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Hidden Inequalities: Tax Challenges of Market Women in Enugu and Kaduna States, Nigeria

Imaobong Akpan and Kas Sempere

May 2019

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Summary

This paper presents the findings of a study on gender-based taxation differences among market traders in two Nigerian states. At a high level, no significant differences were found between female and male traders in the markets visited in terms of tax payments, payments for market services and tax increases. However, a closer look at the data shows implicit tax biases that affect women negatively. Although female traders pay the same amount of presumptive tax as male traders, they earn much less. Even female traders selling the same types of products as their male counterparts tend to earn less. Additionally, common tax increases beyond the legally stipulated amount, as well as the burden of unpaid care work (that keeps women away from earning more money), also aggravate the observed anti-woman tax bias. Based on these findings we recommend, in line with suggestions made by interviewed market leaders, that Nigerian tax policymakers should develop a segmented system of presumptive taxation more closely based on actual earnings, or at least based on the type of product sold. Such segmentation would help to alleviate the gender bias inherent to the current presumptive taxation system. This study also finds that all market traders value the benefits of female tax collectors. In general, this preference is due to a perception among traders that female tax collectors are more understanding and calmer than male tax collectors. Female tax collectors were also not reported to be involved in asking for sexual favours, which was a complaint levelled against some of their male colleagues. Some markets have even taken the initiative to create mixed-gender tax collection groups, and to replace male tax collectors reported for harassing women sexually with female tax collectors. Based on these findings we recommend that, in line with previous literature, Nigerian tax authorities should work to integrate more female tax collectors into the public tax system, as well as in the market unions and associations that act as tax collection agents for the government.

Keywords: tax; gender; informal sector; local markets; tax collectors; presumptive taxation; implicit tax bias; Enugu; Kaduna; Nigeria; sub-Saharan Africa

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Acronyms

CISLAC	Civil Society Legislative Advocacy Centre
ESBIR	Enugu State Government Board of Internal Revenue
FIRS	Federal Inland Revenue Service
FMF	Federal Ministry of Finance
GDP	Gross Domestic Product
ICTD	International Centre for Tax and Development
IDS	Institute of Development Studies
JDPC	Justice Development Peace and Caritas
KSG	Kaduna State Government
LGA	Local Government Area
NBS	National Bureau of Statistics of Nigeria
NPC	National Population Commission of Nigeria
NTRN	Nigerian Tax Research Network
SMEDAN	Small and Medium Enterprises Development Agency of Nigeria
SPARC	State Partnership for Accountability Responsiveness and Capability
UN	United Nations
URA	Uganda Revenue Authority
WIEGO	Women in Informal Employment: Globalising and Organising

Introduction

Are tax and other market payments biased against market women in Nigeria? How is tax collection experienced differently by men and women traders in local markets? In a country where 65 per cent of the 10.8 million workers employed in the trade industry are women, these are important questions to ask (NBS 2018). No data currently exists to disaggregate these 7 million women traders into the formal and informal sectors. However, given the high proportion of women across sub-Saharan Africa who work in the informal sector—89 per cent, according to UN Women—it is likely that a large percentage of Nigerian women workers operate in the informal sector, including traders in local markets (UN Women 2016).

Despite the importance of this topic, very little literature exists to respond to these questions. Existing studies on gender and taxation tend to focus on high-income countries or on formal systems of taxation, which are less relevant for the many Nigerian market women dependant on the informal economy. The few studies that do focus on market women and informal taxation in low-income countries raise several challenges. These challenges include presumptive taxation, multiple taxation, gender-blind taxation policies, implicit tax biases, tax harassment, poor tax education, and toilet fees¹ (Barnet and Grown 2004; Carroll 2011; Grown and Valodia 2010; GTZ 2009; Joshi 2017; Mwonhda *et al.* 2018; Okojie 2011; Siebert and Mbise 2018; Stotsky 1996; van den Boogaard 2018; van den Boogaard and Prichard 2016).

To understand if similar dynamics are at play in Nigeria, we used a mixed-methods approach consisting of key informant interviews, a quota-based survey of 451 market traders in 12 markets and in-depth ethnographic visits to four markets. Key informants interviewed included tax collectors, market union and association leaders, market traders and academics.

Overall findings of this study are mixed, and show how inequalities are not always easily visible. At a high level, no significant differences were found between female and male traders in the markets visited in terms of tax payments, payments for market services and tax increases. However, a closer look at the data shows implicit tax biases that affect women negatively. Although female traders pay the same amount of presumptive tax as male traders, they earn much less. Even female traders selling the same types of products as their male counterparts tend to earn less. Additionally, common tax increases beyond the legally stipulated amount, as well as the burden of unpaid care work (that keeps women away from earning more money), also aggravate the observed anti-woman tax bias. Based on these findings we recommend, in line with suggestions made by interviewed market leaders, that Nigerian tax policymakers should develop a segmented system of presumptive taxation more closely based on earnings, or at least based on the type of product sold. Such segmentation would help to alleviate the gender bias inherent to the current presumptive taxation system.

Additionally, this study found that all market traders value the benefits of female tax collectors. In general, this preference was because traders perceive female tax collectors to be more understanding and calmer than male tax collectors. Female tax collectors were also never reported to be involved in asking for sexual favours, which was a complaint levelled against some of their male colleagues. Some markets have even taken the initiative to create mixed-gender tax collection groups, and to replace male tax collectors reported for harassing women sexually with female tax collectors. Based on these findings we recommend that, in line with previous literature, Nigerian tax authorities work to integrate more female tax collectors into the public tax system, as well as in the market unions and associations that act as tax collection agents for the government.

¹ See section 1.1 for a more in-depth discussion of each of these challenges.

Finally, Nigeria does not currently have official statistics on the total number of local markets or of market traders in the country. This lack of data limited the sampling strategy for this study and a broader understanding of the topic. A final recommendation is therefore that the National Bureau of Statistics, as well as tax authorities, should improve their enumeration of informal places and workers to better tailor policies based on current figures as well as to enable more representative research in the future.

This paper aims to help improve the lives and working conditions of market traders in Nigeria, especially of women traders, by presenting a deeper understanding of the conditions they face. Academically, this study contributes to nascent areas of study for which there is currently very limited literature, including gender and local market taxation, and informal taxation more broadly.

The paper is divided into five sections. The first section reviews the existing literature and indicates why this topic is important for Nigeria. The second section defines the key terms used to delimit the study and the methodology that was used. Section three shares the key findings, followed by sections four and five that close the paper with conclusions and recommendations.

1 Background

This section reviews the existing literature on gender and local market taxation in low-income countries. It then discusses why this topic is important for a country such as Nigeria. Finally, it reviews how existing national and state policies relate to gender and local market taxation.

1.1 Gender and local market taxation in low-income countries

The intersection of tax and gender is a growing area of study, receiving increasing attention from both academics and NGOs (Barnett and Grown 2004; Grown and Valodia 2010; Stotsky 1996). Yet little literature currently exists about the gender dynamics of taxation in the context of local markets in low-income countries. Many studies on gender and tax focus on high-income countries or examine gender biases in formal taxes (Joshi 2017). However, this literature is less relevant for low-income countries where the economy is largely informal and where most women depend on revenue earned through informal trade.

Joshi (2017) identifies three areas of research important for low-income countries: (1) the impact of women in tax administrations; (2) the gendered distribution of revenue raised from taxation, namely social welfare spending and its linkages to unpaid care work; and (3) women and taxation in the informal economy. This paper explores the latter research area, with a focus on local markets. Others have also noted the need to focus on the informal sector, including the experiences of women in dealing with tax collectors and the payments required from women to access public goods and services (Capraro 2014; Kangave 2017).

The term 'informal sector' refers to economic activity not regulated or protected by the state. The concept originally applied to self-employment in small unregistered businesses. More recently, the concept has been expanded to include wage employment in unprotected jobs (WIEGO 2019). The term informal sector thus now encompasses market vendors and subsistence farmers, as well as domestic workers and other workers not covered by labour legislation, social protection or employment benefits.

