

9

Women and top incomes in Australia¹

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The study of top incomes has made great strides in recent years. The novel feature of this research is the use of tax records data, which have now been used to study top incomes over decades or even longer periods in a large number of countries (Atkinson and Piketty 2010; Atkinson and Piketty 2007).² Top incomes research has made a significant contribution to public and policy debates about income inequality and the role of the tax-transfer system; see, for example, the Organisation for Economic Co-operation and Development (OECD) study by Keeley (2015) and Australian Treasury study, Fletcher and Guttmann (2013).

For Australia, Atkinson and Leigh (2007) is the pioneering study on top incomes using individual tax return data. This was recently updated and refined by Burkhauser et al. (2015). Similar to a number of other countries, Australia has experienced sustained increases in the income shares of top income groups since the early 1980s. Top incomes research also provides

1 Sarah Voitchovsky acknowledges financial support from the Swiss National Science Foundation (SNSF). Roger Wilkins acknowledges financial support from the Australian Research Council (DP150102409).

2 The World Wealth and Incomes Database provides incomes and wealth data for 39 countries using tax returns and other sources. See: www.wid.world/#Home.

TAX, SOCIAL POLICY AND GENDER

evidence of the sources of incomes of top cohorts. One general result is the increasingly important role of high wages relative to capital incomes over time for top income groups.

Existing top incomes research has paid relatively little attention to the demographic composition of those at the top of the income distribution, despite the fact that one particularly important demographic characteristic—gender—is observed in tax records data in nearly all countries with individual (as opposed to family) taxation. Seeking to address this gap for Australia, this chapter presents new evidence on the representation of women at the top of the income distribution and explores differences between men and women in the characteristics of those at the top of the distribution. We build on the international comparative research on women and top incomes by Atkinson et al. (2014, 2016) that has deepened and developed the broader body of research into the ‘glass ceiling’ for women’s incomes in developed countries.³

Our results demonstrate that Australia shows some similarities but also deviates in some respects from the pattern of distribution and source of income in data for women in other OECD countries that have individual taxation. Once the results are presented, we seek to offer some initial explanations of the observed patterns for Australian top-income women. Our initial results demonstrate, not surprisingly, that there is significant gender inequality at the top of the income distribution, with women comprising only one-quarter of the top 10 per cent of individuals and just over 15 per cent of the top 0.1 per cent. Our results also show, however, that the numbers of women in top echelons are higher in Australia than other countries. This is not explained by higher wages, but may be explained by tax planning between spouses or within families in Australia’s individual income tax system. In particular, income splitting may contribute to the trends observed for Australia.

In all individual income tax systems that have a progressive rate structure, there is a structural incentive for related parties—especially family members—to split or share income among themselves so as to reduce the overall tax burden of the family (see, for example, Head and Krever 1996). In Australia, the legal structure and interpretation of the income tax has long facilitated certain kinds of income splitting. Interactions between the

3 See a discussion of this research at www.weforum.org/agenda/2014/07/women-income-glass-ceiling.

9. WOMEN AND TOP INCOMES IN AUSTRALIA

income tax and cash transfer systems in Australia produce a ‘quasi-joint tax unit’ for many families with children (see Chapter 3, this volume; Henry et al. 2009). It is less well known—except to tax lawyers and the high-income individuals and families who they advise—that, for individuals deriving investment or business income, a ‘quasi-joint’ tax unit can also be produced through income splitting (Stewart 1999). The ability to split income among the ‘professional and commercial classes’⁴ is one issue highlighted in the recent Treasury *Re: Think Tax Discussion Paper* (Treasury 2015, p. 51).

Top incomes in Australia

The analysis presented in this chapter is based on customised tax tables supplied by the Australian Taxation Office (ATO) for the period 2000–01 to 2013–14. Identification of the gender composition of top income groups is possible using tax records data because personal income tax (PIT) data in Australia are reported at the individual level. This chapter presents the top income shares and income thresholds (the minimum income to be in top income group) for the income years ending 30 June 2001 to 30 June 2014, for women in the following four top income groups: 0.1 per cent, 1 per cent, 5 per cent and 10 per cent.

We then examine the income sources of these women, distinguishing wage income from non-wage income. The proportion of females and males in each group that is working age is identified and the wage share of the total income of working-age women in each of the top income groups, compared to the wage share of total income of working-age men in each of the top income groups, is analysed. We present international comparisons of the earnings share of women in top income groups. We then identify the most significant occupations for those top-income women who declare wage income and for the working age subset of these women (age 18 to 64).

The key descriptive statistics produced in the tax-based top incomes literature are income shares of top income groups such as the top 1 per cent. The focus on the top reflects both the strengths and weaknesses of tax records data. Tax data are well suited to the study of very high incomes. Household surveys of income (such as the Australian Bureau of Statistics’ (ABS) Survey of Income and Housing) face problems of sampling error and potential

4 *FACT v Everett* (1980) 143 CLR 440 at 457 per Murphy J (in dissent).

TAX, SOCIAL POLICY AND GENDER

non-response from the relatively small cohort with top incomes, which may make their results less reliable at the top of the income distribution than income tax data, which do not have these problems. However, many people in Australia and other countries are not required to file a tax return because their incomes are low and in many countries tax data do not contain government transfers, which are an important income source for low-income individuals.⁵ Consequently, it is in general not possible to examine the full income distribution with tax records data. Indeed, the exclusion of some or all government transfers is part of a broader problem of imperfect capture of income by tax records data. For example, income not 'declared' to the tax authority is not captured. In addition, the legal definition of income is subject to change over time. For example, in many countries, realised capital gains were not included in taxable income until later in the 20th century.

A further challenge identified recently by Canadian researchers is the use of privately owned legal entities, such as companies and trusts, to hold income that arguably should be counted in determining the true incomes of individuals in top income cohorts. Wolfson et al. (2016) study the importance of controlled private companies in Canada in increasing the share of income of top income groups (held directly and indirectly) and in shifting the proportion of individuals in top income groups. To do this analysis, they link individual income tax data with business data. A similar effect might be obtained in Australia. The research presented in this chapter provides some intriguing indirect evidence of income splitting between spouses, which supports anecdotal evidence about the tax planning activities of top income individuals including through the use of privately owned trusts and companies in Australia.

Atkinson and Leigh (2007) produced the first estimates of top income shares for Australia based on tax records data, examining the period from 1921–22 to 2003–04. Drawing on tabulations of the number of tax filers in each range of total income, National Accounts data on household income and ABS population data, they produce estimates of the proportion of total income going to the top x per cent of individuals aged 15 years and over. Specifically, using the population data to ascertain the number of people in the top x per cent, they then use the tax tables

5 In Australia, some government transfers are in the tax records data (and included in 'earnings' as discussed below) but others (including the Disability Support Pension and Family Tax Benefit) are not.

9. WOMEN AND TOP INCOMES IN AUSTRALIA

to estimate the total income of the top x per cent. This is then divided by an estimate of aggregate income derived from the National Accounts to produce the estimated income share of the top income group.

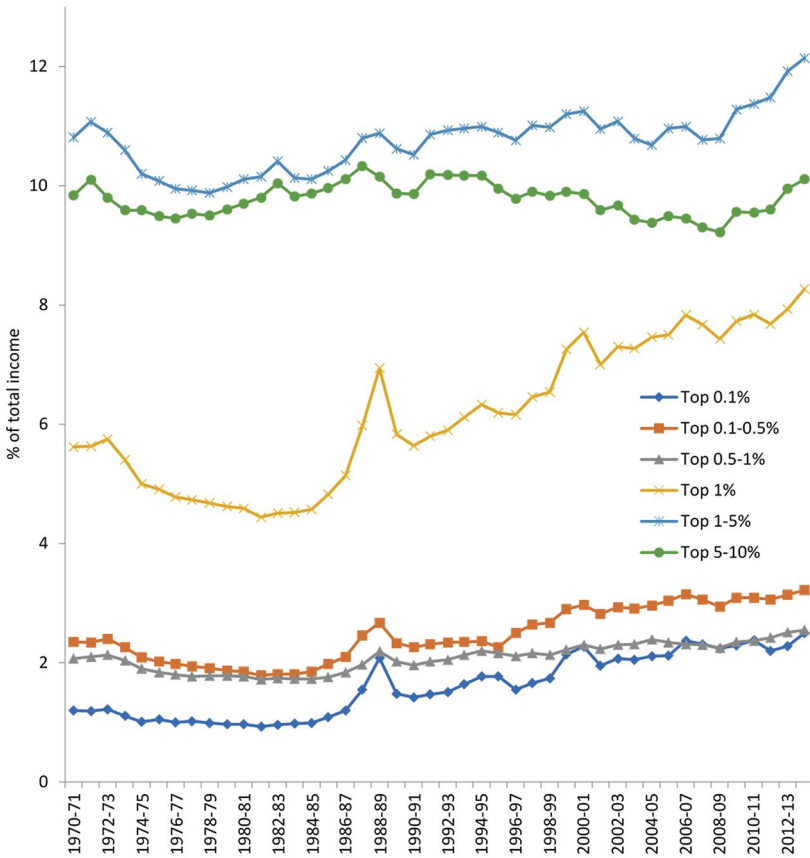


Figure 9.1: Income shares of top income groups in Australia, 1970–71 to 2013–14

Source: Burkhauser et al. (2015), updated; ATO Taxation Statistics including income from wages, businesses, investments, taxable government transfers and other sources as identified in the tax return.

