

Asset beneficial ownership – Enforcing wealth tax & other positive spillover effects

**Helping to address money laundering,
corruption and to enforce taxes on
capital and income**

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Executive Summary

Wealth taxes have been increasingly discussed by international institutions such as the UN, the G20, the OECD, and the IMF. However, these discussions often overlook the critical role of beneficial ownership transparency. This paper argues that asset beneficial ownership is not merely ancillary but essential for the effective enforcement of wealth taxes.

Asset beneficial ownership transparency plays a pivotal role in preventing the underreporting of wealth by identifying previously unknown high-net-worth individuals (HNWIs) subject to wealth taxes as well as ensuring the taxable base of wealth taxpayers is complete (and that liabilities are truthful and legitimate). By achieving these objectives, it enhances fairness and progressivity, enabling countries to impose appropriate marginal wealth tax rates on the wealthiest individuals.

To fulfil its potential, asset beneficial ownership transparency must address six ways in which interests in wealth are held. Although the following schemes can be legal and legitimate, they can also inadvertently or deliberately become major secrecy strategies: ownership of secretive assets, offshore ownership, indirect ownership, partial ownership, control or use without ownership, and the combination of these strategies into complex ownership structures.

While corporate beneficial ownership registries and information exchange systems (both upon request and automatic) have improved transparency, they still do not fully address these secrecy strategies. To ensure effective beneficial ownership transparency, this paper proposes enhancements to current frameworks, drawing on best practices and advancing a long-term vision that ensures:

- Comprehensive asset registration: Including unregistered assets such as artwork, racehorses and precious metals, and collecting detailed information on registered assets (eg location, price, legal ownership, and associated relationships like lease contracts and usufructs).
- Comprehensive corporate beneficial ownership registration: Covering both local and foreign legal vehicles, applying ownership, control, and use/benefit criteria without thresholds.
- Interconnection of asset registries with corporate beneficial ownership registries: Not through centralised collection by one institution, but via search systems that balance data security and privacy. These searches could focus on a particular taxpayer or asset, and on identifying unknown high net worth individuals with aggregate beneficial ownership of wealth exceeding certain thresholds.
- Access to information by competent authorities: Ensuring access to information is limited to legally mandated details specific to their functions (eg anti-corruption authorities accessing data on

politically exposed persons and foreign authorities accessing information only based on exchange of information relationships.)

Until these long-term measures are realised, the paper suggests complementary short-term actions to boost transparency, including:

1. Mandatory self-reporting of global wealth by high net worth individuals.
2. Upgrade current registries: extend beneficial ownership registration to foreign legal vehicles, register corporate assets and interconnect this data with current asset registries.
3. Increase transparency for securities' ownership, the primary asset type held by the wealthiest individuals.
4. Reporting of wealth by third-party information holders such as insurance companies, free-port operators, and luxury brands.
5. Penalising secrecy such as restricting the sale or use of assets (eg yachts, houses) or imposing punitive taxes until beneficial owners are disclosed.

This paper envisions a comprehensive standard for effective asset beneficial ownership transparency that covers and goes beyond existing national and international frameworks. It seeks to enhance the availability of information so that each authority or standard can access the data it requires—but no more. Importantly, this proposal does not alter existing corporate beneficial ownership or wealth tax laws; rather, it ensures that the necessary information is available for their implementation.

Finally, while a tax on luxury assets might appear to obviate the need for asset beneficial ownership, this approach fails to address inequality. Pension funds for teachers or firefighters could hold luxury assets, while high net worth individuals might strategically own assets below the threshold to evade taxation. Asset beneficial ownership transparency extends beyond wealth taxes, generating positive spillover effects to tax income and capital gains, and strengthening efforts to combat illicit financial flows such as money laundering and corruption.

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1. Introduction

1.1 Momentum of wealth tax

Wealth taxes come in various forms and frequencies (eg one-off or annually), including net wealth taxes, inheritance and gift taxes, exit or expatriation taxes, and billionaire taxes. These taxes play a critical role in addressing extreme inequality, enhancing tax system progressivity and generating revenue to uphold basic human rights such as access to food, healthcare, housing, and education.