Several studies have addressed gender and taxation of market vendors in low-income countries. These studies have raised a number of challenges derived from tax collection that especially affect market women. These challenges include, for instance, harassment, low

representation of women in tax authorities, increased taxes, multiple taxation, poor tax education, toilet fees, gender-blind taxation policies, implicit tax biases and presumptive taxation. The following are some key examples from the literature:

- There is mixed evidence on the relationship between market vendors and tax collectors (Carroll 2011; Joshi 2017; Siebert and Mbise 2018; van den Boogaard and Prichard 2016). On one hand, some studies report difficult relationships, including harassment (especially of foreign and illiterate women), seizure of possessions, and bribes and coerced sexual favours. On the other hand, some studies show evidence of respect between women traders and tax collectors, and of informal tax exemptions applied to women based on social norms. Exemptions are especially common for elderly women, the sick, young mothers and widows.
- Mwonhda *et al.* (2018) call for the recruitment of more women into African tax authorities. Their evidence shows that women employees of the Uganda Revenue Authority (URA)—39 per cent of all employees in 2016-17—performed slightly better than their male colleagues in appraisal ratings, had slightly lower rates of job turnover and much lower rates of disciplinary action. However, this study did not cover female tax collectors in local markets, or female leaders in unions and associations involved in supporting tax collection. It also did not consider whether a larger female presence in markets could have effects on reducing gender biases in market taxation, such as sexual harassment.
- Instances have been reported of traders being taxed at higher rates than those approved by the government in Anambra State, a neighbouring state to Enugu in Nigeria (CISLAC and JDPC 2014). Similarly, self-employed market women in Nigeria have been reported to experience multiple taxation during tax collection, especially at the local government level (Okojie 2011). These issues, combined with lower economic literacy, may affect women's ability to understand and engage with irregular tax payments (Birchall and Fontana 2015; Joshi 2017).
- Siebert and Mbise (2018) note that the major inequalities between men and women in nine city markets in Dar es Salaam, Tanzania, are not due to the payment of taxes, but to the payment of market toilet fees.² In Sierra Leone, van den Boogaard (2018) finds differences in the taxes affecting male- and female-headed households, respectively. Male-headed households are more likely to pay formal user fees and smaller amounts in relation to their income. Female-headed households, by contrast, are more likely to pay informal taxes³ to access public goods and services, and to pay a greater amount in relation to their income.
- A number of researchers have expressed concerns about implicit tax biases that contribute to tax inequalities between men and women (Barnet and Grown 2004; Carroll 2011; Grown and Valodia 2010; GTZ 2009; Joshi 2017; Stotsky 1996). Implicit tax biases occur when tax structures appear to treat men and women equally, but have an unequal impact in practice (Scholes, Wilson and Wolfson 1992). Explicit tax biases, in contrast, result from specific provisions of the law that deliberately treat men and women differently. Stotsky (1996) identifies several types of tax in which explicit and implicit gender biases could exist, namely personal income tax (e.g. joint filing), corporate income tax, commodity tax (e.g. VAT, selective taxes) and trade

² High toilet fees have a differential and adverse impact on women, who require toilets more frequently than men and have fewer alternatives. In Tanzania, researchers found that female traders pay up to 18 times more for their daily use of market toilets than they pay in market taxes. For male traders, the cost for toilet use is only 8 to 12 times more than market taxes.

³ The author understands 'informal taxes' to be payments made to state or non-state actors either in cash, in kind or through labour enforced outside of the formal legal system to contribute to the financing of local public goods.

taxes. For example, joint filing in personal income tax systems with a progressive rate structure may affect the lower income earner (in some cases the woman) negatively, as they are taxed at a higher marginal rate. Or goods and services bought exclusively by women may have a higher tax rate than other goods. As for VAT and other indirect taxes, Joshi (2017) notes that biases for or against women will depend on the choice of goods and services covered by the tax.

- Less has been written about the relationship between gender-based tax biases and presumptive taxation.⁴ Evidence from a study of the informal sector in Ghana indicates that women who earn more money pay a lower percentage of their monthly income in tax (8 per cent) compared to a higher percentage (37 per cent) paid by women who earn less per month (Carroll 2011). This dynamic could apply to both female and male traders, an aspect that we explore in this study.

Overall, this study seeks to fill some of the gaps in the literature by exploring whether these highlighted gender biases and norms also occur at the level of local markets in Nigeria. We therefore set out to answer a number of interconnected questions, including: whether tax collection processes affect men and women differently; if there are any explicit or implicit gender biases in the presumptive taxation system applied to market traders; if tax collection is influenced by the types of goods and services that women provide; and what avenues exist to keep market women informed about their tax responsibilities and rights, and active in voicing their concerns?

1.2 The importance of gender and local market taxation to Nigeria

Three primary factors make the topic of gender and taxation in local markets particularly relevant for a country like Nigeria.

First, the informal sector, and informal market trading in particular, is central to Nigeria's economy. The informal sector accounts for an estimated 64 per cent of Nigeria's gross domestic product (GDP) (Hoffmann and Melly 2015). Market and street vendors are key actors in African informal economies, including Nigeria (Clark 1994; Hansen *et al.* 2014). In 2017, trade activities contributed 18 per cent of Nigeria's GDP and delivered 14 per cent of all employment (NBS 2018).

Second, the informal (and trade) sector is feminised in Nigeria. Only 11 per cent of women in the labour force in sub-Saharan Africa are part of the formal sector, compared to 17 per cent of men in the labour force (Joshi 2017; WIEGO 2010). In Nigeria, 61 per cent of working women are engaged in informal sales and services, compared to 39 per cent of men (NPC and ICF 2014). Additionally, 65 per cent of the 10.8 million Nigerians employed in the trade industry in 2017 were women (NBS 2018). The National Bureau of Statistics does not disaggregate this figure into formal and informal trading, and there is limited other data available on the numbers of informal female and male market traders. However, given the high proportion of women working in the informal sector in sub-Saharan Africa, it is highly likely that a large proportion of the roughly 7 million women working in trade in Nigeria do so informally, including many of those working in local markets (UN Women 2016).

Third, women stay in the informal sector longer than men. There are several reasons for their longer period of occupation in the informal sector: lower levels of education, skills and training compared to men make it harder to secure formal employment; the informal sector has low entry requirements and lack of education is generally not a barrier; women are less

⁴ Presumptive taxation refers to a system in which tax authorities assess taxpayers on the basis of presumed income, based on an estimation of the value of their assets, or by benchmarking with similar businesses whose financial records are available. Presumptive taxes are commonly used in low-income countries to simplify the taxation process (Alm, Martinez-Vazquez and Wallace 2005).

likely to have market knowledge and own property, making it more difficult to open a formal business; women are more likely to have significant family and community commitments, limiting the attention accorded to their careers (Carroll 2011; Chen 2001; Grown and Valodia 2010; NPC and ICF 2014).

1.3 Gender and local market taxation in the context of Nigerian policies

National tax policies, and Enugu and Kaduna state tax laws, are gender-blind regarding the informal sector and local markets. As such, existing policies and laws are not explicitly biased for or against any gender. No specific tax concessions are mentioned, nor specific goods or services taxed differently because they are sold to or provided by primarily men or women.

The National Tax Policy emphasizes direct taxation and mentions the presumptive taxation and assessment of market traders. It states that income tax rates for small businesses should be reduced to encourage compliance and to promote the growth of micro, small and medium enterprises (a category that market traders fall into). The national tax system now allows for different types of direct and indirect taxes based on one's income bracket and income-generating activities, including personal income tax, value added tax and presumptive tax. However, these distinctions make no reference to different forms or rates of taxation for men and women (FMF 2016).

