe to counterbalance high inflation



- Tanzania proposing a reduction in corporate income tax for new investors in sanitary pad production.

- Even if the price is lowered, will they be affordable for the hardcore poor?



- Kenya & Scotland & India: Pad Distribution to school girls



- South Africa study: -> needs additional instruments

Advice for campaigners



1. A campaign on taxes will create a lot of attention for menstrual health & hygiene and brings new allies (media, activists outside the development sector).



2. Focus primarily on rights and equality



3. If you want in addition make a case for costs, understand the market and the current tax system.

YES , AND consider accountability and compliance mechanisms.

These complementary measures could be:

- Pressuring producers and large retailers to pass through the cost reduction, such as through public commitments.
- Advocating for a price indication on product packaging.
- The government making clear laws surrounding producer and retailer compliance and holding them accountable for a pass-through.

Advice for campaigners (cont.)



4. There are also **further creative measures**, especially in cases where it is legally not possible to reduce taxes any further, such as:

- Tax income by state being channelled into a fund earmarked spending on women and girls, ideally on menstrual health and hygiene (UK).
- Retailers covering the VAT removal or tax difference (UK, South Africa)



5. Consider advocating for additional or alternative policy tools for making products more accessible and affordable, especially for the hard-core poor.

- Pad distribution to schools
- Tax reclaim / vouchers
- **...More ideas to be discussed later**



Scrap The Period Tax
LMIC Perspective

Case Studies

Advocates and private sector
perspective



India's *successful* Scrap the Tax campaign

2017

Gol announces 12% tax on sanitary pads



Congress MP launched campaign asking Finance Minister to exempt sanitary pads from GST



2018

July – Gol makes sanitary pads exempt from tax



Why zero GST on sanitary napkins may just be a populist measure

The domestic industry is hit because the zero rate is on the final product, and the manufacturers will still have to pay tax on cotton (5 per cent), aseptic packaging paper (12 per cent), the packaging plastic sheet (18 per cent) and advertising (18 per cent). When it was under GST, the manufacturers got input tax credit (ITC), which they will not now.



VAT exemption on sanitary productions in Tanzania

- In 2018, Govt of Tanzania announced the decision to remove VAT from sanitary products after a Menstrual Hygiene Day event in Dodoma, organized by the MHM coalition in Tanzania – one of the advocacy asks was to remove VAT.
- After monitoring the situation, it was found that the exemption had not made a significant difference in pricing – this was mainly due to retailers not reducing their margin.
- Retailers do this to make their sales profitable as menstrual product sales are slow and stock turnover can take a long time. The market for products is not reaching its potential.
- Research showed that there is a lack of consumer and trade awareness about different products, trade and retail pricing.



What now?

- We launched a campaign 'Pedi Bila Kodi' to ask Govt to keep the VAT exemption but it was removed.
- Now working with the coalition to continue research into the supply chain, we will continue to lobby for VAT exemption.
- Submitted a report to govt which included several recommendations, such as creating national distribution networks, starting a national campaign to raise awareness, and working with private sector to influence retail price.



Tax exemption efforts on menstrual products in Bangladesh

Context Analysis

43% Adolescent girls & 29% Adult women use disposable pads during menstruation*

*[NHS 2018](#)

Burden of Tax

The total tax incidence on sanitary pad was staggering 127.84%* at the maximum

*

How to reduce?

CD, AIT and VAT deduction will reduce TTI to 56%, local vat 15% and sales tax 5% can easily be deducted

Concerted Effort

Policy Brief to NBR: Zero tax recommended, Tax Repealing campaign: commitment from NBR
[Policy brief to NBR](#)

Success Achieved:



SRO issued on 30 June 2019



Implementation Challenge

Immediately calls upon manufactures in collaboration with the WASH network

Enabling Environment

sector's collaborative effort roundtable, tv talk-shows etc.