Recent years have seen a resurgence of interest in wealth taxes. Key developments include the OECD's 2018 report, "[The Role and Design of Net Wealth Taxes in the OECD](http://www.oecd-ilibrary.org/taxation/the-role-and-design-of-net-wealth-taxes-in-the-oecd_9789264290303-en)"¹ and a series of background papers from the London School of Economics/Warwick University UK's [Wealth Tax Commission](https://www.wealthandpolicy.com/)², culminating in a proposal for a wealth tax. In 2024, the IMF released a technical note titled "[How to tax wealth](https://www.imf.org/en/Publications/imf-how-to-notes/Issues/2024/03/08/How-to-Tax-Wealth-544948),"³ and the UN Sub-Committee on Wealth and Solidarity Taxes has been working on a [UN Template Law for a Net Wealth Tax on Individuals](https://financing.desa.un.org/sites/default/files/2024-10/CRP%2025%20Wealth%20Taxes%20Appendix%20A%20.pdf)⁴ and recently published [guidance](https://financing.desa.un.org/sites/default/files/2024-03/CRP.%202%20Appendix%20A.pdf)⁵ for the taxation of wealth, also with focus on net wealth taxes on individuals.

A significant political milestone occurred in 2024. Brazil's G20 presidency [proposed](https://www.poder360.com.br/governo/haddad-defende-tributacao-minima-global-sobre-bilionarios-no-g20/)⁶ a global wealth tax, and the UN approved the Terms of Reference for UN Tax Convention with a commitment to "[a]ddressing tax evasion and avoidance by high-net worth individuals and ensuring their effective taxation in relevant Member States".⁷

¹ OECD, *The Role and Design of Net Wealth Taxes in the OECD*, OECD Tax Policy Studies (2018) <http://www.oecd-ilibrary.org/taxation/the-role-and-design-of-net-wealth-taxes-in-the-oecd_9789264290303-en> [accessed 18 April 2018].

² <https://www.wealthandpolicy.com/>

³ Shafik Hebous and others, *How to Tax Wealth* <<https://www.imf.org/en/Publications/imf-how-to-notes/Issues/2024/03/08/How-to-Tax-Wealth-544948>>.

⁴ <https://financing.desa.un.org/sites/default/files/2024-10/CRP%2025%20Wealth%20Taxes%20Appendix%20A%20.pdf>

⁵ <https://financing.desa.un.org/sites/default/files/2024-03/CRP.%202%20Appendix%20A.pdf>

⁶ <https://www.poder360.com.br/governo/haddad-defende-tributacao-minima-global-sobre-bilionarios-no-g20/>

⁷ <https://financing.desa.un.org/sites/default/files/2024-09/2415701E.pdf>

1.2 Wealth tax and beneficial ownership as an anti-avoidance mechanism

Wealth tax debates often focus on design and implementation, including their rationale, comparisons to other taxes, tax base determination, and asset valuation. However, discussions on beneficial ownership transparency are often implicit or absent, apart from minor references to anti-avoidance measures or information access. The problem with this approach to beneficial ownership is that it will leave it up to the courts to determine whether an abusive practice to escape wealth tax took place. This conclusion will be based on the intent of the taxpayer, material consequences of escaping the wealth tax and other proof to be collected by tax administrations. Instead, beneficial ownership could become a fundamental element of wealth taxes, allowing stakeholders to decide from the outset how beneficial ownership can help determine the wealth and apply the corresponding tax.

Recognising this gap, the Tax Justice Network has emphasised beneficial ownership transparency as crucial for wealth tax enforcement. At the 2024 Paris [conference](#), co-organised with the EU Tax Observatory and other allies, a panel on "[Taxing wealth: tools to target concentrated ownership and wealth inequality](#)"⁸ presented a beneficial ownership transparency protocol for the future UN Tax Convention. Economist Gabriel Zucman also wrote a [report](#)⁹ commissioned by the G20 Presidency, highlighting that the "challenge with successfully enforcing a minimum tax on billionaires involves identifying beneficial ownership of assets".