The Enugu State Tax Law specifies a flat presumptive tax of N1,000 (US\$2.8) per store (ESBIR and SPARC 2014). The Enugu State Government Board of Internal Revenue (ESBIR) has made efforts to partner with the leaders of market associations and transport unions to collect taxes. However, no proper assessment guides the current rates. Some Nigerian civil society associations have reported that methods of tax collection are contracted out, which may be resulting in the over-taxation of small businesses (CISLAC and JDPC 2014).

The Kaduna State Tax Law specifies a flat presumptive tax of N2,500 (US\$6.9) for micro businesses in the informal sector (KSG 2016). Notably, the state also has specific tax rates for slaughter stock per head.⁵ However, the law does not explain or justify why slaughter stock is cited, nor if this is in addition to the flat tax of N2,500. While not specified in law, the owners of slaughter stock in Kaduna State, as in other Nigerian states, are predominantly men. In general, raising slaughter stock is capital intensive, linked to higher economic status in northern Nigeria and is perceived culturally as a male-dominated sector (Ayoade, Ibrahim and Ibrahim 2009; Okello *et al.* 2014).

The above evidence shows that flat presumptive taxes differ between states—N1,000 in Enugu and N2,500 in Kaduna—and that some special provisions are made for certain products in Kaduna, but not in Enugu. Overall, presumptive taxation is not sub-divided according to different expected incomes, for instance, as based on the types of products sold. Current state tax laws also do not include any recommendations on gender equity in the taxation of the informal sector, nor any evidence of such a principle being implemented. Based on this analysis, this study will explore whether having a single flat presumptive tax or potential segmentation makes a difference for gender equality.

These national- and state-level policies also illustrate that, in practice, social and cultural norms determine what goods and services men and women provide, such as in the case of meat. These social and cultural norms could skew the amount of taxes paid and the tax collection methods applied for either gender. This study will explore possible gender biases

⁵ Slaughter stock rates include bulls and cows at N2,000 (US\$5.50), camels at N1,000 (US\$2.80) and sheep, goats, oxen, swine and horses at N500 (US\$1.40).

that could influence the taxation of market men and women. It will also compare taxation on commodities sold uniquely by men or women.

2 Methodology

This section covers (1) the main definitions used to delimit the study; (2) the research area and sampling strategy; (3) methods of data collection, management and analysis; and (4) some notes on ethics, data quality and the challenges experienced during this study.

2.1 Main definitions to delimit the study

To clearly demarcate the object of study, it was important to clarify some definitions. Where relevant definitions were not clearly articulated in the literature, we synthesized our own.

- **Formal versus informal markets.** ‘Formal markets’ have a building, lockable gates, cement stalls, and are likely to be located in rural and urban centres. ‘Informal markets,’ in contrast, have no constructed building or visible delimitations such as gates or fences. However, they are popularly known as regular market places. Informal markets are likely to be on the outskirts of rural and urban centres. Both types of markets are part of the informal economy, and are taxed through a system of presumptive taxation.⁶ In this study, we explore both formal and informal markets.⁷
- **Market traders versus other traders.** We define ‘market traders’ or ‘market vendors’ to be those whose activity is circumscribed to a permanent marketplace, whether formal or informal, compared to sellers in other open-air locations such as alleyways, parks, sidewalks and transport junctions and hubs (Vanek, Chen and Raveendran 2012). In this study, we focus only on market traders or vendors.
- **Tax payments versus non-tax payments.** ‘Taxes’ are the payments made by an individual or firm to the government, as stipulated by law, for revenue generation of the state, and without direct benefit of return of value or service (Okojie 2011). ‘Non-tax payments’ include regular payments remitted to government that are necessary for the continuation of economic activity.⁸ Non-tax payments include, for instance, toilet fees, water fees, security fees, sanitation fees, electricity fees, shop rents, market access charges and hawker licence fees. The existing literature on gender inequalities in market taxation recommends the inclusion of both tax and non-tax payments, as together they represent the true financial cost of doing business. In many cases, non-tax payments can be higher than official tax payments and may also conceal important inequalities as they tend to be less transparent than tax payments (Kangave 2017; Siebert and Mbise 2018; van den Boogaard 2018).

⁶ While most provisions in the Kaduna State Tax Law lean towards formal markets, there are mentions of ‘seasonal markets’ where traders are taxed per bag/heap of produce, as well as the services of artisans and wheelbarrow pushers. The Enugu State Tax Law did not include similar provisions.

⁷ Siebert and Mbise (2018) make a similar distinction to ours in their study from Tanzania. However, they make a distinction between trade spaces within a market rather than between markets—*kibanda* are permanent and covered rooms, while *kizimba* are tables or small open spaces.

⁸ In the markets visited, all payments are remitted to different government agents except for water, which is provided privately (when provided at all). Sanitation fees, for instance, are paid to the state or local government, waste fees are paid to the state waste management agencies through market leadership, and electricity fees are paid to the Power Holding Company of Nigeria.

2.2 Research area and sampling strategy

The states of Enugu and Kaduna were selected to explore the interaction between gender and taxation in Nigeria as they represent two different cultural and religious contexts. Enugu State is in southeast Nigeria, is mostly of Igbo culture and language, and is majority Christian. Kaduna State is in the northwest, and is predominantly Hausa and mixed faith—northern Kaduna is mostly Muslim and southern Kaduna mostly Christian. Both northern and southern Kaduna were surveyed in the course of this study (see Table 1).

The choice of Enugu and Kaduna States to represent the southeast and northwest regions of Nigeria was also practical, as Christian Aid Nigeria has a strong presence in both states to facilitate fieldwork. While in some sense Enugu can be taken as representative of southern states and Kaduna of northern ones, this idea should also be approached with caution. Each state within these different cultures has varying levels of poverty and infrastructure access that could affect market development and gender perceptions. Kaduna state is also very heterogeneous with many ethnic groups.

Creating the sampling strategy for this study was challenging, as no official data exists on the total number of markets (either formal or informal) in Enugu and Kaduna, or for Nigeria overall.⁹ To overcome this lack of data we consulted local markets located on Google Maps and relied on local informants to identify a total of 47 markets, 28 in Enugu State and 19 in Kaduna State. However, it should be noted that these are quite clearly not the full number of markets needed to serve a population of millions.

Even more problematic than identifying markets was finding the total number of local market traders, let alone data disaggregated by gender. The most approximate data found was the number of registered micro-enterprises by state and the number of men and women employed by these (SMEDAN and NBS 2013). However, this data likely misses many unregistered people, including the market traders that are the population of interest in this study. Data on registered micro-enterprises was also fairly out-of-date, and had not been updated since 2013.

Accounting for these constraints, the study relied on a geographical quota system for sampling. While this system does not ensure representability of local markets and traders in the states, it can still be used to surface certain valuable insights. A local government area (LGA) was selected from each of the three senatorial districts that make up each state. For each senatorial district, the LGA containing the main city was selected, as in theory these should provide the most developed gender and taxation conditions, as well as data in terms of policy and practice. Within each LGA the most popular markets (both formal and informal) were selected for inclusion in the study.

Table 1 Formal and informal markets selected for data collection by location

State	Senatorial District	Local Government Area	Community	Markets Visited	
				Formal	Informal
Enugu	Enugu East	Nkanu West	Akpugo	Oriemba	-
			Agbani	-	Eke Agbani
	Enugu North	Nsukka	Nsukka	Ogige	-
			Edeoballa	-	Eke Ohuru
Enugu West	Udi	Ngwo	Aria (New Market)*	Eke Ngwo*	
Kaduna	Kaduna Central	Kaduna City	Kaduna	Television (Yam Market)*	Kakuri Meat Market*
	Kaduna North	Zaria	Zaria	Tudun Wada	Gwarqwaji
	Kaduna South	Kafanchan	Kafanchan	Kafanchan Main market	Yakowa

Source: authors' elaboration. *Indicates ethnographic work

⁹ Besides official sources, we contacted the National Association of Nigerian Traders (NANTS) for information.