Burkhauser et al. (2015) refined and updated Atkinson and Leigh’s estimates, producing a more consistently measured series over the period 1970–71 to 2011–12 that excluded realised capital gains and dividend imputation

TAX, SOCIAL POLICY AND GENDER

credits.⁶ The National Accounts measure of total income excludes both of these income components, which also only enter the tax data from the mid-1980s. Moreover, capital gains tax only applies to assets acquired after 1985, resulting in a growing proportion of all realised capital gains entering the PIT base from the mid-1980s on. We adopt the Burkhauser et al. (2015) series for our analysis in this chapter and therefore focus solely on income from wages, businesses, investments, taxable government transfers and other sources as identified in the tax return.

Figure 9.1 provides the broader context in which we examine women's representation at the top of the income distribution, presenting the Burkhauser et al. (2015) series updated to 2013–14 (the most recent tax year for which data are available). It shows that the income share of the top 5 per cent, and the income share of each top income group within the top 5 per cent, has increased in the last three decades. In particular, the income share of the top 1 per cent has doubled from just over 4 per cent in 1982–83 to just over 8 per cent in 2013–14. The income share of the top 5–10 per cent (91st to 95th percentiles) declined slightly to 2008–09, since when it has risen rapidly.

Women's representation in top income groups

As noted above, an important feature of the Australian PIT is that the tax unit is the individual, which means that all income of a tax unit can be attributed to one person. Moreover, the gender of tax filers is known by the ATO, making it possible to examine the representation of women in top income groups. This is also true for many other countries, but it is not the case in countries that allow (or require) joint tax returns to be filed by spouses, or indeed the family or household as a whole. Notably, this is the case in the US, Germany and France.

Figure 9.2 presents the proportion of women in Australia who are in the top 10 per cent, top 5 per cent, top 1 per cent and top 0.1 per cent by income. It shows that, in 2013–14, women made up about one-quarter (25.7 per cent) of the top 10 per cent, 22.3 per cent of the top 5 per cent, 20.3 per cent of the top 1 per cent and 17.2 per cent of the top 0.1 per cent.

⁶ Imputation credits are tax credits allowed to individuals for imputed company tax paid on dividends received by them (under Div. 207 of the *Income Tax Assessment Act 1997* (Cth)).

9. WOMEN AND TOP INCOMES IN AUSTRALIA

The period from 2000–01 to 2013–14 saw women’s shares of top income groups rise slightly. The increase was greatest at the very top, with women’s share of the top 0.1 per cent rising three percentage points, compared with a two percentage-point rise for the top 1 per cent and approximately one percentage-point rises for the top 5 per cent and top 10 per cent.

Figure 9.2 also shows a peak in women’s share of top income groups, particularly the top 1 per cent and 0.1 per cent groups, in 2006–07. For example, the female share of the top 1 per cent rose from 18.3 per cent in 2000–01 to a peak of 21.4 per cent in 2006–07, before levelling off at approximately 20 per cent from 2008–09 onwards. As Figure 9.1 shows, while the 2008 Global Financial Crisis (GFC) had a fairly small negative effect on overall top incomes, there was nonetheless a small peak in overall top incomes in 2006–07. One potential explanation for the coincident peak in women’s share of top incomes is that 2006–07 was a high point in economic returns to investments.⁷

Also potentially important is a tax policy change concerning superannuation that commenced at this time, being the major Howard–Costello ‘Simplifying Superannuation’ reforms. Effective from 1 July 2007, substantial deductible contributions could be made into superannuation funds (so-called concessional contributions) by self-employed people and employees. These deductible contributions were concessionaly taxed at only 15 per cent in the superannuation fund (up to a cap of \$50,000 per individual). Self-employed workers and employees could also make additional non-deductible contributions up to a cap of \$150,000 per year or \$450,000 over three years. Other changes lowered taxes on superannuation savings and payouts very substantially. In particular, earnings on so-called ‘transition to retirement’ pensions became tax-free. Superannuation payouts of pensions and lump sums were rendered completely tax-free once a recipient reached age 60. These highly generous superannuation tax concessions were reduced in reforms in recent years including in 2016 by the Turnbull Government.

An indirect effect of these superannuation tax reforms was that, instead of income being earned in, for example, a family trust and distributed to beneficiaries including women each year (appearing in their tax returns), it

⁷ Indicative of the high investment returns is that the ASX200 increased by 24 per cent over the 2006–07 fiscal year, its fastest fiscal-year rate of growth over the 2000–01 to 2013–14 period examined in this chapter.

TAX, SOCIAL POLICY AND GENDER

would be more tax-effective for income to be earned in a superannuation fund that could be achieved by making deductible contributions into that fund. Superannuation fund earnings are not distributed until retirement and so these earnings no longer appear in individual tax returns (and in our data). This shift could imply a drop in the number of women in top income groups if women were previously disproportionately represented among the beneficiaries of trusts. Not all types of superannuation payments appear in the tax record data. Further research examining individual income tax returns, trust data and superannuation fund tax returns, in particular if they could be linked, would be productive in understanding the effect of the changes to the tax treatment of superannuation on characteristics of top income groups, including their gender composition.

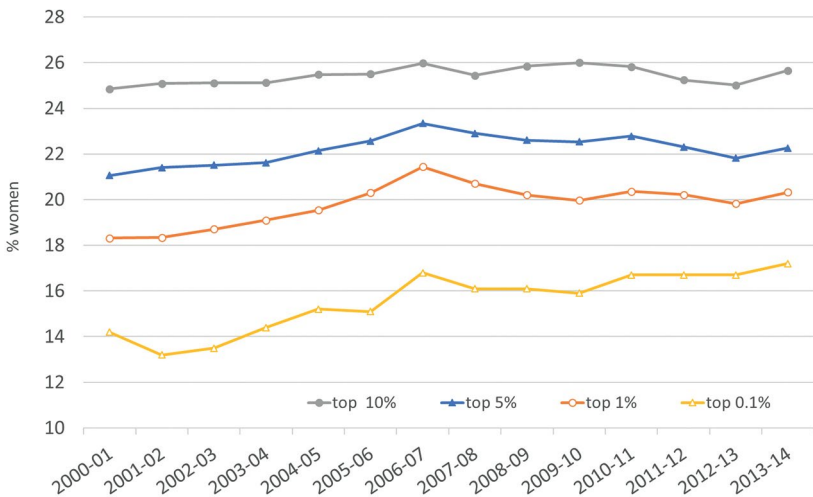


Figure 9.2: Share of women in top percentiles, Australia

Source: Authors' calculations using data provided by the ATO. Total income excludes imputation credits and capital gains.

How much are top incomes?

What puts a woman in the top 1 per cent of Australian incomes? Table 9.1 shows the income thresholds for the top 10 per cent, 5 per cent, 1 per cent and 0.1 per cent of the income distribution, from 2000–01 to 2013–14 (in current Australian dollars). In 2013–14, the total income (excluding capital gains and dividend imputation credits) required to be in the top 10 per cent was \$94,236. The top 1 per cent total income threshold was \$237,341 and top 0.1 per cent was about three times that, at \$698,108.

9. WOMEN AND TOP INCOMES IN AUSTRALIA

Table 9.1: Minimum levels of total income, by year, in current \$

	Top 10%	Top 5%	Top 1%	Top 0.1%
2000–01	54,335	68,946	128,671	373,260
2001–02	56,223	71,566	134,398	375,746
2002–03	58,265	74,119	139,272	399,391
2003–04	60,934	77,522	145,947	429,946
2004–05	64,410	82,021	155,695	468,675
2005–06	67,810	87,204	166,127	499,587
2006–07	72,331	93,214	178,963	570,083
2007–08	75,670	98,263	187,322	598,625
2008–09	79,250	102,854	194,295	582,172
2009–10	81,171	105,858	199,582	604,078
2010–11	86,074	113,417	213,689	648,214
2011–12	90,317	120,018	224,773	654,044
2012–13	93,231	124,975	232,994	665,531
2013–14	94,236	126,383	237,341	698,108

Source: Authors' calculations using data provided by the ATO. Total income excludes dividend imputation credits and capital gains.

