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# A Sri Lankan Woman's Monthly Tax

*Case Study*

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Being a Sri Lankan woman is not easy. From having to constantly battle gender stereotypes and rebel against gender roles, women also have to bear the burden of a financial cost of something that is beyond them; the exorbitant costs of menstrual hygiene products. 52% of Sri Lanka's population is female, with approximately 4.2 million menstruating women.<sup>1</sup> However, for many Sri Lankan women, access to safe and affordable menstrual hygiene products has become a luxury.

A leading contributor to the unaffordability of menstrual hygiene products in Sri Lanka is the taxes levied on them. Until September 2018, sanitary napkins were taxed at a rate of 101.2%. The taxes have now been reduced to 62.6%<sup>2</sup> but "period poverty" - a term that describes the lack of access to sanitary products due to financial constraints - persists.

This case study will explore the case of taboos and taxes surrounding the topic of menstrual hygiene in Sri Lanka, advocacy and activism against these taxes and results.

## **PERIOD POVERTY IS NOT LIMITED TO FINANCIAL CONSTRAINTS**

Taxes on sanitary napkins have exacerbated period poverty. The current import tariffs levied on these products is 62.6%.<sup>3</sup> Until September 2018, the tax on sanitary napkins was 101.2%. The components of this structure were Gen Duty (30%) + VAT (15%) + PAL (7.5%) + NBT (2%) and CESS (30% or Rs.300/kg).<sup>4</sup> In September 2018, following social media outrage against the exorbitant tax, the CESS component of this tax was repealed by the Minister of Finance.<sup>5</sup>

The average woman has her period for around 5 days and will use 4 pads a day<sup>6</sup>. Under the previous taxation scheme, this would cost a woman LKR 520 a month, and add up to LKR 199,680 in her lifetime<sup>7</sup>. The estimated average monthly household income of the households in the poorest 20%

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<sup>1</sup>SAARC Chamber Women Entrepreneurs Council Launches 'By The Women, For The Women, To The Women'. *Ft.Lk*, 2018, <http://www.ft.lk/special-report/SAARC-Chamber-Women-Entrepreneurs-Council-launches--By-the-women--for-the-women--to-the-women--/22-649760>. Accessed 12 Oct 2019.

<sup>2</sup>The Government of Sri Lanka, Ministry of Development Strategies and International Trade, *The Gazette of the Democratic Socialist Republic of Sri Lanka on the SRI LANKA EXPORT DEVELOPMENT ACT*, No. 40 OF 1979, No. 2090/5, Part I: Section (I) - General, Colombo: Malik Samarawickrama, 25th September 2018.

<sup>3</sup>HS Code Finder / Sri Lanka Customs". *Customs.Gov.Lk*, 2019, <http://www.customs.gov.lk/business/hsfinder>. Accessed 11 June 2019.

<sup>4</sup>Sri Lanka Customs. *Tariff Guide 2019.03.15*. Chapter 1: Section (6).<http://www.customs.gov.lk/tariffchanges/home>. Accessed 14 Oct 2019. "General duty = CIF value \* customs duty rate PAL (Port and Airport Development Levy) = CIF value \* PAL rate CESS levy = (value of the good + 10% \* value of the good) \* CESS rate Excise (Special provisions) duty = (value of the good + 15% of the value of the good + General Duty + CESS levy + PAL levy) \* Excise duty rate Value Added Tax = value of the good + (1+10% of the value of the good + General Duty + PAL levy + CESS levy + excise duty) \* VAT rate Nation Building Tax = value of the good + 10% of the value of the good + General Duty + PAL levy + CESS levy + Excise duty) \* NBT rate"

<sup>5</sup>Sri Lanka Lifts Tax On Sanitary Napkins". *Economy Next*, 2018, [https://economynext.com/Sri\\_Lanka\\_lifts\\_tax\\_on\\_sanitary\\_napkins-3-11961.html](https://economynext.com/Sri_Lanka_lifts_tax_on_sanitary_napkins-3-11961.html). Accessed 12 Oct 2019.

<sup>6</sup>A Woman's Monthly Tax — Advocata Institute | Sri Lanka | Independent Policy Think Tank". *Advocata Institute | Sri Lanka | Independent Policy Think Tank*, 2018, <https://www.advocata.org/commentary-archives/2018/06/12/a-womans-monthly-tax>. Accessed 12 Oct 2019.

