





# **POLICY BRIEF**

## Menstruation Isn't a Luxury. Why Are We Taxing It?

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#### Introduction

Gender-responsive budgeting (GRB) is a legal obligation in Kosovo.<sup>1</sup> Therefore, all public institutions must to consider the needs of diverse women and girls in their budgets and policies. This includes ensuring equitable access to essential goods and services, such as menstrual hygiene products. Menstrual hygiene management is a fundamental human right enshrined in international human rights instruments, including the United Nations (UN) Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW) and the International Covenant on Economic, Social and Cultural Rights (ICESCR). Denying women and girls access to affordable menstrual hygiene products violates their rights to health, dignity, and education. Moreover, menstrual hygiene management is essential for achieving several Sustainable <u>Development Goals (SDGs)</u> adopted by the United Nations in 2015, to which the Government of Kosovo has committed. <u>SDG 3</u> promotes healthy lives and well-being for all ages, <u>SDG 4</u> ensures inclusive and quality education, and SDG 5 aims to achieve gender equality and empower all women and girls. While CEDAW<sup>2</sup> and ICESCR<sup>3</sup>, don't directly mention menstrual health as a right but several articles indirectly support it. This policy brief urges the Kosovar government to remove the tax on menstrual hygiene products, which would improve the wellbeing of women and girls and align with Kosovo's commitments to SDGs, human rights, gender equality, and GRB implementation.

### Situational Analysis

Under the current Law No. 05/L-037 on Value Added Tax and its Administrative Instructions, menstrual products are subject to the standard Value Added Tax (VAT) rate of 18%, similar to luxury goods.<sup>4</sup> This unfairly burdens women and girls, especially those from low-income families. Research by EcoKosWomen estimates a woman spends €56 annually on menstrual products,<sup>5</sup> a significant expense considering Kosovo's low female employment rate (18.7%).<sup>6</sup> Meanwhile, abolishing this tax would have a negligible impact on government revenue. According to Kosovo

<sup>&</sup>lt;sup>6</sup> Kosovo Agency of Statistics, <u>Unemployment rate by sex</u>.



<sup>&</sup>lt;sup>1</sup> Law No. 05/L-020 on Gender Equality, Article 1.17.

<sup>&</sup>lt;sup>2</sup> UN, CEDAW, <u>Articles 3 and 10</u>.

<sup>&</sup>lt;sup>3</sup> UN, ICESCR, <u>Articles 6, 7b, 12, and 13.</u>

<sup>&</sup>lt;sup>4</sup> Law No. 05/L-037 on Value Added Tax; Administrative Instructions 03/2015 for Implementation of the Law no. 05/L-037 on Value Added Tax.

<sup>&</sup>lt;sup>5</sup> EcoKosWomen, "Promoting Human Rights Through Gender Responsive Budgeting: Tax Cuts for Essential Menstrual Hygiene Products", 2021.

Customs data, VAT (0.05%) and customs tax (0.01%) on menstrual hygiene products comprised a meagre 0.065% of the total annual customs revenues. Thus, the government stands to gain very little from taxing these essential products, while placing a significant burden on women and girls who are among the most vulnerable economically. By contrast, removing the tax would send a powerful message that menstruation is a normal bodily function and should not be a source of shame or financial hardship.

#### The Solution: Follow the UK's Lead

Kosovo should follow the UK's<sup>7</sup> lead in abolishing the "tampon tax" on sanitary products. The UK implemented a zero VAT rate on these essential items, making them more affordable for all women. This change aligns with their wider strategy to combat period poverty, which also includes providing free products in schools and hospitals. Previously bound by EU law mandating a minimum 5% VAT on sanitary products, the UK's move was possible after the end of the transition period. Kosovo could enact similar legislation with a zero VAT rate, ensuring affordability and considering a Menstrual Hygiene Fund to support vulnerable women.

#### **Alternative Revenue Options**

Lost revenues from removing taxes on menstrual products can be offset by increasing taxes on luxury cars and excise taxes on alcohol. Taxing luxury cars targets individuals who can afford it and is in line with the polluter pays principle.<sup>8</sup> Raising excise taxes on alcohol would generate significantly more revenue than taxes on menstrual products.

#### Recommendation

In accordance with government obligations to implement GRB, the Ministry of Finance, Labour, and Transfers should urgently amend Law no. 05/L-037 on Value Added Tax, as well as the Administrative Instruction MoF No. 03/2015 for Implementing the Law No. 05/L-037 on Value Added Tax, to exempt menstrual hygiene products from all customs and VAT taxes. Further, it should prohibit businesses from increasing prices following tax removal by creating a decision or regulation through which supervisory mechanisms are set. The government should actively monitor businesses to ensure compliance with this regulation.

<sup>&</sup>lt;sup>7</sup> Government of United Kingdom, <u>News Story "Tampon tax abolished from today"</u>.

<sup>&</sup>lt;sup>8</sup> The polluter pays principle states that those who produce pollution should bear the costs of managing it to prevent damage to human health or the environment.