



Tampon Tax

Why in News?

- ◆ Millions of women and girls around the world cannot afford menstrual products, a situation known as "period poverty." However, the problem is exacerbated by the ongoing issue of taxes on pads and tampons. In recent years, there has been a growing movement to remove the tampon tax in order to make menstrual products more accessible. So far, 48 countries have removed the tampon tax.

What is tampon tax?

- ◆ "Tampon tax" or period tax means menstrual products being subject to VAT or GST. This tax increases the price of these products, due to which increase in their prices leads to decrease in their purchase.
- ◆ 'Tampon tax' is a popular term used to draw attention to tampons and other feminine hygiene products, which are subject to value added tax or sales tax, as opposed to the tax exempt status given to other products, which are considered as basic needs, are included in it.

Other key points

- ◆ As per the World Bank report, more than quarter of menstruating women and girls globally face difficulties in managing their periods due to financial constraints, as they cannot afford sanitary pads. Menstrual products are generally perceived as expensive, leading to the label of "period poverty" for women who lack the financial means to purchase them.
- ◆ There have been global initiative for the "period poverty" to abolish the so called tampon tax, which refers to a consumption levy such as the Value Added Tax (VAT) that most countries levy on items such as on sanitary pads, tampons, panties, liners and menstrual cups.
- ◆ In countries where menstruation is seen as taboo, there is meager interest in discussing the effectiveness of period products.
- ◆ In some countries, period products are considered non-essential items for VAT purposes, while other items, including toilet paper, condoms and over-the-counter medicines, are tax-exempt or are charged a reduced duty.

Countries in favour the abolition of tampon tax

- ◆ Since Kenya became the first country to scrap VAT on sanitary pads and tampons in 2004, at least 17 countries have followed suit, according to research by the Thomson Reuters Foundation.
- ◆ Mexico, the UK and Namibia are among the latest countries to pass legislation to abolish the tampon tax.
- ◆ Another 10 countries have designated sanitary products as tax-exempt goods or have exempted the tax on imported raw materials.
- ◆ Advocates against period poverty typically campaign for sanitary products to be zero-rated for VAT as this means that manufacturers can also claim back the tax on raw materials, making the final product truly tax-free goes.
- ◆ Although Tanzania and Nicaragua had also scrapped the tax on period products, both countries reintroduced it in 2019.
- ◆ Mainly in Europe, 17 countries have reduced the VAT on sanitary products, with Italy the latest to do so this year.
- ◆ The European Union last year revised a directive that previously only allowed member states to reduce VAT on sanitary products by 5%. The change means nations can now apply lower tax rates to some goods.
- ◆ In Kenya, free distribution of period products to schools is included in the annual budget.
- ◆ In Africa, free pads are provided to schoolgirls in South Africa, Botswana and Zambia.

Countries in opposition the abolition of tampon tax

- ◆ VAT is an important source of revenue for governments – and the reason why many countries still have a tampon tax. In countries belonging to the Organisation for Economic Co-operation and Development (OECD), VAT revenue represented 6.7% of their gross domestic product (GDP) in 2020.
- ◆ VAT rates vary widely from country to country – from 5% in Canada to up to 27% in Hungary – and governments often have different definitions of what is considered an essential good that is exempted from the levy.
- ◆ In nearly two dozen U.S. states, menstrual products still carry a general sales tax (GST) similar to VAT that is levied on all consumer goods and services.

Taxes on menstrual products in India

- ◆ In India, menstrual products like sanitary pad and tampon were being taxed at more than 12%.
- ◆ The Indian government has decided to scrap a 12% tax on the feminine hygiene products tax imposed on sanitary pads in an effort to make menstrual hygiene products accessible to all.
- ◆ Levy "includes the power of detention and seizure by any means". Normally, the IRS does not need a court's permission to levy a tax.

Way forward

- ◆ In the United States, there is growing political will to repeal the sales tax in states where it is widespread, such as Texas, where a bill to scrap it won preliminary approval in March.

