

## Women in Tax: Pioneering and Progress But Still a Long Way to Go

by William Hoke

*(This is the second in a series of articles about the historical role played by women in the field of taxation and the progress they have made to date. The first article dealt with the role of taxation in the women's suffrage movement.)*

When the Leo Burnett Agency came up with the famous cigarette advertising slogan "You've come a long way, baby" almost 50 years ago, there were no women on either of Congress's taxwriting committees.

Before the ad ran, and for quite a few years after, no women headed the IRS, the U.K.'s Inland Revenue (predecessor to HM Revenue & Customs), the Australian Taxation Office (ATO), the Canada Revenue Agency, New Zealand's Inland Revenue (IRD), or the Norwegian Tax Administration.

Fast-forward five decades and things are slowly — some might say glacially — starting to change. But women clearly still have a long way to go to approach parity in the tax world. Last year, the Treasury Select Committee in the House of Commons welcomed Nicky Morgan, a member of Parliament, as its first female chair. A smattering of women have led their countries' top tax administration posts in recent years. There are now many more women working as tax consultants, lawyers, lobbyists, and in academia, both as professors and students of tax law. Despite these inroads, women in key tax policymaking and administration positions are prominent more because of their novelty than their numbers. Nowhere is that fact more apparent than in Washington, D.C.

The responsibility for initiating tax legislation in the United States rests with the House of Representatives, where the House Ways and Means Committee is charged with drafting and reviewing the bills before reporting them out to the full House. While many news organizations, including Tax Analysts, prefer the unisex word "chair" when referring to the heads of organizations and boards of directors, the word "chairman" might just as well be chiseled in granite into the Ways and Means Committee leader's nameplate. The post has been held exclusively by men for every one of its 223 years.

Upper chamber tax legislation review is handled by the Senate Finance Committee, where the old boys' club has again been dominant. During its 203 years, the committee has had 42 chairmen and no chairwomen. The female talent pool in the committee is even more limited than that of its counterpart in the lower chamber. While 20 percent of the Ways and Means committee's current members are female, only 11.1 percent of the Senate Finance Committee are women. The absence of women is not limited to tax-related areas. Women occupy only 23 percent of Senate seats and 19 percent in the House. Only two of 20 standing committees in the House are chaired by women. Just one of the 16 standing committees in the Senate has a female chair.

The IRS has a better track record, but only when compared with the bodies that write the laws the agency is charged with enforcing. Although the IRS has been in existence since 1862, only three of the 74 people who have served as commissioner have been women. One of these served in an acting capacity for only seven months.

Moving down to the next rung of government, women currently head revenue agencies in only 12 states.

Following its founding in 1910, the ATO and its predecessor agencies have had 12 commissioners, none of them women. The Norwegian Tax Administration has been led by eight men during its history and no women. Denmark's Ministry of Taxation has had 21 tax ministers since its formation in 1975, all of them men. In New Zealand, the IRD and its predecessor bodies have been led exclusively by men for all but 10 months of their 140 combined years in existence.

Now that HMRC has replaced Inland Revenue, the agency appears to be making up for lost time, with women serving as chief executive for eight of the 13 years since the agency's 2005 creation. In Canada, the CRA has had the highest percentage of female leaders among the countries reviewed by *Tax Notes*. The post of minister of national revenue was created in 1927. During the intervening 91 years, there have been 38 men who have held the position and six women, including the three most recent ministers — still only 13.6 percent of the total.

## Lady Lobbyists

The dearth of women occupying top slots in tax policymaking positions is mirrored by the percentage of women who get paid to influence the policymakers. In a 2013 article in *The Atlantic*, a Washington lobbyist said that while there had been recent increases in the number of women-owned lobbying firms and women in leadership roles in that field, the trend had not occurred in the tax sector, where she said men still noticeably outnumber women. "It's not unique for me to show up to a room full of 15 people, and I'm the only one wearing a dress," said Michaela Sims at the time. Now president of Sims Strategies in Washington, Sims told *Tax Notes* that while there still aren't many women at the meetings she attends, the situation is starting to change. "It does feel like more and more women are populating the tax space, and I think that's awesome," she said.