Comparison with other countries

This paper compares Australian top incomes by gender with the results for several other countries with individual taxation, as shown in Atkinson et al. (2016). Other OECD countries with individual taxation that are examined are Spain, Canada, New Zealand, the UK, Denmark, Italy and Norway.

The comparisons across countries are carried out using the latest available tax data. The share of women in the top 10 per cent in Australia is similar to but somewhat lower than that in other countries in this comparison. Each of the UK, Italy, New Zealand, Canada, Denmark and Spain have a larger cohort of close to or above 30 per cent in the top 10 per cent, and Spain has the highest proportion of women in the top 10 per cent at 34.8 per cent. Only Norway has a significantly lower proportion.

TAX, SOCIAL POLICY AND GENDER

Table 9.2: Proportion of women in top percentiles (comparative)

	Top 10%	Top 5%	Top 1%	Top 0.1%
Spain 2013	34.8	33.3	24.9	19.8
Denmark 2013	30.9	25.1	16.2	10.8
Canada 2014	29.7	25.2	21.7	15.3
New Zealand 2014	29.4	24.3	17.9	–
Italy 2014	29.0	25.9	19.6	12.7
UK 2013	28.0	24.6	18.0	10.8
Australia 2013	25.7	22.3	20.3	17.2
Norway 2013	21.5	17.8	13.7	13.6

Sources: Figures for Australia are authors' calculations based on data provided by the ATO, where total income excludes capital gains and dividend imputation credits. Figures for other countries come from Atkinson et al. (2016).

From the early 2000s, tax records indicate that the share of women at the top 10 per cent and top 5 per cent has generally been increasing in all countries (Figure 9.3). However, this trend is not so apparent in Australia. Figure 9.2 shows that the Australian trend of the proportion of women in the top 10 per cent is mostly flat between 2000–01 and 2013–14 with a total increase of 0.8 percentage points. This is the smallest increase in all the comparator countries over that period, as shown in Figure 9.3.

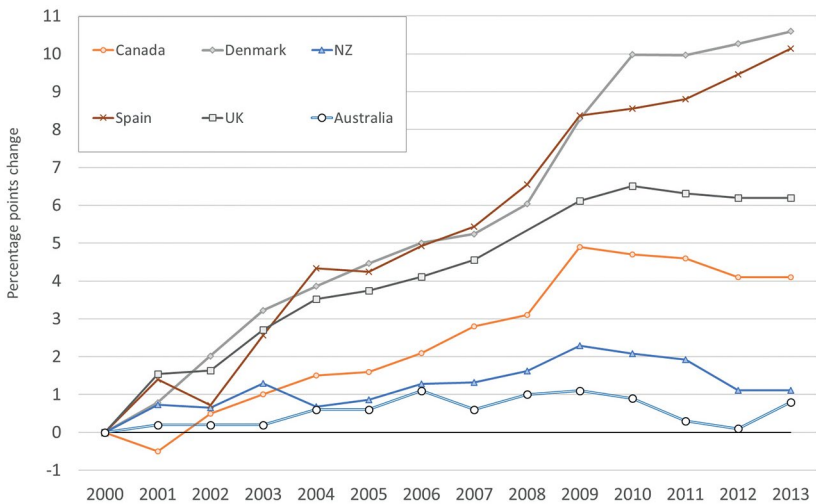


Figure 9.3: Change in proportion of women in top 10 per cent since 2000, various countries

Source: Data for Australia from authors' calculations based on data provided by the ATO; total income excluding capital gains and imputation credits. Data for other countries come from Atkinson et al. (2016). The curves for Italy and Norway are not shown for clarity. They reveal a total increase of 3.2 and 2.9 percentage points by 2013, respectively.

9. WOMEN AND TOP INCOMES IN AUSTRALIA

The pattern of women in the top 10 per cent and 1 per cent of the income distribution in Australia differs from that in the other countries examined, where the number of women tends to decline and become increasingly smaller as incomes increase. Table 9.2 indicates that women's share of the top 10 per cent is somewhat lower in Australia than in most countries shown in the table, but their share of the top 1 per cent and 0.1 per cent is higher than in six of these seven countries. Indeed, in 2013–14, the share of Australian women in the top 0.1 per cent, at approximately 17 per cent, is one-and-a-half times that of some other countries. As a result, of all the countries presented in Table 9.2, Australia has consistently had the highest ratio of the share of women in the top 0.1 per cent to the share of women in the top 10 per cent since the early 2000s.

The characteristics of women in the top 1 per cent

Tax records data contains relatively little information on the characteristics on tax filers. Nonetheless, in addition to gender, it is possible to identify several important characteristics, including age, income sources and, for those employed, occupation of employment. In this section, we describe the characteristics of women in the top 1 per cent of income earners, particularly focusing on the important ways in which they differ from men in the top 1 per cent.

Age

It is interesting to observe the differences in the age composition of women in the top 1 per cent compared with men. The age composition of women in the top 1 per cent is compared with that of men in Figure 9.4. The left panel of the figure presents the proportion of women in the top 1 per cent in each of five age groups over the 2000–01 to 2012–13 period.⁸ The right panel presents corresponding information for men. For both men and women, the most common age range in the top 1 per cent is 35–54, followed by the 55–64 age range. However, the proportion of women in the top 1 per cent aged 45–64 (peak earnings age) is lower than the proportion of men in the top 1 per cent in this

⁸ The customised tables we obtained from the ATO do not contain data disaggregated by sex and age for 2013–14.

TAX, SOCIAL POLICY AND GENDER

age range, which may reflect a generational change. On the other hand, the proportion of women in the top 1 per cent aged 65 and over is significantly larger than the proportion of men. Close to 15 per cent of women in the top 1 per cent were over 65 in 2012–13, compared to just over 5 per cent of men. This is consistent with the smaller role played by earnings for women in the top 1 per cent. Given women’s greater life expectancy, older women may also inherit assets from husbands or other family members and derive non-wage income from these assets. Other research using estate tax return data for the US suggests that a higher share of women among the wealthy reflects a greater importance of inherited as opposed to self-made wealth (Elund and Kopczuk 2009).

Similar trends in the age composition between 2000–01 and 2012–13 are evident for women and men. The proportion in the 45–64 age range increased for both men and women, and decreased in all other age groups. A relatively high proportion of women in the top 1 per cent were under 35 years of age in 2000–01, but this age group experienced the greatest decline up to 2012–13, so that the proportion in the top 1 per cent aged under 35 was similar for men and women in 2012–13.

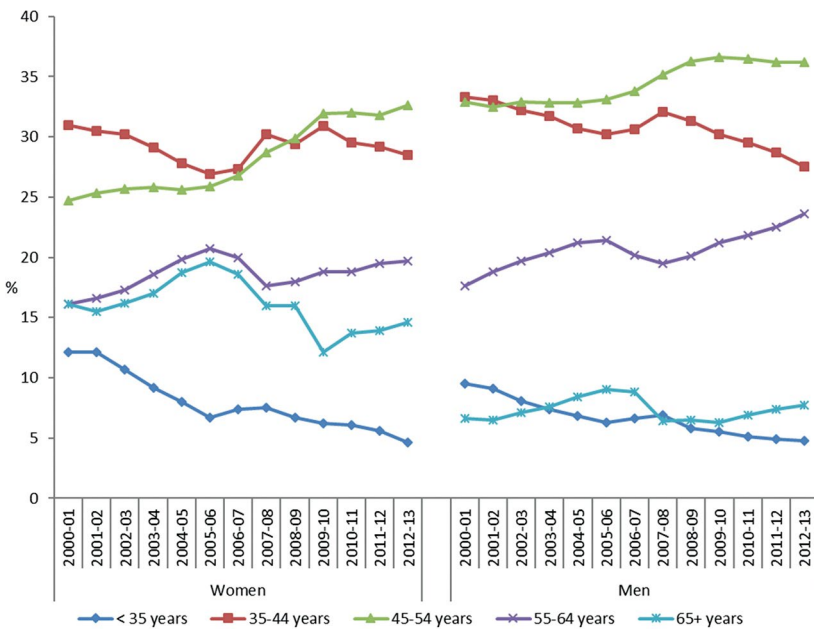


Figure 9.4: Age composition of men and women in the top 1 per cent, 2000–01 to 2012–13 (percentage of cohort)

Source: Authors’ calculations using data provided by the ATO.