2.3 Data collection, management and analysis

This study was exploratory and used a mixed-methods approach. The study commenced with a desk review and key informant interviews in the capital city of Abuja. Findings from the desk review informed the development of field tools used for key informant interviews, the survey, and the ethnographic visits to the markets in the second phase of the study.

Each study method responded to different aspects of the research questions. Secondary data and key informant interviews were used to examine the legal and policy aspects of gender and taxation in the marketplace. The survey and ethnographic work were used to explore the practical ways that traders experience taxation and other payments in the markets, mixing a panoramic (survey) method with a more in-depth perspective from the ethnographic studies. We spoke to both market leaders and market traders to compare views.

Two stages of key informant interviews were conducted. The first stage explored national aspects with a representative from the Federal Inland Revenue Service (FIRS) and a representative of the Nigerian Tax Research Network (NTRN). The second stage of key informant interviews was conducted in Enugu and Kaduna States with 26 experts (15 in Enugu and 11 in Kaduna) in tax, trade and gender from academia, civil society, government and market leadership. In total, 28 key informant interviews were conducted (see Table 2).

Table 2 Demographics of key informant interviewees by location

Organisation type represented	National	Enugu State	Kaduna State
Civil society	1 (male)	1 (male)	1 (female)
Tax authority	1 (male)	1 (male)	1 (male)
Local government	0	1 (female)	1 (male)
Academia	0	1 (male)	0
Market union leadership	0	7 (3 male, 4 female)	6 (3 male, 3 female)
Market tax collectors	0	4 (2 male, 2 female)	2 (male)
Total	2 (2 male)	15 (8 male, 7 female)	11 (7 male, 4 female)

Source: authors' elaborations.

Additionally, 451 survey questionnaires were collected from 12 markets. Two hundred and twelve (47 per cent) of respondents were female and 239 (53 per cent) were male. In each market, we collected an average of 37 questionnaires to cover a variety of traders per type of product (e.g. vegetables, fruits, fish, meat, clothes) and gender (women and men). There was one respondent per questionnaire.

Ethnographic studies were limited to four of the 12 markets visited. The markets chosen were the largest and most popular formal and informal markets in one selected senatorial district per state (see Table 1). These were the formal Aria Market and the informal Eke Ngwo Market in Enugu West, and the formal Television Market and informal Kakuri Meat Market in Kaduna Central. The ethnographic studies gave researchers more time for market observation, and more flexible interviews with market union leaders, association leaders and market traders. Data collection ended when we covered or saturated all the visible market profiles by product sold and by gender.

Interviews were not fully transcribed from the recordings due to budget and time constraints. However, thorough interview summaries were written, and care was taken to ensure that the quotes used in this report are identical to what was recorded. Data analysis was two-fold: univariate or bivariate statistical methods for quantitative data, and thematic content analysis for qualitative data, including data coding. Qualitative and quantitative analyses were compared, noting convergent and divergent findings. Findings from primary data were also compared with previous literature.

A gendered approach was applied throughout the research process. For instance, we drew on gender and taxation literature to understand the possible factors that could influence the taxation of market men and women differently. We interviewed both men and women traders, analysed their responses comparatively and explored possible gender biases.

2.4 Ethics, quality and challenges

The purpose of the study and the intended use of findings were explained to every respondent and their verbal consent was recorded on the data collection tools. All responses were confidential, with respondents only identified through their role, location and gender. All data collectors were trained in research ethics, inclusive of confidentiality, respect for respondents, 'do no harm' principles and data integrity and quality.

To ensure data quality, the research team was trained on key taxation concepts, and steps such as working in pairs, daily debriefing sessions and daily reviews of data collected were implemented. Some pilot exercises were carried out before fieldwork.

Data were mostly collected on weekday mornings and early afternoons, at which time young people below the age of 18 should be in school. We did observe some child traders in the markets that were visited—mostly female traders in Kaduna, and mostly male mobile hawkers of sachet water, snacks, fruits and nuts in Enugu. However, researchers ensured that all respondents were at least 18 years of age.

3 Findings and discussion

Study findings are presented in three sub-sections. The first shares evidence on the perceived benefits of female tax collectors in the markets. The second looks at tax and non-tax payments in the markets, and finds no visible gender discrimination. However, we do identify a tendency for tax collectors to charge a higher rate than is stipulated in the state tax laws, for both men and women. Despite this apparent gender equality, the third sub-section reveals the negative effects of presumptive taxation on women through implicit tax bias, precisely because women are taxed at the same level as men although they earn significantly less.

3.1 The benefits of female tax collectors

Market traders reported that female tax collectors are never involved in asking for sexual favours, unlike their male counterparts. Both female and male traders described female tax collectors as generally understanding and calm. No other major gender-based differences were found in the relationship between traders and tax collectors.

The market structures involved in tax collection were similar in all of the markets visited, both formal and informal. These structures include: market unions, market associations and frontline government workers.

All of the markets visited by researchers had an overall market union, with a market union leader who worked with a cabinet. These leaders, usually elected by the traders in the market, serve for a period of one to three years and aim to maintain peace in the market. Market union leadership is also in charge of promoting development and the provision of infrastructure and services in the market, and of ensuring that taxes and fees are paid by market vendors and duly remitted to the local or state government.¹⁰ Market union leadership

¹⁰ Key informant interviews with market union leaders, Enugu and Kaduna States, 2018

works closely with the leadership of the market associations to carry out these tasks. Out of all the markets visited, only one formal market in Enugu State had a female market union leader.

Market associations are formed based on the products and services sold or provided, such as the fish sellers' association or the barbers' association. Market association leaders regulate prices and promote cordial relationships amongst vendors selling similar goods and services. Association leaders share information with their members, including the amount of tax that members owe, and when tax drives will be held. They also collect taxes from their association members in support of market unions and local government revenue officials.¹¹ Market association leaders in all surveyed markets were majority male. However, the leaders of the associations for goods and services sold mostly by female vendors, such as vegetables and hairdressing, were female.

To analyse existing gender relations in tax collection, this study focused primarily on frontline government tax collectors. For a future study, we would seek to explicitly include the categories of market union and association leadership, as in all markets visited they play a crucial role in the tax collection process. Market unions and associations are also important units of study in and of themselves, as they are the first port of call for market traders—both female and male—when they want to voice concerns or become more informed about their tax responsibilities and rights.¹² Female market union and association leaders could plausibly play a role in increasing the sensitivity to women's issues in the market, but this question was not examined as part of this study.

Market union and association leaders collect taxes together with a task force of frontline government workers.¹³ In formal markets built by the state, such as Aria Market in Enugu and Television Market in Kaduna, local government revenue offices are situated in the markets themselves, next to the market union offices. This structure in the formal markets establishes the presence of the local government and facilitates information sharing and revenue collection.¹⁴

To explore the existing relationship between market vendors and tax collectors, researchers asked vendors about the occurrence of negative incidents in the process of tax collection. Table 3 shows the total number of incidents reported by market vendors by gender since they began trading in their current market. Similar numbers were reported by female and male vendors for increases to the tax amount, confiscation of goods, physical and verbal harassment, demand for bribes and reductions to the tax amount. The only significant gender difference found among vendors was the three incidents of demands for sexual favours, which were reported only by female vendors. One incident of sexual harassment was reported by a middle-aged woman in the informal Eke Agbani Market in Enugu State, and two were reported by young female traders in Kaduna State, in the formal Television Market and the informal Yakowa Market.¹⁵

¹¹ Key informant interviews with market association leaders, Enugu and Kaduna States, 2018

¹² Survey conducted among market traders, Enugu and Kaduna States, 2018

¹³ Key informant interviews with market union leaders, Enugu and Kaduna States, 2018