1.3 Positive spillover effects of asset beneficial ownership

As explored further in the Annex, asset beneficial ownership, essential for enforcing wealth taxes, also generates synergies to enforce other taxes and in combating illicit financial flows. Asset beneficial ownership data collected for wealth tax purposes can help address corruption and money laundering. Individuals unable to justify the legal origin of their wealth could face further investigation, such as through [unexplained wealth orders](#).¹⁰ Additionally, asset beneficial ownership information could facilitate collecting wealth and other taxes from taxpayers

⁸ <https://www.youtube.com/watch?v=u7hjZaFstE>

⁹ Gabriel Zucman, *A Blueprint for a Coordinated Minimum Effective Taxation Standard for Ultra-High-Net-Worth Individuals* <<https://gabriel-zucman.eu/files/report-g20.pdf>> [accessed 2 January 2025].

¹⁰ <https://star.worldbank.org/blog/unexplained-wealth-orders-new-frontier-asset-recovery>

pretending to be insolvent and enable asset recovery in financial crime cases.

1.4 Terminology

This paper uses the following terms:

- **Wealth tax:** any tax on an individual's wealth, where the key element is the identity and relationship of an individual to their wealth, compared to a tax on luxury assets, where the tax can be levied on the asset regardless of its owner. Wealth taxes may involve different frequencies of imposition, such as an annual tax (eg net wealth tax), billionaire tax, or a one-off tax (eg inheritance tax, gift tax, exit tax, etc).
- **Legal vehicle:** any entity, structure or organisation other than a natural person. This includes legal persons (eg companies, foundations), legal arrangements (eg trusts, fideicomisos), and other structures without separate legal personality (eg limited partnership, joint venture, etc).
- **Corporate beneficial ownership (CBO):** the natural person(s) who ultimately own, control or benefit from a legal vehicle.
- **Asset beneficial ownership (ABO):** the natural person(s) who, directly or through a legal vehicle, ultimately own, control, benefit, use/operate or rent/lease an asset, such as real estate, yachts, private jets, or artwork.
- **Beneficial ownership transparency:** corporate beneficial ownership (CBO) and asset beneficial ownership (ABO).

1.5 Limitations

This paper does not aim to provide a comprehensive literature review or an exhaustive analysis of existing wealth tax regimes worldwide. Instead, it compiles existing options and cases as well as explores longer term solutions for enforcing wealth taxes through beneficial ownership transparency, focusing on both asset and corporate beneficial ownership.

1.6 Structure of the paper

Section 2 of this paper explains the critical role of asset beneficial ownership in preventing underreporting and ensuring the progressivity of wealth taxes. It highlights the key secrecy strategies that undermine asset beneficial ownership and examines why existing transparency

measures, such as corporate beneficial ownership registries and exchange of information systems, fall short in addressing these challenges. Section 3 outlines a long-term vision for achieving effective asset beneficial ownership while proposing complementary short-term measures that countries can implement immediately.

2. Why asset beneficial ownership is crucial for wealth taxes

The enforcement of wealth taxes relies on the availability of information on two key elements: the identity of the taxpayer (a high net worth individual), and their wealth subject to tax, which may include certain types of assets (eg real estate) or any asset above a certain value.

If the wealth tax is a net wealth tax, then information on liabilities (eg a mortgage on the asset) will also be relevant because liabilities reduce the taxable base. Yet, the availability of information on assets and liabilities differs. The taxpayer trying to escape wealth tax will have an incentive not to disclose their assets (so that they do not get taxed), while the same taxpayer will have an incentive to disclose (and maybe invent) liabilities, because liabilities reduce the taxable base.

In other words, in the case of the taxpayer's assets, authorities first need to identify them and ensure that they relate to the taxpayer. In the case of liabilities, the taxpayer will gladly disclose them, but authorities may need to ensure that liabilities are truthful and legitimate. For example, authorities may challenge a scheme where the taxpayer pretends to owe money to a third party (to pay less net wealth taxes), when in reality the loan refers to a self-made loan or a loan that was never meant to be repaid.