[TV Talk show](#)

Our Commitment

VAT should be exempted all through the chain, safe and dignified periods for every woman, achieve SDGs



Key questions:

- What were key campaign strategies, activities and allies?
- What happened post reduction?
- Lessons-learned & advice to other campaigners



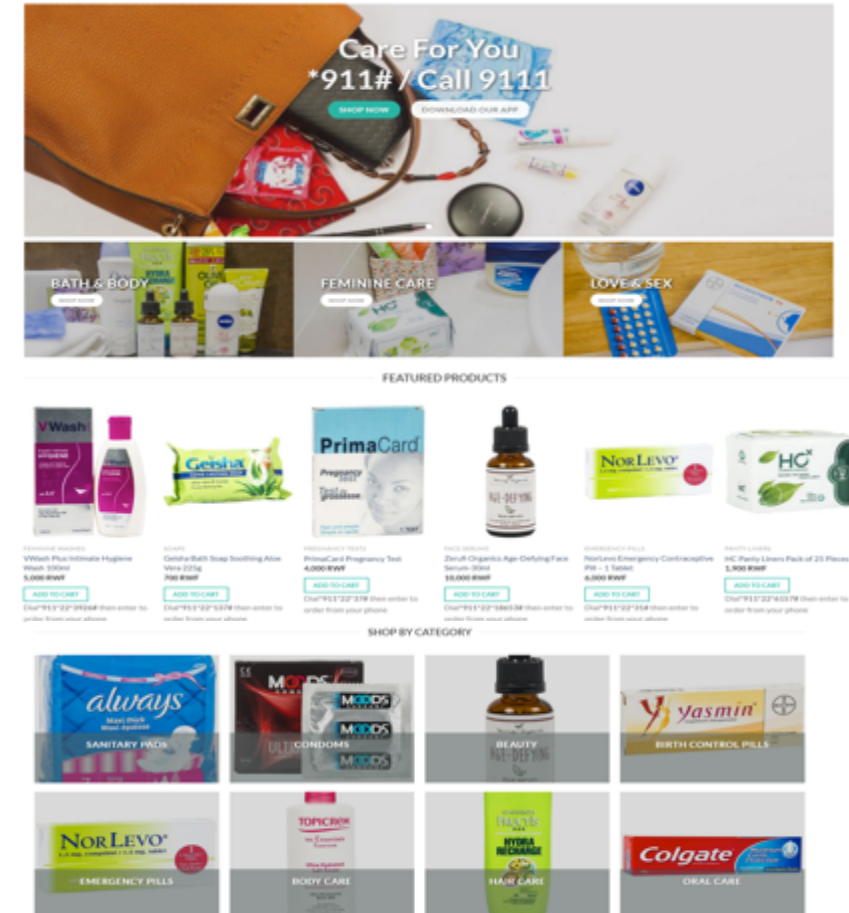


We need:

- Different platforms to facilitate the distribution and the delivery
- Ensure affordability and accessibility
- A deep understanding and accountability from the manufacturers to the retailers
- Products with information
- More varieties and choices for women
- Tax exemption is a good step but we need to do more

Kasha Website

Kasha.rw & Kasha.co.ke



Sanitary Pads-GST implications- A manufacturer's perspective

Raw materials:

- Sanitary Pads basic materials GST slabs:
Non woven (PP) - 12% , Perforated Sheet (PE) -18%, Back Sheet (PE) -18%, Wood Pulp-12%, Gum-18%, Release Paper-12%, SAP/SAP Paper-18%, Air-laid Paper-18%, Pouch (Cover)-18%
- As GST on Sanitary Pads is Zero, Manufacturers won't be able to realise GST credit on raw materials, so this will be added to the product cost
- All imported Sanitary Pads are duty free, so no separate GST paid on the raw materials- So the cost is 12-18% cheaper than Indian produced pads
- Compostable key materials are imported from Europe/USA with minimum 25-47% import duty

Manufacture size matters

- Small manufacturer: Almost no options for offsetting GST credit on RM. Product Cost is majority of Sales Price.
- Large manufacturer: Have many options for offsetting GST credit on RM from other products. Product Cost is minimal of Sales Price.

Conclusions

- As Sanitary Pads Raw Materials have several other commercial uses, current Indian TAX laws are not helping on Sanitary Pads consumer pricing.
- Import regulations need to be looked at for the benefit of local manufacturers; Compostable/Natural materials should be duty free.

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What are your questions to
the experts?

What are your views and
experiences?

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THANK YOU!

Recording to be shared on
[https://menstrualhygieneday.org/
mhh-web-dialogues-2019-2020/](https://menstrualhygieneday.org/mhh-web-dialogues-2019-2020/)
and via email