9. WOMEN AND TOP INCOMES IN AUSTRALIA

‘Wage’ shares of top income cohorts

Table 9.3 presents the shares of wages in total income of women and men in top income groups. ‘Wages’ comprise several components, namely: wages and salaries; employment allowances, earnings, tips and directors fees; employer lump sum and termination payments and exempt foreign employment income; and superannuation lump sum payments. However, ‘wages’ do not include Australian annuities and superannuation streams of various sorts. In general, the data show that women in the top 1 per cent tend to have less income from ‘wages’ as defined and more income from other sources than men. Further research using ATO data that disaggregates the superannuation payments is intended; this can provide more information about work and retirement savings income of men and women with top incomes.

Table 9.3: Share of total income from wages, all ages

	Women				Men			
	Top 10%	Top 5%	Top 1%	Top 5%–10%	Top 10%	Top 5%	Top 1%	Top 5%–10%
2000–01	70.4	60.9	41.3	83.4	82.5	78.7	66.6	90.7
2001–02	70.4	61.2	43.2	82.8	81.8	78.0	66.6	90.0
2002–03	70.3	61.2	42.3	82.9	81.4	77.4	64.9	90.0
2003–04	69.5	60.1	41.2	82.7	80.7	76.5	63.0	89.9
2004–05	68.5	59.0	39.8	82.1	80.1	75.6	61.7	89.9
2005–06	66.6	56.8	38.8	81.4	79.3	74.6	60.4	89.6
2006–07	62.2	52.3	34.1	78.1	76.9	71.9	57.2	88.3
2007–08	64.7	54.4	36.1	81.4	78.7	73.7	59.3	90.1
2008–09	65.7	55.6	37.5	81.1	79.5	74.9	60.5	90.2
2009–10	68.4	57.9	40.4	84.0	80.1	75.3	60.8	90.9
2010–11	66.0	55.4	39.1	82.4	79.4	74.4	60.2	90.6
2011–12	66.0	55.9	40.1	81.7	80.3	75.4	60.9	90.9
2012–13	66.9	56.8	40.9	82.1	81.0	76.3	61.6	91.4
2013–14	67.0	56.7	40.5	82.5	80.5	75.9	60.5	91.0

‘Wages’ comprise wages and salaries; employment allowances, earnings, tips and directors fees; employer lump sum and termination payments and exempt foreign employment income; and superannuation lump sum payments.

Source: Authors’ calculations using data provided by the ATO.

TAX, SOCIAL POLICY AND GENDER

Table 9.3 shows that in 2013–14, 67 per cent of total income for women in the top 10 per cent is derived from wages, broadly defined as explained above, compared to 80.5 per cent for men. For the top 1 per cent, the wage share falls to 40.5 per cent for women compared to 60.5 per cent for men. The high proportion of women with no occupation (and relatively low wage shares) who are in the top 10 per cent compared to men is explained to some extent by the age profile of women in top income cohorts, as discussed in the previous section. However, the inclusion of lump sum superannuation payments in the wage share data complicates this story. To understand better the importance of wages excluding superannuation lump sums, for women in the top 10 per cent, Table 9.4 presents the same information as Table 9.3, restricted to working-age (18–64) men and women. We observe that differences between men and women in the wage share are smaller when we restrict to working-age people, but nonetheless remain substantial.

Overall, the analysis of the income composition of women in the top 1 per cent compared with men indicates that employment plays a smaller role for top-income women than for top-income men.

Table 9.4: Share of total income from wages, working-age population only

	Women				Men			
	Top 10%	Top 5%	Top 1%	Top 5%–10%	Top 10%	Top 5%	Top 1%	Top 5%–10%
2001–02	75.7	67.4	49.3	86.2	84.2	80.6	69.0	92.0
2002–03	75.8	67.5	48.6	86.3	83.9	80.1	67.6	92.0
2003–04	75.4	67.0	47.9	86.3	83.4	79.4	65.8	92.0
2004–05	74.9	66.3	46.7	86.1	83.1	78.9	64.9	92.0
2005–06	73.4	64.3	46.0	85.8	82.5	78.0	63.9	91.9
2006–07	69.0	59.7	41.0	82.6	80.4	75.7	61.2	90.7
2007–08	70.5	60.8	42.6	84.9	81.3	76.6	62.6	91.7
2008–09	71.5	62.3	44.5	84.4	82.1	77.8	63.8	91.7
2009–10	73.0	63.2	46.1	86.7	82.3	77.8	63.7	92.3
2010–11	71.2	61.2	45.4	85.7	81.9	77.1	63.2	92.2
2011–12	71.4	61.9	46.9	85.0	82.8	78.2	64.2	92.5
2012–13	72.1	62.6	47.6	85.4	83.4	79.0	64.7	92.9
2013–14	72.3	62.9	48.0	85.7	83.2	78.8	64.1	92.6

‘Wages’ comprise wages and salaries; employment allowances, earnings, tips and directors fees; employer lump sum and termination payments and exempt foreign employment income; and superannuation lump sum payments.

Source: Authors’ calculations using data provided by the ATO.

‘Earnings’ in the top 1 per cent compared to other countries

A broader category than wages is ‘earnings’, which we define as wages, pensions and government transfers. We utilise this composite category so as to enable cross-country comparisons, due to data constraints. The concept of ‘earnings’ reflects a broader notion of income earned through the labour market. Note that government transfers tend to be very small at the top of the income distribution. Atkinson et al. (2016) show that women in the top 1 per cent have a lower share of their income coming from this earnings measure than men in all the countries and years for which we have data. Atkinson et al. (2016), moreover, show that, since the mid-2000s, this difference has been largest in Australia.

In 2013–14, for example, the difference in the share of earnings between men and women in the top 1 per cent reached about 23 percentage points (the ‘earnings’ share for women is 43.7 per cent and for men is 66.5 per cent in that year). The share of earnings in total income has tended to increase for women in the top 1 per cent in most countries in recent years, making their income composition profile look more like that of men. This is again not the case in Australia where, if anything, the share of income from earnings for women in the top 1 per cent has tended to decline since 2000–01 (Figure 9.5). This is surprising given the overall context in which the share of income of the top 1 per cent has doubled, as illustrated in Figure 9.1. It indicates, at the least, that Australian women’s earnings share at the top end has stagnated.

There are complexities in the subcategories of other sources of income reported for tax purposes in Australia and in other countries, so it may be difficult to clearly identify other types of income such as business and investment income. Difficulties may arise, for example, in determining the split between investment and self-employment or entrepreneurial income derived through partnerships and trusts. Nonetheless, in Australia, women in the top 1 per cent have one of the largest shares of income from non-earnings sources compared to women in the top 1 per cent in other countries, even when business and investment income are combined.

TAX, SOCIAL POLICY AND GENDER

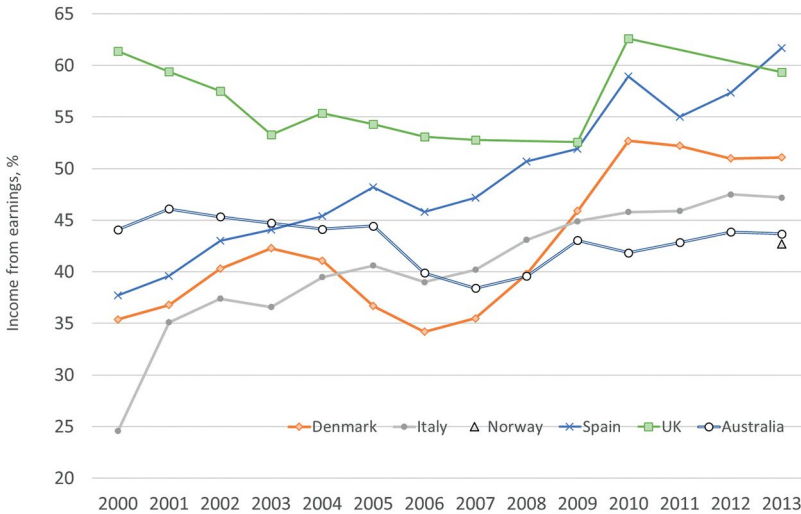


Figure 9.5: Share of income from earnings, women in top 1 per cent, various countries

Source: Data for Australia from authors' calculations based on data provided by the ATO. Total income excludes capital gains and imputation credits. Data for other countries from Atkinson et al. (2016). Data for Norway only available for 2013.