2.1 Asset beneficial ownership for wealth tax progressivity

Enforcing a wealth tax, particularly one based on self-declarations by taxpayers, requires authorities to access asset beneficial ownership information to detect underreporting.¹¹ Suppose the taxpayer fails to declare their wealth (eg a mansion). If the only data that authorities know from the real estate registry is that the mansion is owned by an offshore company (but the owner of the company remains hidden), the

¹¹ The IMF supports that "considering that determination of beneficial ownership is essential to ensuring the integrity of the tax system": International Monetary Fund, 'Fiscal Monitor, April 2022: Fiscal Policy from Pandemic to War', in *Fiscal Monitor, April 2022* (2022) <<https://www.elibrary.imf.org/display/book/9781513598789/9781513598789.xml>> [accessed 25 February 2025].

taxpayer (the beneficial owner of the mansion) could easily escape paying the wealth tax.¹²

Asset beneficial ownership ensures wealth tax progressivity by fulfilling four critical functions. First, it ensures the completeness of the taxable base of a (known) high-net-worth individual, taxing all their wealth. Second, in the case of “net” wealth taxes, asset beneficial ownership allows tax authorities to challenge liabilities declared by the wealth taxpayer that appear fake (eg a self-made loan). Third, it allows the application of the corresponding tax rate. Fourth, it identifies unknown high net worth individuals.

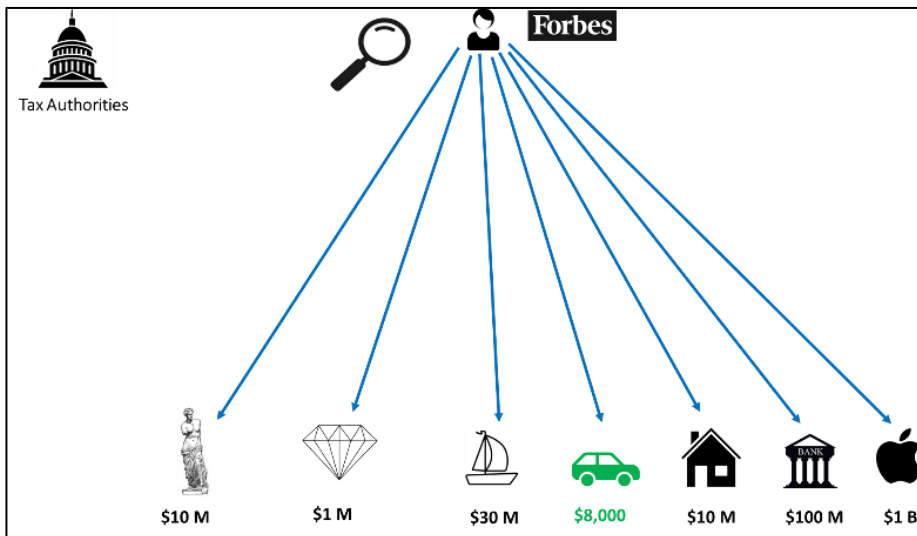
2.1.1 Determination of the taxable base of wealth taxpayers

As illustrated by Figure 1, starting with a known wealth taxpayer, such as an individual on Forbes' billionaire list, asset beneficial ownership ensures the completeness of their taxable base. This includes their full wealth—not just well-known securities, such as shares in a listed company they founded, but also other assets such as real estate, luxury vehicles, yachts, and other valuable possessions where the taxpayer is the beneficial owner.

¹² In this case, the taxpayer could escape the tax even if it applied only at the legal ownership level (eg on assets directly owned by the taxpayer). Secrecy would prevent authorities from knowing the identity of the direct owner of the offshore entity, so authorities would not even be able to tax the value of the shares in the company.

Whether wealth taxes should apply on assets “legally” owned by an individual, or also on assets “beneficially” owned by an individual, eg through a shell company will be discussed in a different paper. Asset beneficial ownership is relevant for both situations. If a taxpayer owns a mansion through a series of shell companies and the wealth tax applies only at the legal ownership level, authorities will need to determine whether the value of the shares of the ultimate company rightly reflect the value of the assets held down the chain of shell companies. For this purpose, asset beneficial ownership (of the corporate assets) would reveal all the ownership chain up to the taxpayer, and would help authorities determine whether the value of the shares is correct or not.

Figure 1. The completeness of the taxable base for a wealth tax



2.1.2 Determination of the truthfulness of declared liabilities (for “net” wealth taxes)

If the law establishes a “net” wealth tax, taxpayers can reduce their tax obligations by subtracting the value of allowed liabilities (eg a mortgage) from the value of the assets (eg the price of a house). Taxpayers engaging in tax abuse could declare fake liabilities to reduce their taxable base. For instance, asset beneficial ownership could disclose that a loan with an offshore entity is in fact a self-made loan because the same taxpayer is the beneficial owner of the offshore entity (similar to a tax case in Canada¹³). Alternatively, the taxpayer could engage in a sham loan to pretend that money is being paid to a financial institution, when the money secretly goes back to the original taxpayer (similar to a case investigated by the tax authority of Chile¹⁴).