¹⁴ Observations from market ethnography, Enugu and Kaduna States, 2018

¹⁵ Survey conducted among market traders, Enugu and Kaduna States, 2018

Table 3 Number of negative incidents reported by market vendors by gender

Type of incident reported	Number of incidents reported by all vendors	Number of incidents reported by female vendors	Number of incidents reported by male vendors	% of all incidents reported by all vendors
Increased tax amount	105	47	58	23.3%
Physical and verbal harassment	98	43	55	21.7%
Confiscation of goods	80	37	43	17.7%
Demand for bribes	17	9	8	3.8%
Reduced tax amount	12	6	6	2.7%
Demand for sexual favours	3	3	0	0.7%
Total traders reporting	315	145	170	69.85%
Total traders not reporting	136	67	69	30.15%
Total market traders	451	212	239	100%

Source: Survey conducted among market men and women in Enugu and Kaduna States, 2018

While reports of sexual harassment are low compared to other reported incidents (0.7 per cent of all reported incidents), it is likely that this type of incident was underreported in the survey due to its sensitive nature. For instance, the chairman of Aria Market in Enugu reported observing cases of sexual harassment, but no interviewed vendor in the same market reported the issue. The chairman noted in his interview:

Women behave somehow sometimes and say the men have come asking them to befriend them and we have heard of one case before. So, when we meet such women, we send a female taskforce person to them.

All reported demands for sexual favours were perpetrated by male tax collectors (see Table 4). Additionally, male tax collectors were responsible for 97.9 per cent of reported cases of physical and verbal harassment, 91.6 per cent of reported cases of confiscation of goods, and 83.3 per cent of reported cases of reduced tax amounts. Overall, 81.6 per cent of all reported incidents were committed by male tax collectors despite the fact that male tax collectors make up only 73 per cent of all tax collectors in the markets visited.

The incident 'reduced tax amount' can be read in two ways: it is either a reflection of a positive understanding by tax collectors about the hardships faced by some traders, or it is a tactic used by tax collectors to extract favours from the traders. The findings of this study do not shed light on which reading is more accurate.

Interestingly, incidents of increasing tax amounts and asking for bribes were reported equally for female and male tax collectors. Keeping in mind that female tax collectors represent only 27 per cent of all tax collectors in the markets visited, the reported incidents of requesting bribes and increasing tax amounts are surprisingly high for female tax collectors. The main ways that female tax collectors were reported to treat market vendors negatively is thus by increasing their tax amount (43.7 per cent of all incidents) and demanding bribes (41.5 of all incidences). Overall, however, female tax collectors were responsible for only 18.4 per cent of the negative incidents reported, which is less than would be expected given their representation among the total number of tax collectors.¹⁶

¹⁶ Survey conducted among market traders, Enugu and Kaduna States, 2018

Table 4 Percentages of negative incidents reported by market vendors by tax collector gender

Type of reported incident	% of total incidents	% of incidents by female tax collectors	% of incidents by male tax collectors
Increased tax amount	23.3%	43.7%	56.3%
Physical and verbal harassment	21.7%	2.1%	97.9%
Confiscation of goods	17.7%	8.4%	91.6%
Demand for bribes	3.8%	41.5%	58.5%
Reduced tax amount	2.7%	16.7%	83.3%
Demand for sexual favours	0.7%	0.0%	100%
Non-responses	30.15%	n/a	n/a
Total	100%	18.4%	81.6%

Source: Survey conducted among market men and women in Enugu and Kaduna States, 2018.

Market association leaders noted that the confiscation of goods was a strategy for tax collection used when vendors had failed to pay their taxes within a stipulated period, and following repeated warnings from tax collectors.¹⁷ Vendors reported that only 8.4 per cent of incidents of confiscated goods were carried out by female tax collectors, compared to 91.6 per cent by men (see Table 4). Additionally, female tax collectors involved in the confiscation of goods reportedly did so in non-violent ways. A market association leader in Ogige Market, Enugu State, attributed this tendency to their calmer temperaments and lower physical strength. The association leader particularly mentioned that female tax collectors did not fight vendors. Others agreed:

Some [vendors] will say the amount is too much. Some will not even talk to you. They go and pay and when they come [to collect the goods confiscated], [it] depends on interaction, [on] how I approach the person he will still go and pay. We don't fight.
(female tax collector, Ogige Market, Enugu State)

Male tax collectors, in contrast, were reported to be more direct when confiscating goods:

They [market vendors] complain sometimes... especially those that don't have money immediately because they [male tax collectors] will collect it by force.
(secretary, Aria Market Union, Enugu State)

If the chairman of the market should find it difficult collecting money, they will call us [male tax collectors]. Once we ask the person why and he/she gives no reasonable reason, we lock up the person's store at night. Then [there] is a peace committee who will now settle the issue.
(male tax collector, Ogige Market, Enugu State)

Leveraging the strengths of female tax collectors, tax collection teams in Enugu State were reported to be comprised of both females and males, in a bid to ensure a balanced approach to tax collection.¹⁸ Similar mixed-gender teams were observed in the formal Aria and Ogige Markets.¹⁹ This strategy was also confirmed by a male market union leader in the formal market of Kafanchan Central, Kaduna, who stated:

They come in groups to the market and the male collectors are usually more than the female. In a group of ten, two out of ten represent female collectors. For instance, in my own shop when they arrive, their attitude is mild. They ask questions like have you paid, show me the receipt or evidence of payment.

These examples reveal the merit of having more women in tax collection roles. They also show cases in which steps have been taken to integrate female tax collectors in practice.

¹⁷ Key informant interviews with market associational leaders, Enugu and Kaduna States, 2018

¹⁸ Key informant interview with female tax collector, Enugu State, 2018

¹⁹ Observations from market ethnography, Enugu and Kaduna States, 2018

Steps include the intentional creation of mixed female and male tax collection teams, and female tax collectors covering for cases of reported sexual harassment by male tax collectors.

3.2 Gender differences in tax and non-tax payments

No explicit gender discrimination was found in terms of tax payments and other non-tax payments in the markets visited. However, taxes paid by traders irrespective of gender was higher than stipulated in the state laws in nine of the 12 markets visited. Male traders were also found to pay higher rents for market space (given their greater capacity to afford better shop spaces), while toilet fees could potentially be discriminatory against female traders.

At a high-level, there is no significant difference in the tax payments made by female and male market vendors for the same shop sizes. Sixty-nine per cent of women reported that they paid the same tax as men, and 70 per cent of men reported that they paid the same tax as women. Thirty-one per cent of women and 30 per cent of men did not know if women paid more tax than men.²⁰

Taxation of market traders in Enugu and Kaduna operates through a system of presumptive taxation, which is congruent with previous studies on taxation of the informal sector in African countries (Dube and Casale 2016), and with specifications in the tax laws of Enugu and Kaduna States. However, market vendors—both female and male—were found to be paying higher taxes than what is stipulated in their respective state laws. This tax payment increase was in effect for all of the markets visited in Enugu State, and for some of the markets in Kaduna State.

For all visited markets, presumptive taxes range from N1,000 (US\$2.80) to N12,000 (US\$33.30), depending on location and the size of the shop.²¹ Presumptive taxes are paid to local government authorities on an annual basis.²² In Enugu state, market taxes range from N1,200 (US\$3.30) in the formal Aria Market to N3,500 (US\$9.70) in the formal Oriemba Market.²³ These figures can be compared to the presumptive tax rate of N1,000 stipulated in the Enugu State Tax Law. Only one female trader in the formal Aria Market mentioned paying the stipulated tax rate.