Occupations of women in top income groups

In contrast to many other countries, Australian tax records data include the occupations of employed tax filers, who are required to state their occupation on the tax return. We have done an initial analysis of the occupations data in Australian tax records and present some specific features in this section.

Analysing occupations in top income groups in Australia, we observe that a significant proportion of people (men and women) in this cohort do not report an occupation at all.⁹ Table 9.5 presents the proportion of working-age women and men with no occupation in the top 10 per cent, 5 per cent and 1 per cent income groups. It shows that working-age women with top incomes are considerably more likely to have no occupation than working-age men. Women in the top 1 per cent are two-thirds more likely to report 'no occupation' (22.7 per cent) than men (14 per cent).¹⁰

9 Most of these people do not report any wage income at all or report a very low wage. We assume that most of these men and women do not work for wages or salary.

10 As shown in the Appendix, in all income groups, only a small proportion of individuals (between 1 and 2 per cent) report an occupation that cannot be classified. Consequently, this does not materially affect our results.

9. WOMEN AND TOP INCOMES IN AUSTRALIA

Table 9.5: Share of working-age men and women (age 18–64) with no occupation, by gender and income range, 2013–14

	Women				Men			
	Proportion with no occupation (%)	Share of total income from wages (%)	Average annual wage (\$)	Average income (\$)	Proportion with no occupation (%)	Share of total income from wages (%)	Average annual wage (\$)	Average income (\$)
Top 1%	22.7	2.2	10,493	478,737	14.0	3.1	16,057	513,777
Top 5%	15.1	3.0	7,477	245,814	7.7	3.9	11,406	289,833
Top 10%	10.4	3.2	6,229	193,290	6.3	4.1	9,141	223,546

Source: Authors' calculations using data provided by the ATO.

Focusing on working-age men and women who report an occupation, we investigated the top 30 occupational categories for women and men in the top 1 per cent income group. The full results are presented in Tables 9.A1 and 9.A2 in the Appendix. It is not surprising to find that a significant proportion of men and women in the top 1 per cent are in high-wage occupations. As noted in the introduction, one key finding from the general top incomes literature is that high wages are the main reason why people are in top-income cohorts and are a major cause of the increase in income share of the top 1 per cent.

However, when we disaggregate the data by gender, we observe that this finding applies more to men than to women, at least in Australia. Table 9.6 illustrates this. The upper panel of Table 9.6 classifies occupations into three groups based on the average wage of women in the top 1 per cent with that occupation—less than \$200,000, \$200,000 to \$300,000, and more than \$300,000. Table 9.6 presents the share of the top 1 per cent, the mean total income and the wage share of total income of the women in each of

TAX, SOCIAL POLICY AND GENDER

the three occupation groupings. Examples of the occupations in each occupation groupings are also presented. The lower panel of Table 9.6 presents analogous information for men.¹¹

Table 9.6: Occupations in the top 1 per cent, working-age population, 2013–14

	Occupations with average wage below \$ 200,000	Occupations with average wage between \$ 200,000 and \$ 300,000	Occupations with average wage above \$ 300,000
Women			
Share in top 1%:	17.9%	53.1%	29.0%
Examples:	512 Office and Practice Managers 531 General Clerks 241 School Teachers	253 Medical Practitioners 271 Legal Professionals 221 Accountants	111 Chief Executives 132 Bus. Admin. Managers 149 Service Managers
Total income:	\$ 400,000	\$365,200	\$ 444,400
% from wages:	34%	70%	72%
Men			
Share in top 1%:	0.6%	30.8%	68.6%
Examples:	142 Retail Managers 334 Plumbers 121 Farmers & Farm Managers	253 Medical Practitioners 271 Legal Professionals 231 Transport Professionals	111 Chief Executives 233 Eng. Professionals 133 Constr., Dist. & Prod. Managers
Total income:	\$ 365,700	\$ 389,100	\$ 452,000
% from wages:	42%	70%	78%

Source: Authors' calculations using data provided by the ATO; see detailed tables in Appendix.

Table 9.6 shows that nearly all working-age men in the top 1 per cent who declare wage income are in high-wage occupations (declaring wage income over \$200,000) and these men derive 70 per cent or more of their total income from wages. We provide some examples of these occupations of top 1 per cent men in Table 9.6, including CEOs, engineering professionals and medical and legal professionals. As discussed above, only 14 per cent of men in the top 1 per cent declare no wage income.

Table 9.6 (columns 2 and 3) shows that for 82.1 per cent of women in the top 1 per cent, wages account for 70 per cent or more of their total income. This group of women includes CEOs, medical practitioners—with anaesthetists being the highest earning—managers, legal professionals and accountants.¹² It is not surprising that medical practitioner is the most common occupation reported by women in the top 1 per cent in 2013–14,

11 Full results for women are presented in Appendix Table 9.A1, which shows, for each occupation group, its share of women in the top 1 per cent, the wage share of total income, the average wage and the average total income of those in the top 1 per cent, and the average wage of all women in the occupation group. Appendix Table 9.A2 presents the same information for men.

12 Line 1 of Table 9.A1 in the Appendix.

9. WOMEN AND TOP INCOMES IN AUSTRALIA

being 13.7 per cent of women in the top 1 per cent and 18 per cent of women in that income group who report an occupation. The average wage of female medical practitioners is \$247,077 and their average income is \$367,256. The next most common occupations for women in the top 1 per cent are CEOs, general managers and legislators (Members of Parliament); business administration managers; legal professionals; accountants, auditors and company secretaries; and advertising, public relations and sales managers. Taken together, these occupational categories comprise 39.8 per cent of women in the top 1 per cent reporting an occupation, and declare an average income above \$350,000.

We also examine the level of wages for women in the top 1 per cent declaring an occupation. We find that women in the top 1 per cent tend to have wages that are three to four times higher than the average wage of all women in the same occupation (who file a tax return). The difference is smaller for men—that is, the difference between the wages of men in the top 1 per cent and the average wage of all men in the same occupation is somewhat smaller than is evident for women. It is interesting to consider why women with top incomes have wages so much higher than the average female wage in the same occupation across the population. This may be explained partly by the large share of women working part-time (who show up in lower income groups) compared to full-time. However, the tax data do not identify full-time/part-time status. We can conclude that women in top cohorts derive less of their income from wages than men, and there is a significant proportion of women in top cohorts who are in less highly remunerated occupations. These are also occupations where the gender wage gap tends to be lower (such as clerical and administrative workers).

We have a specific interest in the empirical results indicating that women tend to be more heavily represented at the very top of the income distribution in Australia than in other countries with individual taxation. One hypothesis is that the Australian system is unusually accommodative of income splitting among couples, whereby income of one member of the couple is, for taxation purposes, attributed to the other member of the couple. We explore this hypothesis by doing an analysis of occupations of women in the top-income cohorts. Among those women in the top 1 per cent who report an occupation, we can distinguish two main groups.

Table 9.6 shows that a significant proportion of women in the top 1 per cent report a (relatively) low-wage occupation and a low share of income from wages. Table 9.6 shows that only 0.6 per cent of men in

TAX, SOCIAL POLICY AND GENDER

the top 1 per cent (who report wage income) have wages of less than \$200,000. However, 17.9 per cent of women in the top 1 per cent (who report wage income) declare wages of less than \$200,000, and many of these women report occupations that are typically lower paid. Moreover, this cohort derives only 34 per cent of their declared income from wages. They are in the top 1 per cent because they have a high share of income from non-wage sources, such as investment or business income. This group includes women in occupations such as personal assistants, receptionists, general clerks, nurses and school teachers. The share of women in the top 1 per cent declaring occupations with an average wage below \$200,000 is many times larger than the share of men who do this, as illustrated by the first column in Table 9.6. For example, the occupation general clerks is the eighth most likely occupation to be declared by women in the top 1 per cent, with a low average wage of \$76,698.

Evidence of spousal income splitting in Australia

Why do we see a higher representation of women in Australia in the top 1 per cent, 0.5 per cent and 0.1 per cent income groups (but not in the top 10 per cent) relative to other countries, even with low occupational wages or no wage? The results are consistent with at least two possible explanations.

The first explanation is that top-income women in Australia, who record a substantial level of income from non-wage sources (such as business and investment income), do actually own and control the sources of income. It may be the case that women in the top 1 per cent in Australia have greater ownership and control of business, investment and capital assets than equivalent women in other comparable countries. However, it is not clear why this would be the case in Australia compared to other countries. One relevant fact may be the age profile of women with top incomes relative to men. Compared with men, women are relatively more likely to be in the top 1 per cent when they are older and earning non-wage income.