2.1.3 Determination of the tax rate applicable to wealth taxpayers

Identifying all of a taxpayer's assets (and ensuring the truthfulness of the liabilities declared by the taxpayer) also ensures levying appropriate progressive tax rates, if applicable. For instance, in the Swiss canton of Geneva, marginal wealth tax rates range from 0.175 percent for net

¹³ https://www.thestar.com/news/investigations/he-owed-millions-in-taxes-instead-of-paying-up-he-enlisted-an-offshore-company-to/article_8621b912-e9c7-5905-9ca2-38bf26a61a61.html

¹⁴ <https://www.ciperchile.cl/2017/11/10/papeles-del-paraiso-filtraciones-refuerzan-postura-del-sii-en-millonario-juicio-contra-walmart/>

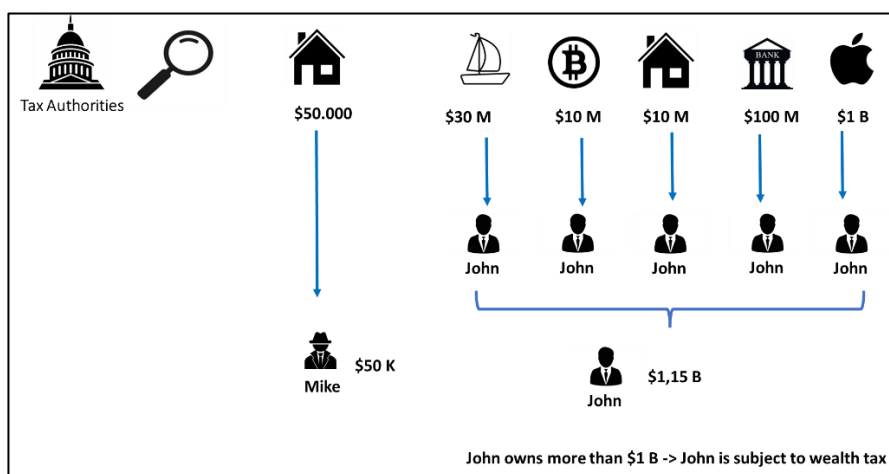
wealth up to CHF 111,059 (US\$122,000) to 0.45 percent for net wealth exceeding CHF 1,665,878 (US\$1,835,000).¹⁵

2.1.4 Identification of unknown high net worth individuals

Asset beneficial ownership can uncover unknown billionaires, including those who intentionally maintain a low profile because their wealth was illicitly acquired, such as through corruption or drug trafficking.

To identify “unknown” high net worth individuals, authorities can investigate the ownership of registered assets such as real estate, cars, yachts, and aircrafts, as well as shares.¹⁶ The aggregated value of these registered assets (and the truthfulness of declared liabilities) can determine whether an individual should be subject to wealth tax or not. For example in Figure 2: Mike is not subject to wealth tax in Country A, as his total (net) wealth is US\$50,000. John is subject to wealth tax in Country A because his total (net) wealth exceeds US\$1.15 billion, comprising a yacht, crypto-assets, a house, a bank account, and portfolio investments.

Figure 2. Using ownership information of current registered assets to reveal unknown wealth taxpayers



An additional source of wealth information could depend on indicators of “use” of certain assets. As explored further in section 3.2.4, information on individuals flying first class, obtaining big loans from banks, purchasing luxury brands or attending exclusive schools could also help

¹⁵ Jean-Blaise Eckert and Lukas Aebi, *Wealth Taxation in Switzerland*, Background Paper No. 133 <https://www.wealthandpolicy.com/wp/BP133_Countries_Switzerland.pdf> [accessed 30 December 2024].