Rachelle Bernstein, who was in charge of the U.S. Chamber of Commerce's tax policy center when the landmark 1986 tax reform bill was being debated in Washington, said that although it's hard to say whether there are now more female tax lobbyists than there were in the past, the women who are currently in the game are more influential than they used to be. "When I started, there is no question that there was a real old boys' network of influential tax lobbyists, and the women in the field were younger and less experienced," said Bernstein, who is VP and tax counsel for the National Retail Foundation. "Now there are a substantial number of outstanding women in the field who understand both the substance of the tax law as well as the policy implications to make them highly successful."

Barbara Bailey Kennelly has been on both sides of the lobbying divide, serving as a member of the Ways and Means Committee during her 17 years in Congress and working as a lobbyist. "Historically, the United States has been no leader in having women in their top elective offices, like the House and the Senate," said Kennelly, who was the third woman to sit on the Ways and Means Committee and is the president of Barbara Kennelly Associates, a lobbying firm.

Kennelly said both Ways and Means and Senate Finance are sought-after committee assignments. "But the main difference is that you

have to run for Ways and Means,” she said. “I always said that my campaign for the Ways and Means Committee was probably one of the hardest campaigns I’ve had. You have to go to all the members of your caucus and ask for their vote. It’s a popularity contest.”

### Medium-Term Prospects in House Near Nil

Maria Freese, also of Barbara Kennelly Associates, was previously on the staff of a Ways and Means Committee member and served as tax counsel to the Senate Finance Committee. Freese said that becoming chair of either committee is largely about seniority. “The Senate is much more seniority-driven than the House when it comes to committee assignments,” she said. “But once you get on these committees, then you move up by seniority. Yes, it is possible to knock somebody else out who is more senior than you are, but you have to have an awfully good reason to knock out a more senior member,” she said. “It just doesn’t happen that often.”

Freese said that by seniority, the female members of the Ways and Means Committee are all bunched at the bottom. “They’re the most junior members of the committee, so it would take a lot for one of them to become chair,” she said. “Linda Sánchez [D-Calif.] is the most senior of the women and she’s like 12th on the Democratic side. She’d have to jump over all of those people. So I don’t think either Barbara or I see a woman becoming chairman of Ways and Means anytime in the next five or 10 years.”

The near-term prospects in the Senate are much more promising, Freese said. Debbie Stabenow, D-Mich., is second in seniority to Ron Wyden, D-Ore., among Democrats on the Senate Finance Committee. “Unless some other senator more senior than her steps in and bumps her off the list, she would step up and almost inevitably become chairman if the Democrats take over,” Freese said. “I could see Debbie Stabenow moving up in the Senate if Ron Wyden were to leave or lose or step aside.”

On the Republican side, women stand no chance under the current makeup of the Finance Committee. All 14 Republicans on the committee are men.

Helen Thornley of the Association of Taxation Technicians in the United Kingdom said Morgan

took over last year as the first female chair of the Treasury Select Committee. The committee is charged with examining the expenditures, administration, and policies of HM Treasury, HMRC, and other public bodies, including the Bank of England and the Financial Conduct Authority. In 1987 Joyce Quin was the first woman appointed to the committee. Four of the 11 members on the committee are women.

“The most obvious post that has not yet been filled by a woman is, of course, the chancellor of the exchequer,” Thornley said. “We are on our second female prime minister, but government’s chief financial minister has, to date, always been a man.”

The current prime minister, Theresa May, follows in the footsteps of Margaret Thatcher, who started out as a tax barrister but achieved far greater fame as the head of the U.K. government from 1979 to 1990. During her time as prime minister, Thatcher’s government cut direct taxes and raised indirect taxes. Thatcher’s decision to replace local property taxes with a poll tax was widely unpopular and ultimately contributed to her ouster.