The second explanation is that the tax returns of top-income women in Australia record more income from business and investment (non-wage) sources because of tax planning. That is, the ability under Australian income tax law to record a 'split' income from business or investment sources between spouses may be greater than in other countries and this

9. WOMEN AND TOP INCOMES IN AUSTRALIA

‘tax planning’ or ‘income splitting’ effect may be contributing to the result. We do not have scope in this chapter to do a detailed comparison of the income tax law and ability to income split in Australia and other countries. However, we briefly explore here the ability to split income in Australia and the likelihood that in Australia the top incomes result arises in part because of income splitting.

The Australian federal income tax has, since its introduction in 1915, been imposed on the individual as the tax unit, applying a progressive marginal rate structure with several tax brackets. In 1975, the Asprey Committee stated that ‘the right to be taxed as an individual has always been accorded in Australia’ (Asprey 1975, p. 134; see discussion in Stewart 2011). However, in spite of the individual tax unit, from the earliest times, a quasi-joint spousal or family unit has been achieved by some taxpayers by income splitting between members of a couple and between parents and children in a family. Various approaches are used including deriving income through separate entities or arrangements (such as trusts, private companies and partnerships that hold businesses and investments) and using contractual arrangements or legal gifts to share or split ownership of interests in property that derives income (such as real property, shares or rights to royalty streams).

Income splitting generates tax advantages in a system with an individual tax unit and progressive marginal tax rates (MTRs). The Australian income tax rate scale is presented in Figure 9.6 for three of the years in the period under study—the first, middle and end years. MTRs and the income thresholds from which they apply have changed numerous times between 2000–01 and 2013–14, but the three years presented in the figure succinctly summarise their evolution between 2000–01 and 2013–14. The MTRs exclude the Medicare Levy, which applies to most taxpayers and was 1.5 per cent from 2000–01 and has been equal to 2 per cent since 2011–12. Consequently, for top earners, MTRs are 1.5 to 2 percentage points higher than presented in Figure 9.3.

Our top-incomes data do not take account of deductions and losses, so the top incomes analysis does not reflect the taxable income that would be subject to these tax rates. Nonetheless, in all years spanned by our data, most individuals in the top 1 per cent and top 0.1 per cent will face the top MTR on some taxable income. Only those with large current-year or past-year expenses or losses, or very substantial imputation credits on dividends to offset the tax, will not face the top MTR.

TAX, SOCIAL POLICY AND GENDER

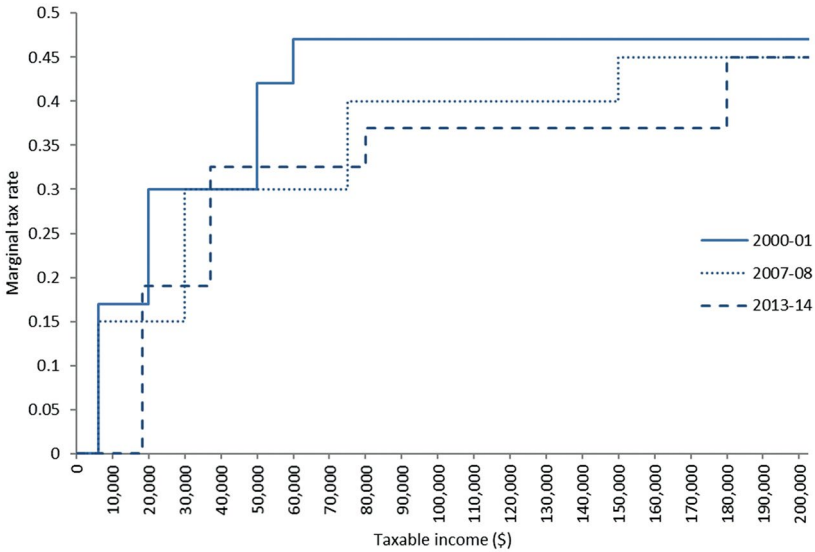


Figure 9.6: Marginal income tax rates in Australia

Source: Created by the authors using data provided by the ATO.

Income splitting involves the transfer of income from an individual taxpayer with a high MTR to another taxpayer with nil or low other income, so as to duplicate the benefit of the tax-free threshold and MTR structure across two or more individuals instead of one. It is necessary to consider the less visible court cases and administrative rulings to discover the production of a quasi-joint tax unit by judicial reasoning. Two examples, drawn from leading Australian tax cases, demonstrate the benefits. The first example is a 1921 case involving use of a trust to hold income-producing assets for a family, thereby splitting trust income among the family members. In *Purcell*, the High Court upheld an arrangement in which a taxpayer declared a trust of the beneficial interest in farming property for himself, his wife and his daughter equally.¹³ This produced the result that the income of the farming property was distributed to each individual member of the family as a beneficiary of the trust so that each individual included that one-third share of farming income in their individual tax return. The terms of the trust deed ensured that the taxpayer retained control of disposition of all of the income and conduct of the business. The majority of the High Court upheld this arrangement, with only one judge considering that it was tax avoidance. Justice Isaacs

13 *Purcell v DFCT* (1920) 28 CLR 77; *DFCT v Purcell* (1921) 29 CLR 464.

9. WOMEN AND TOP INCOMES IN AUSTRALIA

(dissenting) concluded that the restructure was a ‘device’ for Mr Purcell to avoid taxation and remarked, presciently, that the case ‘will afford a comfortable refuge to many an enterprising debtor or taxpayer desiring shelter from the financial obligations of the law’.¹⁴

The second example demonstrates how profits from a personal services business of one spouse in a partnership may be split between spouses. In the 1980 case of *Everett*, the taxpayer, a solicitor in partnership, assigned by gift six-thirteenths of his share in the partnership profits to his wife.¹⁵ Mrs Everett could not become a member of the partnership, as was stated explicitly in the deed of assignment. The High Court upheld this division of the partnership rights between the (property) right to a share of the profits and the (personal) right to be a partner. The result was that when the partnership net profits were ascertained at the end of each fiscal year, Mr Everett included seven-thirteenths of the partnership net profits in his individual tax return and Mrs Everett included six-thirteenths of the net profits in her individual tax return. Mr and Mrs Everett would each benefit from the tax-free threshold and progressive individual MTRs on the income. One judge in lone dissent, Justice Murphy, would have held that the whole share of partnership net profit was personal exertion income attributable and taxable to Mr Everett.

Today, complex business and investment structures are widely used, especially in the small and medium enterprise sector comprising family or closely held businesses. These structures may incorporate separate legal entities including a discretionary trust for the family; a self-managed superannuation fund that faces a tax rate of 15 per cent or lower; and contracts for payment of deductible salaries to family members working in the business. In the 2014–15 year, there were more than 640,000 discretionary trusts in Australia with net profit in excess of \$25 billion (ATO 2017, Table 4). There were more than 500,000 self-managed superannuation funds (SMSFs). An illustration of a tax-effective (compliant) small- and medium-enterprise business structure is provided in Figure 9.7 below.

14 *Purcell v DFCT* (1920) 28 CLR 77.

15 *Everett v FCT* (1980) 143 CLR 440.

TAX, SOCIAL POLICY AND GENDER

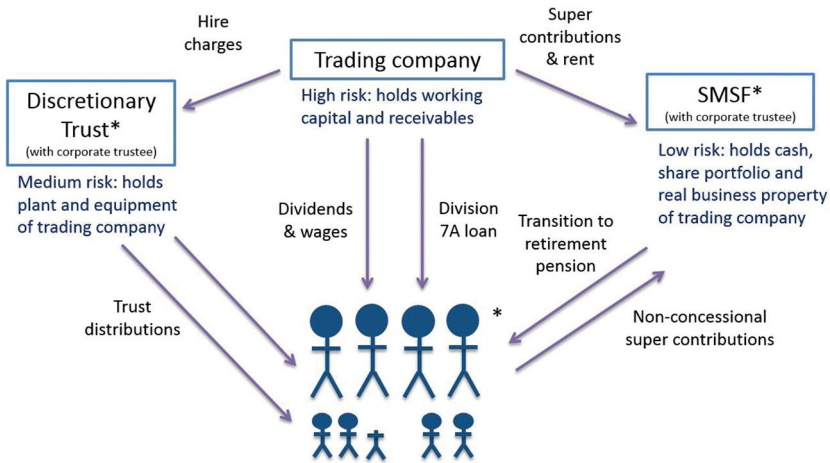


Figure 9.7: Small- and medium-enterprise business/investment structure illustration

* With corporate trustee controlled by business owners.