¹⁶ In case the wealth tax applies only at the legal ownership level, then the value of shares in a company becomes relevant. To properly levy wealth taxes, the value of the shares in a company should reflect the true value of the underlying assets of the company (eg a mansion). Asset beneficial ownership can reveal the value of these corporate assets to ensure it is properly reflected in the value of shares.

reveal information on unknown high net worth individuals. In addition, countries should consider ownership of specific assets that are an indication of wealth in their local context, such as racehorses in the UK¹⁷, polo horses and farmland in Argentina, or banana plantations and commercial forests in Uganda.¹⁸

In conclusion, asset beneficial ownership is pivotal for identifying all relevant taxpayers, including both known and previously unidentified high-net-worth individuals, along with their associated assets. However, as the following section will demonstrate, achieving an effective asset beneficial ownership framework presents significant challenges.

Box 1. Comparison to a tax on luxury assets

A tax on luxury assets does not require asset beneficial ownership, as the asset itself is taxed regardless of ownership. For example, Chile imposes a “luxury tax” of 2% on the market value of helicopters, private jets, and cars exceeding certain price and weight thresholds.¹⁹ Unlike a wealth tax, however, a luxury tax does not address inequality effectively. To understand why luxury taxes do not address the goals of a wealth tax, consider Figure 3 below: A \$10 million mansion owned by an investment fund for teachers would be taxed, though it does not contribute to wealth inequality. On the other hand, an individual could avoid the luxury tax by holding billions of dollars in multiple assets that individually sit below the threshold (eg, several \$3 million houses).

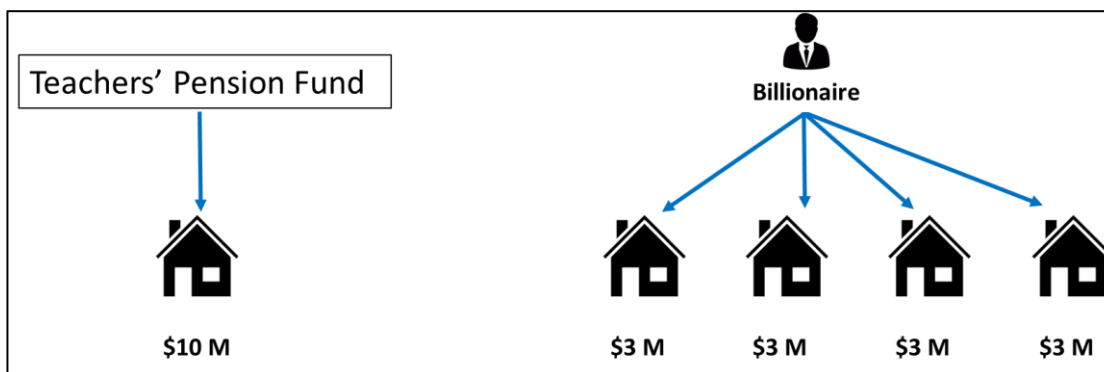
The absence of asset beneficial ownership also hinders the ability to address illicit financial flows, such as identifying the criminal engaging in corruption or money laundering.

¹⁷ Knobel, Andres, *Pilot Study for a UK Asset Registry – Phase 1: An Assessment of Available Asset Ownership Information* (2019) <<https://static1.squarespace.com/static/5a0c602bf43b5594845abb81/t/5dfa0c37437fa7242cbe3793/1576668258459/Pilot+study+for+a+UK+Asset+Registry-Phase1-revised+version.pdf>> [accessed 19 June 2020].

¹⁸ Jalia Kangave and others, *What Can We Learn from the Uganda Revenue Authority’s Approach to Taxing High Net Worth Individuals?* (30 January 2018) <https://opendocs.ids.ac.uk/articles/report/What_Can_We_Learn_from_the_Uganda_Revenue_Authority_s_Approach_to_Taxing_High_Net_Worth_Individuals_/26483359/1> [accessed 10 February 2025].