Although the Public Accounts Committee of the House of Commons doesn’t have a direct say in tax policymaking decisions, the body’s first female chair played an outsized role in scrutinizing the amount of tax paid by multinational corporations. Margaret Hodge, who chaired the committee from 2010 to 2015, also skewered the HMRC for what she described as the agency’s “too cozy” relationship with the large accounting firms that she claimed abetted tax avoidance schemes.

In the February 2017 article “Women on Select Committees — Has Progress Been Made?” published by London-based think tank Institute for Government, Sophie Wilson said that although progress has been slow for women taking over committee chairmanships in the House of Commons, their overall numbers have gradually increased as the percentage of women in Parliament has increased. “This is important because the role of a select committee chair is a high-profile, influential one,” Wilson said. “An increase in the number of female chairs has a direct impact on the visibility of women in Parliament and may encourage more women to

play a role in the committee system and politics itself.”

Kennelly described herself as a “huge advocate” of women running for Congress. “But we women have not done our job of getting women elected to either the House or the Senate,” she said. “I’m so interested in this election because so many women are running. But you can’t just run. You have to have a constituency; you have to be known. I think there will be a number of women disappointed because they don’t realize that you have to have a lot of things going for you if you’re going to win a congressional seat. You can’t just say, ‘I’m a woman, so vote for me.’”

### Understanding Taxation

There is anecdotal evidence that women are taking much more prominent roles in tax administration agencies and providing tax advisory services in the private sector.

“I think that women have made a good deal of progress in the field of taxation,” Thornley said. “I haven’t got the numbers to back that up — indeed, it would be interesting to look at the actual statistics — but in day-to-day life, I see women in senior roles at HMRC, at the Treasury, certainly within the Association of Taxation Technicians and, through the Women in Tax network, I see incredibly capable women in senior positions in the larger firms,” Thornley said.

Bernstein said she is not sure that men gravitate to tax more readily than women. “I find that when I participate in private sector tax meetings, whether in corporate settings, legal settings, or accounting settings, it seems as if women make up about half of the attendees,” she said. “This was not the case when I started out. In those days, there might be two or three women in a room of 30 men.”

Ann O’Connell, a professor of tax law at the University of Melbourne, said that while women have achieved parity with men in terms of studying tax law, their eagerness to enter the field has yet to be matched by their numbers in tax leadership positions. “I have been doing some research in this area, as it appears that tax suffers from some of the same problems as STEM (science, technology, engineering, and

mathematics),” O’Connell said. “Women are seriously underrepresented. For example, although our undergraduate and graduate tax courses have at least 50 percent female students, this does not translate into women making it to senior positions in tax, or law generally.”

O’Connell said that Australia has never had a female commissioner of tax or a female treasurer. “We do have two judges on superior courts who specialized in tax prior to taking up judicial office, but there are very few senior tax counsel, tax partners in law, or accounting firms, women in higher levels of the revenue (ATO) or, indeed, in academia,” she said in an email.

Getting more women interested in taxation in universities could eventually result in more women in tax leadership roles. Freese said it used to be hard to convince women to run for elected office and, when they did, to convince them that they could be on taxwriting committees. “But now you have more lawyers; you have more accountants who are women,” she said. “You have more political activists who understand the importance of the taxwriting committees and they’re feeling they are more qualified. They’re more likely to run for office and to run for one of the more important committees once they get there.”

In an article that appeared in the Spring 2010 edition of *Acadiensis*, Shirley Tillotson, a professor at Dalhousie University in Halifax, Nova Scotia, focused on a woman who she said occupied a prominent place in the history of women and taxation in Canada in the early 20th century. “[Ella M.] Murray made it her mission to induce the National Council of Women of Canada to share her passion about taxation,” said Tillotson, whose research interests include taxation and women’s history. “‘Until women understand taxation,’ [Murray] asserted, ‘they are not in a position to undertake public life.’”

*Tax Notes* asked each of the “Big 4” accounting firms for details about when either they or any of their predecessor firms appointed their first female tax partner as well as the number of women tax partners currently employed. None of the firms replied to either question ■