

Model Wealth Tax – A joint statement

For the attention of the Co-Chairs of the United Nations Committee of Experts on International Cooperation in Tax Matters, Mathew Olusanya Gbonjubola and Liselott Kana

Tuesday 17 October 2023

Dear Sir and Madam,

The signatories to this joint statement are delighted to read of the work undertaken by the UN Committee of Experts on International Cooperation in Tax Matters in developing practical guidance on the policy options available to countries when considering how to adequately tax wealth, with a focus on net wealth taxes.

The deepening of inequalities between countries in the Global North and Global South, and within countries, are now well documented. Efforts to address intersecting inequalities – such as those related to gender, race, religion, ethnicity, indigenous communities, people with disabilities, and people of different socioeconomic class - are exacerbated by specific challenges of debt, long-lasting fiscal austerity, inadequate spending on the care economy and social protection, and unjust and regressive tax systems. The Covid-19 pandemic, however, brought to our attention an aspect of inequalities that plunged to new depths: the fragility or absence of public services and of social protection, while corporations (and their owners) were the largest recipients of Covid-19 recovery funds through recovery loans, tax cuts and tax exemptions. The crisis also underscored the disregard and further devaluing of the huge economic subsidy of unpaid care work provided largely by women and girls. Moreover, the underlying fiscal orthodoxy was shown to have abjectly failed to address inequality or to afford more of the world's populations their fundamental social and economic rights such as the right to health, education, decent work, and social protection.

After the pandemic a second alarming picture emerged, equally stark and disturbing. This was the exponential growth of concentrated private wealth being shielded from fair taxation by the opacity of financial secrecy laws, tax exemptions and regressive tax policy. Bolstered by extreme wealth, power and privilege, elites have not only circumvented years of austerity and the pandemic unscathed, but have emerged wealthier, with assets and profits ballooning.

The compounding and concentration of private wealth, often extracted at the expense of public interests and needs, has given a new momentum to the idea of a net wealth tax. Taxing wealth is instrumental to help reduce inequality and promote social justice within a country, thereby achieving Sustainable Development Goal (SDG) 10 ('reduced inequalities'). Furthermore, taxing wealth mobilises domestic resources for sustainable development. For low-income countries in particular, revenues from taxing wealth can improve fiscal space, and thus maintaining and widening the provision of public services.

We are delighted to see at the highest level the recognition that the taxation of wealth is a vital tool to increase government revenues and reduce inequality. We welcome the UN Committee of Experts on International Cooperation in Tax Matters addressing this topic at such a critical time. We especially note the important work on the matter by the Subcommittee on Wealth and Solidarity Taxes on the matter. In its recent [report](#), the Subcommittee provides countries with guidance on the policy options available for the adequate taxing of wealth, including inheritance taxes, gift taxes and other taxes on transfer of wealth, taxes on capital income and gains, and taxes on stocks of wealth. Like the Subcommittee, we believe a progressive net wealth tax for individuals on worldwide assets is the most potent tool in the toolbox of a government concerned about reducing inequality and increasing taxes raised from the wealthy. It is also the most difficult option to implement and administer. As mentioned in the report, countries should in any case approach the taxation of wealth as a composite system composed of various complementing taxes. We therefore hope the Committee will grant the Subcommittee its full support at the Twenty-Seventh Session to continue the path it has taken and will eventually approve the recommendations on wealth taxes made by the Subcommittee.

As indicated in the Subcommittee's report, taxing wealth can be complex and adequate laws can be difficult to design and administer. We therefore urge the Subcommittee to provide additional guidance in the form of model wealth tax legislation. Model legislation will not only aid countries with the adoption of new wealth tax policies, it also will contribute to a degree of uniformity across countries. This, in turn, will reduce wealth tax arbitrage and avoidance.

For the purpose of the efficient administration of a net wealth tax on worldwide assets, it is clear that tax administration access to information regarding taxpayers' wealth ownership is of crucial importance. The report focuses predominantly on domestic sources of information or information already available to the tax administration. However, a net wealth tax generally targets the richest segments of the population and is the most progressive option. In these segments, wealth is predominantly composed of immovable property and business equity in the form of unquoted shares, and less so by deposits and holdings on financial accounts. Unlike for financial account information, there is currently no international framework in place for the exchange of information on other assets, including those assets that represent the bulk of the tax base of a targeted net wealth tax on the richest individuals.

We therefore urge the Committee to widen its focus and provide guidance for an expansion of the international exchange of information framework that is needed for the efficient administration of wealth taxes. Such expansion should include the adoption of automatic exchange of information on immovable property ownership. Additionally, a global asset registry (GAR) or a network of national asset registries should be established. This would allow individual countries to seamlessly obtain information on all relevant assets as is required to levy a comprehensive wealth tax on their richest residents, without the latter being able to hide wealth offshore.

Signed,

[ActionAid International](#)

[Financial Transparency Coalition](#)

[Oxfam](#)

[Patriotic Millionaires](#)

[Tax Justice Network](#)