Source: Stewart et al. (2015, Chart 4.9).

A numerical example

To illustrate the tax benefit of income splitting, consider the *Everett* transaction assuming the 2013–14 income tax rates applied (ignoring all deductions and losses). Assume that Mr Everett was in the top 0.1 per cent of the income distribution in that year, with a share of partnership income of \$700,000 and that Mrs Everett has no other income. As a result of a deed of assignment, Mrs Everett records six-thirteenths, or \$323,077 of income, in her tax return and Mr Everett records seven-thirteenths, or \$376,923, in his tax return.

At this level of income, both members of the couple remain in the top 1 per cent income group even after income splitting. The income and tax compared to the situation if Mr Everett were taxed on the whole partnership profit at 2013–14 MTRs (excluding the Medicare Levy) is shown in Table 9.7. This very simple example demonstrates the net gain in disposable income from income splitting in that year is \$26,453.

9. WOMEN AND TOP INCOMES IN AUSTRALIA

This ‘splitting effect’ is equivalent to applying a married tax unit subject to the progressive income tax rate structure. This is illustrated by Wersig (2011, p. 214), who examines the financial benefit from the German married tax unit, which permits joint filing for married spouses, resulting in ‘the greatest savings if only one partner earned the total household income’.

Table 9.7: Illustration of tax benefit from income splitting at top incomes

2013–14 tax rates	No income splitting		Income splitting	
	Mr Everett	Mrs Everett	Mr Everett (7/13)	Mrs Everett (6/13)
Income	\$700,000	0	\$376,923	\$323,077
Tax payable	\$288,547	0	\$143,162	\$118,931
Total tax (spouses)	\$288,547		\$262,094	
Net tax saving	\$26,453			

Source: Authors’ calculations applying 2013–14 tax rates. Medicare Levy of 2 per cent is not included.

Rules to prevent income splitting in Australia

Statutory rules and administrative practice set some limits on income splitting but do not prevent it. The *Everett* transaction was widely copied by other professional partnerships and was accepted by the ATO in administrative guidance. Meanwhile, other cases established that a right to income (such as a right to a royalty) could be assigned to a spouse so that the spouse would recognise the income from the asset for tax purposes, even without gifting the underlying asset to the spouse. Parliament has enacted some limits on income splitting and anti-avoidance rules may apply in some circumstances. Since 1981, assignments of a right to income of less than seven years are not respected for tax purposes (the income is taxed back to the assigning taxpayer).¹⁶ Since that time, there is also no advantage from splitting income with minor children under the age of 18 as they must pay the top MTR on most income.¹⁷ Some personal services income that is earned in entities (such as a company or trust) is taxed to the actual individual who earns the income (but this would not address the *Everett* scenario).¹⁸ Since the introduction of capital gains tax in 1985, a capital gain may be taxable on assignment of an asset or rights

16 Div. 6A of the *Income Tax Assessment Act 1936* (Cth).

17 Div. 6AA of the *Income Tax Assessment Act 1936* (Cth).

18 Div. 85–87 of the *Income Tax Assessment Act 1997* (Cth).

TAX, SOCIAL POLICY AND GENDER

to partnership income, deterring transactions of the *Everett* kind. Still, the capital gain will be low for new enterprises that have a low value, so income splitting is still attractive for new enterprises.

Apart from these limitations, it remains legal and attractive to split investment income with nil- or low-income spouses by holding assets in trusts and distributing income and capital gains on a 'flow through' basis through those entities. It is also attractive to employ family members in a business and pay a substantial salary to them, as long as this is within so-called 'reasonable' bounds. The ability to split income applies, in the words of Murphy J, mostly for the 'professional and commercial classes' and cannot be done by ordinary wage earners.

Conclusion

This chapter has presented novel research on the representation of women in top income groups in Australia and has explored differences between men and women in the characteristics of those at the top of the distribution. We also compared the Australian results to those in some other countries (building on Atkinson et al. (2016)).

The data shows that gender inequality is very substantial at the top end of the income distribution, even after decades of increased employment and savings by women. Women in Australia make up less than 25 per cent of the top 10 per cent and less than 21 per cent of the top 1 per cent. This low representation of women in top-income groups is similar across countries. In the representation of women in the top 10 per cent, Australia performs less well than comparable countries such as Canada, New Zealand, the UK, Denmark and Spain. Moreover, unlike most of our comparator countries, the trend in Australia is flat over time, not increasing.

As discussed by Patricia Apps (in Chapter 3), recent data show a persistent gender wage gap in Australia of around 17 per cent for average full-time equivalent weekly earnings (WGEA 2017).¹⁹ The effect on weekly, annual and lifetime earnings of this, combined with part-time or broken work patterns, is presented by Sinning (in Chapter 8, this volume). It seems likely that the top incomes gap we observe in the tax data is substantially

¹⁹ The wage gap statistics rely on Australian Bureau of Statistics' (ABS) Full-Time Adult Average Weekly Ordinary Time Earnings (AWOTE) Trend data from the Average Weekly Earnings survey (Cat. no. 6302.0).

9. WOMEN AND TOP INCOMES IN AUSTRALIA

explained by the gender wage gap at the top of the wage distribution and by the relatively lower number of women working full-time in high-wage occupations (such as CEOs and surgeons) compared to men. Gender pay gaps are higher in the private sector, within some high-skilled occupations and for older women. For example, the gender pay gap for professionals is 19.7 per cent, for managers it is 28 per cent, and for chief executives and senior managers it ranges between 21 and 25 per cent (for total remuneration of full-time employees) (WGEA 2017, Figure 4).

We observe some interesting differences in levels and trends between Australia and other countries. In particular, in Australia, although the share of women in the top 10 per cent is lower, the share of women in the top 1 per cent and 0.1 per cent is higher compared with most other countries. One possible explanation is that there is greater opportunity to split income between members of a couple under Australia's income tax law than under the law of comparable countries. We test this hypothesis by exploring the data further, examining the age profile, wage and non-wage composition of income, and the occupations (and occupational wages) for women in top-income cohorts. We also explain how Australian income tax law facilitates income splitting for investment and business income in various ways. Our results on all these variables are consistent with the hypothesis that income splitting is a reason why we see more women in the top 1 per cent in Australia than in other countries.

A progressive individual income tax is important for gender equality, as reinforced by the discussion in a number of other chapters in this volume (including Chapter 3 and Chapter 4). However, the individual tax unit may be undermined by legal and illegal tax minimisation, exacerbating class inequalities and masking gender income disparities. As recently noted in the media, the use of family trusts appears to be growing and past attempts to tax trusts more consistently, for example like companies, have generally failed (e.g. Miller and Schneiders 2017). There is widespread anecdotal evidence of income splitting and our research provides further indication of it. Future research could explore the ability and limits on income splitting in comparable countries and could deepen our understanding of the Australian income tax law and its effects on women in top income groups. The results presented in this chapter combine with other evidence to suggest that reform of Australia's income tax system to reduce income splitting would make the system more equal on a number of metrics, as well as increasing integrity and revenues in the system.

TAX, SOCIAL POLICY AND GENDER

Appendix

Table 9.A1: Working-age women in top 1 per cent, 30 most common occupations, 2013–14

Rank	Occupation label	Share of women in top 1% (%)		Share of income from wages (%)	Average wage (\$)	Average income (\$)	Average wage among all female taxpayers (\$)
		Total	Of those with an occupation				
	No occupation	22.7	–	2.2	10,493	478,737	1,320
	Occupation not listed	1.2	–	78.0	299,993	384,813	35,295
1	Medical practitioners	13.7	18.0	67.3	247,077	367,256	108,534
2	Chief executives, general managers and legislators	12.4	16.3	60.8	306,652	504,663	69,968
3	Business administration managers	5.4	7.1	86.3	307,378	356,191	96,283
4	Legal professionals	4.7	6.1	73.7	276,294	374,743	91,822
5	Accountants, auditors and company secretaries	3.9	5.2	74.0	276,374	373,616	69,124
6	Advertising, public relations and sales managers	3.9	5.1	78.1	279,814	358,356	72,268
7	Office and practice managers	3.7	4.8	42.6	183,869	431,282	49,138
8	General clerks	2.1	2.8	18.1	76,698	423,124	38,493
9	Misc. hospitality, retail and service managers	1.3	1.7	78.0	302,948	388,631	53,842
10	Sales, marketing and public relations professionals	1.2	1.6	79.3	268,393	338,553	64,566
11	Tax, HR, management, marketing consultants (ATO code)	1.2	1.5	75.5	272,409	360,628	71,062
12	School teachers	1.1	1.5	36.8	127,787	347,000	58,583