Similarly, the stipulated presumptive tax rate in the Kaduna State Tax Law is N2,500 (US\$6.90). The law also sets specific tax rates for slaughter stock, ranging from N500 to N2,000 (US\$1.40–US\$5.50). Assuming that the slaughter stock rates are in addition to the general presumptive tax rate (a point the tax law does not clarify, as discussed in section 1.3), the maximum that any market trader should pay is N4,500 (US\$12.40). In practice, however, Kaduna State has a bracket of tax rates ranging from N1,000 in the informal Kakuri Market, to N10,000 (\$27.80) in the main Kafanchan Market and N12,000 (\$33.30) in Tudun Wada Market, which are both formal markets.²⁴

In Kaduna State, researchers did identify some markets where vendors are taxed at a lower rate, including the formal Television Market and the informal Kakuri Meat Market and Gwarqwaji Market, in which taxes range from N1,000 to N2,400 (US\$6.70). However, the other three markets visited in Kaduna State—Tudun Wada, Kafanchan Main Market and Yakowa—are also taxed at a higher rate than stipulated by law, with the real tax rate ranging

²⁰ Survey conducted among market traders, Enugu and Kaduna States, 2018

²¹ Survey conducted among market traders, Enugu and Kaduna States, 2018

²² In Kaduna State, a more consolidated tax system exists in which taxes are paid into a central account. The state government then allocates money back to each LGA based on the amount of taxes collected from each jurisdiction.

²³ Survey conducted among market traders, Enugu State, 2018

²⁴ Survey conducted among market traders, Kaduna State, 2018

from N3,000 (US\$8.3) to N12,000 (US\$33.3). Concern regarding the higher tax rates paid by market vendors has previously been highlighted in a study from Anambra State, a neighbouring state to Enugu (CISLAC and JDPC 2014).

Aside from presumptive taxes, vendors pay a number of other market fees. These include toilet fees, water fees, security fees, sanitation fees, electricity fees, shop rents, market access charges and license fees for hawkers (see Table 5).

Table 5 Non-tax payments in the markets visited, formal and informal

Type of fee	Description	Cost	Frequency
Hawkers' license fees	Cost paid by hawkers each day they trade in the market	N10–N100 (US\$0.03–US\$0.30)	Daily
Toilet fees	Amount paid by market vendors for use of toilets within the market	N20–N50 (US\$0.05–US\$0.13)	Per use
Water fees	Costs paid for collection of water from water sources within the market	From N20 (US\$0.05) per container	Per use, depending on size
Security fees	Fees contributed for payment of security personnel employed to guard the market	N200 (US\$0.55)	Monthly
Sanitation fees	Cost paid by market vendors for personnel who collect and dispose of refuse generated within the market	N200–N500 (US\$0.55–US\$1.39)	n/a
Electricity fees	Cost paid for using electricity in the market, based on individual or joint shop metered readings, or estimations by electricity service providers. Only some markets have this service.	n/a	As per meter reading or estimation
Market or shop rents	Payments for use of market stalls, either to the government (for government-owned markets), or to landlords (for markets in which stalls are bought from the government and owned by private citizens).	N50 ²⁵ –N150,000 (US\$0.13–US\$416)	Annually
Market access charges	Fees paid by vendors to bring their goods into the market, charged per bag or basket depending on the type of product, e.g. rice, or per trailer or lorry load, depending on the amount of goods brought in.	N20 (US\$0.05) for products sold in bags, N5,000 (US\$13.90) for trucks with goods	Per bag/per delivery

Source: Surveys conducted among market traders in Enugu and Kaduna States, 2018. Electricity and market access charge data were collected from interviews with market union leaders.

All of these non-tax payments were paid equally by men and women traders in the markets visited.²⁶ The only exception was shop rents. While rent is essentially the same for all vendors regardless of gender, the fact that male vendors are able to afford more strategic locations closer to market entrances, and larger shop sizes, implies that they pay more rent accordingly.²⁷ Figure 1 shows that, in the markets visited, more female traders rent shops priced between N50–N4,999 (US\$0.10–US\$13.90) annually, while more male traders rent those priced at N5,000 (US\$13.90) and above.

²⁵ These small rents are for those paying for ground space in front of others' shops

²⁶ Survey conducted among market traders, Enugu and Kaduna States, 2018

²⁷ Key informant interviews with market associational leaders, Enugu and Kaduna States, 2018

Figure 1 Annual rents paid by female and male market traders



Source: Survey conducted among market traders, Enugu and Kaduna States, 2018

Toilet fees are another non-tax payment that could be suspected of gender inequality. Women need more privacy for their physical needs and have added period-related needs, requiring more frequent use of the toilet. Indirectly, this requirement introduces discrimination against female traders because toilet fees exist at a flat rate for all vendors in the market.

However, surveyed traders, both men and women, did not raise concerns about issues around limited toilet access and toilet fees as meaningfully affecting their trade.²⁸ Only one female dressmaker in the formal Television Market, Kaduna State, mentioned the lack of toilets in the market despite the fee paid. She stated that the private toilets are not well kept, and that she has to leave the market to a neighbouring house each time she needs to use the toilet.²⁹ This inconvenience likely means, in turn, some potential loss in earnings during her absence from the business establishment.

3.3 Gender effects of presumptive taxation

The fact that presumptive taxes are applied as a flat amount creates an implicit tax bias against women. This implicit bias occurs because women traders earn less than men, even when they sell the same types of products. The greater relative amount that women are charged is further aggravated by the higher taxes charged on all traders than what is officially stipulated in the tax laws. The burden of unpaid care work also negatively impacts women by keeping them away from earning more income.

Market trader complaints about presumptive taxation related to the fact that the same amount of tax is paid by traders with different earnings. This situation is proportionally unfair to those earning less for their trade. A male market union leader in Enugu state illustrated the situation:

²⁸ Survey conducted among market traders, Enugu and Kaduna States, 2018

²⁹ Feedback from market vendors, Kaduna State, 2018

Somebody can have a shop where the goods are worth more than N10 million [US\$28,000] and he will pay just N1,000 [US\$2.80]. The neighbour can have products that are less than N200,000 [US\$554], but they pay the same amount [of tax]. So, there is no equality in taxing there, because somebody should be considered the value of your product before you are taxed.

This uneven relationship between earnings and tax also has a gender dimension, as women tend to earn less than their male counterparts. As a result, it is perhaps unsurprising that women traders made up 60 per cent of the 76 per cent of surveyed market vendors who felt that taxes are too high.³⁰

To analyse the earnings-tax relationship in more detail, it helps to look at the gender differences in the types of products and services that are sold. The goods and services sold were similar in all of the markets visited, whether formal or informal. However, there were differences between states in the goods and services sold by either men or women (see Table 6).

Table 6 Goods and services sold in the markets visited by gender

Goods and services	Gender of sellers in Enugu State	Gender of sellers in Kaduna State
Barbing services	Only men	Only men
Cobbling	Only men	Only men
Building materials	Mostly men	Only men
Electricals/Electronics	Mostly men	Only men
Meat	Both men and women	Only men
Provisions	Both men and women	Mostly men
Fish	Both men and women	Both men and women
Clothing, shoes and bags	Both men and women	Mostly women
Sale of cooked food and drinks	Both men and women	Only women
Fruits	Mostly women	Mostly men
Food stuffs	Mostly women	Both men and women
Vegetables	Mostly women	Mostly women
Hairdressing services	Mostly women	Only women

Source: Market ethnography and survey among market traders, Enugu and Kaduna States, 2018

Economic factors such as the capacity to invest influence the gender of the trader selling certain goods and services. For instance, high-worth goods such as building materials and electronics are mostly sold by men who have the available capital to invest in inventory.

Similarly, more male traders were found in wholesale markets such as the formal Tudun Wada Market in Kaduna North; only 6 per cent of survey respondents from this market were female.³¹ Low representation of female traders could be attributed to the market being located in Zaria City in Kaduna North, a predominantly Muslim area, where culturally men are expected to be those involved in trading.³² However, the lower number of female traders in Tudun Wada Market is also likely due to the high capital requirements for wholesale trading.³³ Supporting the point that it is capital costs, more than culture, that keeps female traders out of some markets, the informal Gwarqwaji Market, located in the same district and vicinity, has a much higher percentage of female traders (23 per cent) than does Tudun Wada Market.³⁴ Although similar goods are sold in Gwarqwaji Market, they are sold in retail quantities. For instance, rice, beans and maize are mostly sold in large bags in Tudun Wada Market, but in cup measurements in Gwarqwaji Market. The lower capital requirements to participate in retail-quantity trade allows a higher percentage of women to operate in the market.

