

# THE ADVOCATA BRIEF

## SRI LANKA SHOULD REDUCE TAXES LEVIED ON MENSTRUAL HYGIENE ESSENTIALS

### Background

52% of Sri Lanka's population is female, with approximately 5.7 million menstruating women.(1) However, for many Sri Lankan women, access to safe and affordable menstrual hygiene products has become a luxury. A main contributor to the unaffordability of menstrual hygiene products in Sri Lanka is the taxes levied on imported menstrual hygiene products.

Sanitary napkins and tampons are taxed under the HS code HS 96190010. The import tariff levied on these products is 52%(2), and 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).(3)

**Figure 1: Breakdown of taxation structure (before September 2018)**

General Duty	VAT	PAL	NBT	CESS	Total
30%	15%	7.5%	2%	30%	101.2%

In September 2018, following social media outrage against the exorbitant tax, the CESS component of this tax was repealed by the Minister of Finance.(4) Furthermore, in November 2019 the newly elected President announced a sweeping tax cut program that resulted in the reduction of VAT levied and the NBT was abolished on Sanitary Napkins.(5) This then reduced the total tariff on Sanitary Napkins to 52%.

Yet, despite the reduction in taxes, sanitary napkins and tampons continue to remain unaffordable and out of reach for the vast majority of Sri Lankan women.

The average woman has her period for around 5 days and will use 4 pads a day.(6) Under the previous taxation scheme, this would cost a woman LKR 520 a month.(7)

The estimated average monthly household income of the households in the poorest 20% in Sri Lanka is LKR 14,843.(8) 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%.(9)

Internationally, repeals on menstrual hygiene product taxation are becoming increasingly common due to their proliferation of gender inequality and the resulting unaffordability of essential care items, commonly known as 'period poverty'.(10) Kenya was the first country to abolish sales tax for menstrual products in 2004 and countries including Australia, Canada, India, Ireland and Malaysia have all followed suit in recent years.(11)

## Impact on Education

It is difficult to isolate the impact menstruation has on girls' attendance at school. Surveys conducted on this are often limited in sample, and there are additional challenges; are girls missing school because of stigma, or because of lack of access to menstrual hygiene products, or because of pain related to menstruation? Access to adequate sanitation at school could also be another factor.

Looking at Sri Lanka, there is conflicting evidence. Overall, our educational outcomes favour girls, indicating at a macro level that maybe there is no barrier. However, smaller, in depth surveys find otherwise. A 2015 analysis of 720 adolescent girls and 282 female teachers in Kalutara district, 60% of parents refuse to send their girls to school during periods of menstruation.<sup>(12)</sup>

Moreover, in a survey of adolescent Sri Lankan girls, slightly more than a third claimed to miss school because of menstruation.<sup>(13)</sup> When asked to explain why, 68% to 81% cited pain and physical discomfort and 23% to 40% cited fear of staining clothes.<sup>(14)</sup>

Given the limited amount of data available, it is difficult to come to a clear conclusion. However, while menstruation may not be affecting girls' overall educational outcomes in comparison to boys', it appears that pain, discomfort and fear of staining a white uniform would negatively affect a girl's overall 'school experience'

## Impact on Health and Employment

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>(15)</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>(16)</sup>

Unaffordability of menstrual hygiene products is also proven to have consequences on women's participation in the labour force. A study on apparel sector workers in Bangladesh found that providing subsidized menstrual hygiene products resulted in a drop in absenteeism of female workers and an increase in overall productivity.<sup>(17)</sup>

## Importance of Choice

At present, among the myriad other menstruation related challenges Sri Lankan girls and women have to face, they are limited in ability to choose menstrual hygiene products that would best suit them. The ability to choose, comes not only with the ability to afford a product, but also with the availability of products. By reducing taxation, the cost of importing sanitary napkins and tampons will decrease and stimulate competition in the industry, further driving prices down and encouraging innovation. Increased market competition will also incentivise local manufacturers to innovate better quality products and ensure their prices remain affordable and competitive for consumers. Concerns pertaining to the issue of low quality products potentially flooding the Sri Lankan market if taxation is reduced are unlikely to materialise, as quality standards are already imposed by the Sri Lankan government on imported products under SLS 111.

Increased affordability of menstrual hygiene products is likely to result in the uptake of their use by more Sri Lankan women. The removal of a barrier to girls' education, women's health and labour force participation will create a wide-scale positive impact on closing Sri Lanka's present gender gap and facilitate more inclusive economic growth.

### Recommended Policy Reform

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 (10%) 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 8%.
- The Ministry of Finance, should declare the reduction in taxes through the means of an extraordinary gazette.

**Figure 2: Recommended reforms to the current taxation structure**

Tax component	Before 26th Sept 2018	After removal of CESS	After VAT Reduction	Recommended reform: removal of Gen Duty and PAL
General Duty	30%	30%	30%	0
VAT	15%	15%	8%	8%
PAL	7.50%	7.50%	10%	0
NBT	2%	2%	0	0
CESS	30%	0	0	0
Excise	0	0	0	0
SCL	0	0	0	0
Total Import Tariff(18)	101.20%	62.60%	52%	8%

*This brief was authored by Anuki Premachandra and Nishtha Chadha, with assistance from Dilshani N. Ranawaka and the Advocata research team. The opinions expressed are the author's own views. They may not necessarily reflect the views of the Advocata Institute or anyone affiliated with the institute.*

Advocata is an independent policy think tank based in Colombo, Sri Lanka. They conduct research, provide commentary and hold events to promote sound policy ideas compatible with a free society in Sri Lanka.

## Endnotes

- (1). Department of Census and Statistics, 2019. Mid-Year Population Estimates (Female) By Age Group. [online] Available at: <http://www.statistics.gov.lk/GenderStatistics/StaticInformation/Population/Midyearpopulationestimatesfemale2019>. Accessed 25 November 2020.
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- (17). Hossain, Md Irfan, et al. "Evaluation of the Effectiveness of the HERhealth Model for Improving Sexual and Reproductive Health and Rights Knowledge and Access of Female Garment Factory Workers in Bangladesh." (2017).
- (18). Calculations made by the Advocata Institute through the Tariff Calculator, Customs Department of Sri Lanka.

**Correction:** A previous version of this policy brief incorrectly stated that Sri Lanka has 4.2 million menstruating women. This number has been corrected to 5.7 million in this version. We apologize for any inconvenience caused.