9. WOMEN AND TOP INCOMES IN AUSTRALIA

Rank	Occupation label	Share of women in top 1% (%)		Share of income from wages (%)	Average wage (\$)	Average income (\$)	Average wage among all female taxpayers (\$)
		Total	Of those with an occupation				
13	Tertiary education teachers	1.1	1.4	71.4	245,355	343,792	58,911
14	Financial brokers and dealers, and investment advisors	1.0	1.4	83.8	333,072	397,375	74,814
15	Information and organisation professionals	1.0	1.4	82.1	283,517	345,243	64,579
16	Real estate sales agents	1.0	1.3	75.0	258,687	344,939	54,485
17	ICT managers	1.0	1.3	87.5	302,503	345,864	97,004
18	Engineering professionals	1.0	1.3	86.4	282,524	327,179	83,267
19	Financial and insurance clerks	1.0	1.3	84.1	351,052	417,292	52,822
20	Construction, distribution and production managers	0.9	1.2	67.6	291,542	431,033	74,621
21	Natural and physical science professionals	0.9	1.2	73.9	248,302	336,016	63,742
22	Health therapy professionals	0.9	1.2	45.1	167,538	371,501	52,001
23	Human resource and training professionals	0.8	1.1	84.6	287,973	340,215	63,319
24	Accounting clerks and bookkeepers	0.8	1.0	36.3	153,769	423,063	42,480
25	Midwifery and nursing professionals	0.8	1.0	31.4	122,560	389,865	54,871
26	Personal assistants and secretaries	0.7	0.9	25.8	105,886	409,980	48,017
27	Education, health and welfare services managers	0.7	0.9	74.7	256,965	343,930	63,830
28	Health diagnostic and promotion professionals	0.6	0.8	41.1	140,937	342,825	61,041

TAX, SOCIAL POLICY AND GENDER

Rank	Occupation label	Share of women in top 1% (%)		Share of income from wages (%)	Average wage (\$)	Average income (\$)	Average wage among all female taxpayers (\$)
		Total	Of those with an occupation				
29	Contract, program and project administrators	0.6	0.8	68.8	236,700	344,168	63,885
30	Misc. clerical and administrative workers	0.5	0.6	41.9	172,353	411,258	44,059

Source: Authors' calculations using data provided by the ATO.

Table 9.A2: Working-age men in top 1 per cent, 30 most common occupations, 2013–14

Rank	Occupation label	Share of men in top 1% (%)		Share of income from wages (%)	Average wage (\$)	Average income (\$)	Average wage among all male taxpayers (\$)
		Total	Of those with an occupation				
	No occupation	14.0		3.1	16,057	513,777	2,009
	Occupation not listed	1.4		84.4	360,440	426,942	52,608
1	Chief executives, general managers and legislators	18.2	21.4	69.3	393,735	568,540	111,719
2	Medical practitioners	10.4	12.2	59.2	274,395	463,642	168,748
3	Engineering professionals	6.1	7.2	89.0	304,868	342,521	111,733
4	Construction, distribution and production managers	5.1	6.1	85.5	312,780	365,962	105,495
5	Advertising, public relations and sales managers	4.0	4.7	85.7	320,603	374,006	103,234
6	Accountants, auditors and company secretaries	3.9	4.6	79.7	342,825	430,393	100,015
7	Business administration managers	3.4	4.0	87.5	363,070	414,955	133,542

9. WOMEN AND TOP INCOMES IN AUSTRALIA

Rank	Occupation label	Share of men in top 1% (%)		Share of income from wages (%)	Average wage (\$)	Average income (\$)	Average wage among all male taxpayers (\$)
		Total	Of those with an occupation				
8	Financial brokers and dealers, and investment advisors	2.5	2.9	82.5	450,133	545,615	138,324
9	Office and practice managers	2.3	2.7	78.0	336,805	431,727	91,830
10	Legal professionals	2.2	2.5	67.9	283,629	417,436	121,509
11	ICT managers	1.8	2.1	89.1	304,344	341,527	119,834
12	Air and marine transport professionals	1.5	1.8	95.4	292,138	306,085	129,577
13	Building and engineering technicians	1.5	1.7	89.6	275,425	307,329	91,385
14	Misc. hospitality, retail and service managers	1.4	1.7	82.3	346,235	420,577	80,095
15	Natural and physical science professionals	1.4	1.6	84.8	306,722	361,660	90,412
16	Sales, marketing and public relations professionals	1.2	1.4	91.0	306,515	336,840	88,915
17	Financial and insurance clerks	1.1	1.3	82.5	424,689	514,839	89,220
18	Real estate sales agents	1.0	1.2	77.9	306,619	393,421	85,469
19	Tax, HR, management, marketing consultants (ATO code)	1.0	1.2	74.6	352,275	472,296	106,888
20	Information and organisation professionals	1.0	1.2	83.0	343,107	413,599	92,650
21	Business and systems analysts, and programmers	0.8	1.0	79.3	274,201	345,961	89,908
22	Stationary plant operators	0.8	0.9	87.6	267,320	305,214	110,015

TAX, SOCIAL POLICY AND GENDER

Rank	Occupation label	Share of men in top 1% (%)		Share of income from wages (%)	Average wage (\$)	Average income (\$)	Average wage among all male taxpayers (\$)
		Total	Of those with an occupation				
23	Construction and mining labourers	0.8	0.9	89.9	272,983	303,620	66,979
24	Tertiary education teachers	0.7	0.9	73.0	262,337	359,282	74,963
25	Electricians	0.7	0.8	87.0	253,911	291,942	89,605
26	Health therapy professionals	0.5	0.6	51.5	213,472	414,592	76,973
27	Insurance agents and sales representatives	0.5	0.6	82.9	293,579	354,056	60,695
28	Sports and fitness workers (incl. sportspersons)	0.5	0.6	89.2	374,814	420,225	43,762
29	Miscellaneous technicians and trades workers	0.4	0.5	92.0	272,285	295,959	74,230
30	Fabrication engineering trades workers	0.4	0.5	91.0	273,896	301,099	73,039

Source: Authors' calculations using data provided by the ATO.

Table 9.A3: Men and women in top 1 per cent with no reported occupation

	Women			Men		
	Share of women in top 1% (%)	Average share of income from wages (%)	Average income (\$)	Share of men in top 1% (%)	Average share of income from wages (%)	Average income (\$)
2009	25.3	2.8	411,089	15.5	4.4	450,443
2010	24.9	2.3	435,566	15.3	3.7	469,772
2011	24.6	2.6	436,048	14.9	3.9	478,314
2012	23.2	2.9	459,977	14.1	4.3	494,902
2013	22.7	2.2	478,737	14.0	3.1	513,777

Source: Authors' calculations using data provided by the ATO.

9. WOMEN AND TOP INCOMES IN AUSTRALIA

Table 9.A4: People in top 1 per cent with an occupation (incl. occupation not listed), by average wage in that occupation

		Women			Men		
		In occupations with average wage			In occupations with average wage		
		Below \$200,000	\$200,000 to \$300,000	Above \$300,000	Below \$200,000	\$200,000 to \$300,000	Above \$300,000
Share of people in occupations by average wage bands	2008	26.0	74.0		4.1	60.6	35.3
	2009	24.4	74.0	1.6	4.1	58.5	37.4
	2010	23.1	75.3	1.6	2.1	54.2	43.7
	2011	20.1	76.7	3.2	1.2	48.6	50.2
	2012	18.4	72.0	9.5	0.7	42.6	56.7
	2013	17.9	53.1	29.0	0.6	30.8	68.6
Share of income from wages	2008	40	72		56	79	78
	2009	40	72	83	56	78	78
	2010	36	71	82	49	76	77
	2011	35	71	84	44	76	78
	2012	34	69	86	41	74	78
	2013	34	72	70	42	70	78

Analysis conducted on occupations at the 3-digit level. The large jump in the share of women in occupations with average wage above \$300,000 between 2012 and 2013 is due in part to the switch of '111 Chief executives' between the two categories in 2013. They represent more than 16 per cent of women in the top 1 per cent with an occupation in 2013. The story is similar but with a smaller jump when the analysis is conducted on occupations at the 4-digit level.

Source: Authors' calculations using data provided by the ATO.

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9. WOMEN AND TOP INCOMES IN AUSTRALIA

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