¹⁹ Circular 50-2024, available in: https://www.sii.cl/normativa_legislacion/circulares/2024/circu50.pdf

Figure 3. A tax on luxury assets would not necessarily achieve the goals of a wealth tax

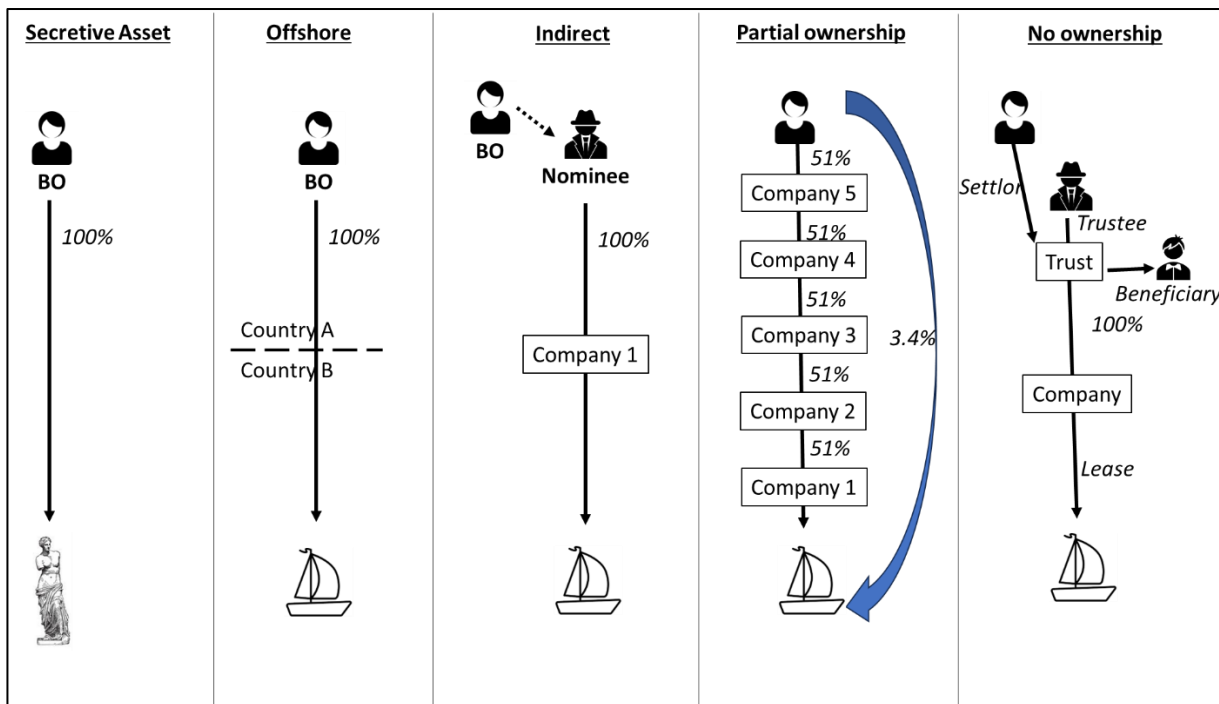


2.2 Secrecy strategies undermining asset beneficial ownership

There are many types of assets that by their nature are subject to less transparency or registration, eg artwork or jewellery. There are also many ways to hold interests in assets or wealth, such as owning it in a foreign country or through a legal vehicle. All these ways to hold interests in wealth are legal and legitimate. However, they can inadvertently or deliberately become a way to reduce asset beneficial ownership and be used to escape wealth taxes.

As Figure 4 illustrates, there are six main secrecy strategies that undermine asset beneficial ownership, preventing the identification of individuals or their assets that should be subject to wealth tax: secretive assets, offshore ownership, indirect ownership, partial ownership, lack of "ownership", and their combination into complex ownership structures.

Figure 4. Six main secrecy strategies



2.2.1 Secretive assets

Some assets usually owned by high net worth individuals and targeted by wealth taxes (eg inheritance tax in the UK) are inherently not subject to registration, making their ownership difficult to trace. Examples include artwork, jewellery, precious metals, cash, and certain crypto-assets (eg bitcoins and non-fungible tokens known as NFTs, especially if maintained through “self-hosted wallets”.) The lack of registration requirements for these assets makes it challenging to link them to their beneficial owners.

2.2.2 Offshore ownership

Individuals may hold assets abroad to evade oversight from local tax authorities. Offshore ownership relies mainly on limited, or no exchange of information agreements between jurisdictions, the unavailability of ownership records in the foreign jurisdiction, and ineffective exchange of information mechanisms. This strategy prevents local tax authorities from timely access to beneficial ownership information about foreign-held assets.