<sup>7</sup>Ibid.

in Sri Lanka is LKR 14,843<sup>8</sup>. To these households, the monthly cost of menstrual hygiene products make up 3.5% of their expenses. In comparison, the percentage of expenditure of this income category on clothing is 4.4%.<sup>9</sup>

The lack of access to adequate menstrual products has consequences on girls' education and health as well. According to a 2015 analysis of 720 adolescent girls and 282 female teachers in Kalutara district - a semi-urban district towards the South of the capital city, Colombo - 60% of parents refuse to send their girls to school during periods of menstruation.<sup>10</sup> Moreover, in a survey of adolescent Sri Lankan girls, slightly more than a third claimed to miss school because of menstruation.<sup>11</sup>

Inaccessibility of menstrual hygiene products often results in the use of makeshift, unhygienic replacements, which have direct implications on menstrual hygiene management (MHM). Poor MHM is directly linked to the development of cervical cancer<sup>12</sup>, the second-most common type of cancer among Sri Lankan women today. According to the HPV Information Center, current estimates indicate that every year 1136 Sri Lankan women are diagnosed with cervical cancer, and every year 643 die from the disease.<sup>13</sup>

## OUR ADVOCACY

The Advocata Institute launched an advocacy campaign in 2018 to communicate the financial and social consequences of tariffs on sanitary napkins on girls and women in Sri Lanka. Our advocacy work was supported by our greater trade program that since our inception, continues to advocate for free trade in Sri Lanka.

The objective of our work was to create public outcry against such taxation schemes. Public awareness and support for policy change resulting from this would then make it easier to push for reforms. An online and offline media presence on the topic was developed to communicate the issue which led to activism by external stakeholders and independent activists around the issue being

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<sup>8</sup>Household Income and Expenditure Survey 2016. [http://www.statistics.gov.lk/HIES/HIES2016/HIES2016\\_FinalReport.pdf](http://www.statistics.gov.lk/HIES/HIES2016/HIES2016_FinalReport.pdf). Accessed 12 Oct 2019.

<sup>9</sup>Ibid.

<sup>10</sup>"Menstrual Hygiene Management In Schools In South Asia". *Wash Matters*, 2018, [https://washmatters.wateraid.org/sites/g/files/jkxoof256/files/WA\\_MHM\\_SNAPSHOT\\_SRILANKA.pdf](https://washmatters.wateraid.org/sites/g/files/jkxoof256/files/WA_MHM_SNAPSHOT_SRILANKA.pdf). Accessed 12 Oct 2019.

<sup>11</sup>Ibid.

<sup>12</sup>Socio-demographic and behavioural risk factors for cervical cancer and knowledge, attitude and practice in rural and urban areas of North Bengal, India. Raychaudhuri S1, Mandal S. <https://www.ncbi.nlm.nih.gov/pubmed/22799287>. Accessed 12 Oct 2019.

<sup>13</sup>"Human Papillomavirus And Related Diseases Report Sri Lanka". *HPV Centre*, 2018, <https://hpvcentre.net/statistics/reports/LKA.pdf>. Accessed 12 Oct 2019.

mobilized on social media. Following this, the CESS tax on sanitary napkins was removed, which lowered the taxation rate to 62.6%<sup>14</sup>.

**NEXT STEPS**

In light of the continued unaffordability of menstrual hygiene products for women in Sri Lanka, the Advocata Institute proposes the following policy recommendations:

- The Ministry of Finance should remove PAL (7.5%) and General Duty (30%) components from the current taxation structure pertaining to essential menstrual hygiene products in Sri Lanka, bringing the total tax levied on these products down to 18.7% (Figure 1).
- The Minister of Finance, in conjunction with the Minister of Health, should declare the reduction in taxes through the means of an extraordinary gazette.

<b>CALCULATION OF TAX RATES ON SANITARY NAPKINS</b>			
<b>Tax Component</b>	<b>Before 25 Sept 2018</b>	<b>After removal of CESS on 25 Sept 2018</b>	<b>Recommended Reform: Removal of Gen Duty and PAL</b>
<b>General Duty</b>	30%	30%	0
<b>VAT</b>	15%	15%	15%
<b>PAL</b>	7.50%	7.50%	0
<b>NBT</b>	2%	2%	2%
<b>CESS</b>	30%		0
<b>Excise Duty</b>	0	0	0
<b>SCL</b>	0	0	0
<b>Total Tax</b>	101.20%	62.60%	18.70%

On average, a Sri Lankan woman will menstruate for approximately 2,106 days over the course of her lifetime. That's nearly six years of depending on unhygienic cloth rags and makeshift solutions if sanitary napkins are beyond her financial reach. Increased affordability of menstrual hygiene products is likely to result in the uptake of their use by more Sri Lankan women. The removal of this significant barrier to girls education, women's health

<sup>14</sup>Premachandra, Anuki. "It'S Bloody Unfair! — Advocata Institute | Sri Lanka | Independent Policy Think Tank". *Advocata Institute | Sri Lanka | Independent Policy Think Tank*, 2019, <https://www.advocata.org/commentary-archives/2019/05/28/its-bloody-unfair>. Accessed 12 Oct 2019.

and labor force participation will create a wide-scale positive impact on closing Sri Lanka's present gender gap and facilitate economic growth.