³⁰ Survey conducted among market traders, Enugu and Kaduna States, 2018

³¹ Survey conducted among market traders, Enugu and Kaduna States, 2018

³² Contextual knowledge of Nigerian assistant researchers

³³ However, culture and tradition may still play a stronger role in the gender of other services such as barbing and hairdressing

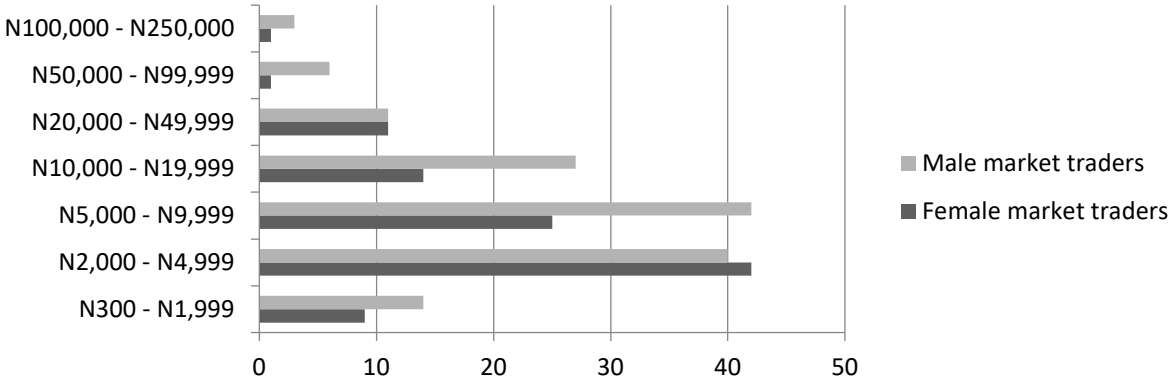
³⁴ Note that this percentage of women traders is still quite small in comparison to the other markets visited. Survey conducted among market traders, Enugu and Kaduna States, 2018

The formal wholesale markets included in this study also tended to have higher presumptive taxes than the informal markets where more women participated in trading. Tax in the informal Gwarqwaji Market, for instance, is N2,000 (US\$5.50). This rate is N10,000 (US\$27.80) lower than the N12,000 (US\$33.30) charged in Tudun Wada Market, where there are less women.

This dynamic of formal markets featuring higher taxes and lower representation of female traders was also found in the districts of Kaduna South and Kaduna Central. In the main formal market of Kafanchan, Kaduna South, the presumptive tax is as high as N10,000 (US\$27.80) and women represent 39 per cent of survey respondents. These results compare to the informal market of Yakowa, in the same vicinity, that has a tax rate of N5,000 (US\$13.90) and 50 per cent female traders.³⁵ Similarly, in Kaduna Central, the formal Television Market has a higher tax rate of N2,400 (US\$6.70) and fewer women traders (64.3 per cent) than the informal Kakuri Market, with a tax rate of N1,500 (US\$4.2) and 72.3 per cent female traders. This dynamic indicates a trend in Kaduna State that relates informal markets, lower taxes, and more women traders together. Such a distinct pattern was not found in Enugu State, where the percentages of women traders in formal and informal markets were similar.

The results presented above, in which higher tax rates are more prevalent in markets with more male traders, might lead one to think that male traders pay more taxes than female traders. However, a comparison of the revenue generated by men and women from all visited markets discredits this view. Figure 2 shows the estimated average weekly earnings of men and women in all of the visited markets.³⁶ The number of women traders in each category noticeably decreases as earnings increase.

Figure 2 Estimated average weekly earnings of female and male market traders



Source: Survey conducted among market men and women in Enugu and Kaduna States, 2018

In addition to this analysis, we compare the average weekly earnings for a selection of items sold by both men and women (see Table 6). The selected items include fish, food stuffs and provisions. For these items, average earnings by women vendors is consistently lower than the average earnings for all vendors selling the same product (see Figure 3). Moreover, male vendors consistently have considerably higher average earnings on all products, whether those products are sold by both men and women (as with fish in Enugu and Kaduna), mostly by men (as with provisions in Kaduna State), or mostly by women (as with food stuffs in Enugu State).

³⁵ Survey conducted among market traders, Enugu and Kaduna States, 2018
³⁶ Survey conducted among market traders, Enugu and Kaduna States, 2018

Figure 3 Estimated average weekly earnings of female and male traders by selected product, in naira



Source: Survey conducted among market men and women in Enugu and Kaduna States, 2018

For fish, a product sold by both men and women, the average weekly earnings of all fish sellers was reported to be N9,250 (US\$26.40). However, the average weekly earnings for female fish sellers was just N3,000 (US\$8.30), less than a third of the overall average. In contrast, the average weekly earnings of male fish sellers was reported to be almost double the average for all fish sellers at N15,500 (US\$43).

Similar trends were found for the other two products analysed. With provisions, the average earnings for all traders was N7,289 (US\$20.20), the average earnings for female provision traders was N3,750 (US\$10.40) and the average earnings for male provision traders was N8,923 (US\$24.80). With foodstuffs, the average earnings for female sellers was reported to be N5,400 (US\$15), almost half of the N10,626 (US\$29.5) average earnings for all foodstuff traders and about a quarter of the average earnings for male foodstuff traders at N21,833 (US\$60.60).

Considering that taxation of market traders in Nigeria is presumptive across all markets visited, the lower average earnings of women compared to men introduces an implicit tax bias against women. Thus, while at a high level it seems that men pay the same or even more taxes than women, if we look at the amount of taxes paid relative to earnings, women pay considerably more.

Furthermore, as seen in section 3.2, most markets (both formal and informal) are charged higher taxes than the rate stipulated in the relevant state tax law. While this increase is borne equally by men and women, it may affect women more severely, as they are already in a more precarious financial position. Added to these increases is the fact that unpaid care work³⁷ keeps women away from earning more revenue, thus sustaining the negative effects of implicit tax biases on women.

Market association leaders noted that, in some cases, child and homecare responsibilities informed women's choices about the types of goods and services they provide, the amount of time they spend in the market and by extension their earnings.³⁸ This observation is supported by the 2017 labour force statistics report produced by the National Bureau of

³⁷ Unpaid care work refers to the socially prescribed and entrenched gender roles that denote women and girls as free providers of care work such as looking after and educating children, looking after older family members, caring for the sick, preparing food, cleaning and collecting water and fuel. More information is available at: <http://interactions.eldis.org/unpaid-care-work/issues/what-unpaid-care>

³⁸ Key informant interviews with market associational leaders, Enugu and Kaduna States, 2018

Statistics, which points to a 17.1 per cent difference in time spent trading in favour of men amongst traders in Nigeria working more than 40 hours per week (NBS 2018).

4 Conclusions

This paper explored how tax is experienced differently by female and male traders in local marketplaces in Nigeria. Two main findings emerged from the study: (1) using female tax collectors in markets has distinct benefits, and (2) the implementation of a flat presumptive tax introduces a negative bias towards women traders, specifically because of their comparatively lower earnings.

There are a number of important benefits that stem from including more women officials in tax collection. Both female and male market traders reported similar experiences regarding negative incidents with tax collectors. However, all the demands for sexual favours were reported by female traders and were perpetrated by male tax collectors. Added to this, male tax collectors were reportedly responsible for 97.9 per cent of cases of physical and verbal harassment, 91.6 per cent of cases of confiscated goods, and 83.3 per cent of cases of reductions to tax amounts, despite the fact that they only account for 73 per cent of all tax collectors in the markets visited. Comparatively, female and male tax collectors were about equally responsible for the reported incidents of increasing tax amounts and asking for bribes (which is surprisingly high for female tax collectors considering their low representation). For the 8.4 per cent of reported incidents in which female tax collectors confiscated goods, they reportedly did so in non-violent ways compared to their male counterparts. Overall, male tax collectors were responsible for 81.6 per cent of reported negative incidents.

These results suggest that a larger presence of female tax collectors in markets may have positive effects on reducing incidents of sexual, physical and verbal harassment. Additionally, this study found no major disadvantage in having more women involved in market tax collection. Overall, this finding adds to the literature on the benefits of recruiting more women into tax administrations in general—see Mwonhda *et al.* (2018), for instance, for a discussion of the benefits of employing more women in the Uganda Revenue Authority.

The second major finding points to the existence of an implicit gender bias against women that is derived from the implementation of presumptive taxation in the local markets. At a high level, this study found no explicit gender discrimination in tax and non-tax payments for the markets visited. The only exceptions being (1) that male traders pay higher market rents, due to their higher capacity to afford better shop spaces, and (2) inconclusive evidence that toilet fees are discriminatory against female traders.

However, it is precisely the fact that tax payments are equal for female and male traders that creates an implicit tax bias against women. This implicit bias emerges because the earnings of women traders are significantly lower than their male counterparts—even in cases where they sell the same types of products—but they are nevertheless required to pay the same flat tax. This negative implicit tax bias against women is aggravated by at least two factors. First, this study presents evidence to the effect that the real tax amount charged is often significantly inflated from the rate stipulated in the state tax laws. Since women are already, on average, in a more vulnerable financial position, this tax rate inflation is likely to harm them more. The second factor is the trap of unpaid care work, which keeps women away from spending more time selling in the market and generating more revenue, which would indirectly lower their relative tax burden.

These findings add to the literature on implicit gender biases in taxation. Specifically, they point to the importance of acknowledging implicit gender biases related to presumptive taxation in the informal sector. For instance, presumptive taxation is not present as a

category in the seminal conceptual framework suggested by Stotsky (1996) to analyse explicit and implicit gender biases, which only identifies personal income tax, corporate income tax, commodity tax and trade taxes as possible sources of bias. Given the large number of women working in the informal sector, the category of presumptive taxes cannot be ignored.

5 Recommendations

Based on the findings of this study, we make two policy and practice recommendations for the Nigerian tax authorities. This first recommendation is to increase the number of female tax collectors operating in local markets. The second is to implement a segmented presumptive tax based on an estimate of actual earnings. Furthermore, we make two recommendations for further research to academics and the National Bureau of Statistics. The first is to clarify the inconclusive results of this study regarding gender and market taxation. The second is to improve data on local markets and market traders in Nigeria.

The first recommendation is to integrate more female tax collectors into the local markets, as they were found to be less responsible for harassing market vendors. This recommendation should come together with gender training for all tax collectors on all types of harassment, as well as zero tolerance policies and specific sanctions for perpetrators of sexual harassment. Although this study did not directly address the question of market leadership, it is also plausible that greater female representation in the leadership of the market unions and associations would encourage the reporting of sexual and other types of harassment.

The second recommendation is to adopt a segmented presumptive tax based on an estimate of actual earnings to reduce the impact of implicit tax bias on female market vendors, as well as other vendors with low earnings. The national tax policy already allows for different types of direct and indirect taxes based on one's income bracket and income-generating activities, including presumptive taxation (see section 1.3). This recommendation therefore now requires adaptation into state tax laws, as well as training, logistics and infrastructure to prepare and familiarise tax collectors with a more equitable presumptive tax system that is more accurately segmented by actual earnings.

To address implicit tax biases, market union leaders were of two schools of thought. First, that tax officials should carry out assessments of the goods in each shop and charge taxes accordingly. Second, that tax officials should work with market union and association leaders to determine a range of tax rates based on the value of the types of goods and services sold by traders. Such methods would still be considered presumptive taxation, but would create a tax system that more accurately reflects the profit margins made by different traders on different goods and services. In theory, such a system should produce more equitable results.³⁹

The recommendation of this paper is therefore in line with ideas expressed by market union leadership, with the only caveat that this study showed women earn less than men even for the same types of products and services sold (see section 3.3). If individual shop assessments are not viable due to limited government capacity, then we agree that segmented rates based on goods or services sold, that are agreed on by the unions and associations, is a good second-best option. However, it is income, in principle, rather than the types of goods and services sold, that is the ideal base on which to adjust segmented tax rates.

³⁹ Key informant interviews with market union and associational leaders, Enugu and Kaduna States, 2018

In addition to these two recommendations, any measures related to monitoring unofficial tax increases, and related to supporting conciliation between unpaid care work and paid work, will only improve the hidden factors that make a supposedly neutral tax rate unfair to women in practice.

Finally, we make some suggestions for further research. First, there is more space for research on market taxation and gender in Nigeria. Future studies should focus on results that were inconclusive in this study, including the following:

- The impact of female tax administrators and union and association leaders on the tax collection environment of local markets.
- The relationship between the informality of market spaces, the relative numbers of women and men employed there, and potential gender implications.
- Whether market toilet fees are discriminatory towards women.
- Why it is that female traders earn substantially less than their male counterparts for the same products and services sold.
- Further research on the benefits of female tax collectors.
- Further research on the links between presumptive taxation and implicit tax biases against women.

Finally, we recommend that the National Bureau of Statistics invest in mapping the total number of local markets (formal and informal), and the number of market traders by gender and state in Nigeria. This data will facilitate sampling for future studies to improve representativeness of the results, and will help plan and budget for investments in future market infrastructure.

Appendix

Table A1 Summary of taxes collected at federal, state and local government levels in Nigeria

Federal level	State level	Local government level
<ul style="list-style-type: none"> • Import and export duties • Excise tax • Mining rents and royalty • Companies income tax • Withholding tax on companies • Petroleum Profit Tax • Value-added tax (VAT) • Education tax • Capital gains tax—Abuja residents and corporate bodies • Stamp duties involving corporate entities • Personal income tax in respect of armed forces and police personnel • Residents of Abuja FCT; • External affairs officers and non-residents 	<ul style="list-style-type: none"> • Property taxes • Motor vehicle taxes • Land registration • Entertainment taxes • Personal income taxes: <ul style="list-style-type: none"> ○ Pay-As-You-Earn (PAYE) ○ Direct (self and government) assessment • Withholding tax (individuals only) • Capital gains tax • Stamp duties (instruments executed by individuals) • Pools betting, lotteries, gaming and casino taxes • Road taxes • Business premise registration and renewal levy • Urban areas (as defined by each state): maximum of N10,000 for registration and N5,000 for renewal per annum • Rural areas: registration N2,000 per annum; renewal N1,000 per annum • Development levy (individuals only): not more than N100 per annum on all taxable individuals; • Naming of street registration fee in state capitals • Right of occupancy fees in state capitals • Rates in markets where state finances are involved 	<ul style="list-style-type: none"> • Shops and kiosk rates • Tenement rates • On and off liquor licences • Slaughter slab fees • Marriage, birth and death registration fees • Naming of street registration fee (excluding state capitals) • Right of occupancy fees (excluding state capitals) • Market/motor park fees (excluding markets where state finances are involved) • Domestic animal licence • Bicycle, truck, canoe, wheelbarrow and cart fees • Cattle tax • Merriment and road closure fees • Radio/television (other than transmitter) licences and vehicle radio licences (to be imposed by the local government in which the car is registered) • Wrong parking charges • Public convenience, sewage and refuse disposal fees • Customary, burial ground and religious places permits • Signboard/advertisement permits

Source: Anyanwu 1999; Jimoh 2003; Odusola 2006; Salami 2011.

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