2.2.3 Indirect ownership

Assets may be held indirectly through intermediaries or entities such as local or foreign entities, trusts, nominees or bearer shares. Indirect ownership structures can be used for the purpose of obscuring the

connection between the beneficial owner and the asset, complicating identification and taxation efforts.

2.2.4 Partial ownership

Partial ownership involves distributing shares or interests in legal vehicles that are holding wealth to remain below regulatory thresholds. For instance, holding less than 25% ownership in a company. By doing so, individuals avoid identification and registration requirements that apply only above specific ownership thresholds.

2.2.5 Control or use without ownership

Individuals may enjoy the benefits of an asset without formally "owning" it to avoid detection. A wealth tax framework could be undermined by focusing too narrowly on obtaining information on "ownership" but failing to obtain information on other ways to use, control or benefit from an asset. Examples of ways to control, use or benefit from an asset without properly "owning" it, include:

- Living in a mansion or using a yacht held by a trust (discretionary trusts²⁰ can put assets in an "[ownerless limbo](#)"²¹).
- Renting a hotel room as a permanent residence, or leasing luxury assets.
- Operating a yacht or aircraft based on a contract.
- Splitting ownership and usage rights over an asset between two parties ("Usufruct"). One party retains mere ownership (referred to as "*nuda propiedad*"), holding the title to the property without the right to use or benefit from it. The other party holds use and enjoyment rights, which include deriving income or other benefits from the property.

²⁰ In certain discretionary trust arrangements used for asset protection purposes, both the settlor and beneficiaries may reside in a mansion while all parties deny ownership of the property. Each participant in the trust could rely on legal constructs to claim they do not "own" the mansion:
-Settlor's Claim: The settlor may assert that the mansion has been transferred to the trustee, thereby relinquishing ownership.
-Trustee's Claim: The trustee, as the legal owner, may argue that their role is purely fiduciary. They are tasked with administering the property based on the settlor's instructions and for the benefit of the beneficiaries, without the right to personally use or benefit from the mansion.
-Beneficiaries' Claim: The beneficiaries might state they do not have any vested interest in the mansion, because they must wait for a distribution from the trustee before acquiring any rights to the property.

²¹ Andres Knobel, *Trusts: Weapons of Mass Injustice?* (2017) <www.taxjustice.net/wp-content/uploads/2017/02/Trusts-Weapons-of-Mass-Injustice-Final-12-FEB-2017.pdf> [accessed 2 May 2022].

- Giving away an asset (eg house or painting) but “reserving” the right to keep using it, by living in the house or displaying the painting in your own house.²²
- Controlling an asset through financing its acquisition.

2.2.6 Complex ownership structures

Secrecy is often amplified through combining the five secrecy strategies above into [complex ownership structures](#)²³ involving multiple layers of entities, offshore companies in different secrecy jurisdictions and diverse legal vehicles.

These intricate arrangements make it extremely difficult to trace the true beneficial owner. Even after identifying a potential beneficial owner, [verification](#)²⁴ becomes a separate challenge to ensure the information is accurate and up-to-date.

In conclusion, numerous legal and structural challenges facilitate secrecy strategies that obstruct the attainment of comprehensive asset beneficial ownership. The following subsection will illustrate how existing transparency standards fall short in addressing these obstacles effectively.

2.3 Challenges of existing transparency frameworks in addressing secrecy strategies

Current transparency frameworks, such as corporate beneficial ownership registries and systems for information exchange (both upon request and automatic exchanges), provide valuable tools but fall short in effectively attaining asset beneficial ownership.

²² <https://www.gov.uk/inheritance-tax/gifts#:~:text=If%20you%20give%20something%20away,for%20free%20or%20your%20holidays>

²³ Andrés Knobel, ‘Addressing the Secrecy Risks of Complex Ownership Chains: Another Tool to Improve Beneficial Ownership Verification’, *Tax Justice Network*, 2022 <<https://taxjustice.net/2022/02/16/addressing-the-secrecy-risks-of-complex-ownership-chains-another-tool-to-improve-beneficial-ownership-verification/>> [accessed 3 February 2023].

²⁴ Andres Knobel, ‘Beneficial Ownership Verification: Ensuring the Truthfulness and Accuracy of Registered Ownership Information’, *SSRN Electronic Journal*, 2019 <<https://www.ssrn.com/abstract=3320600>> [accessed 3 September 2019].

2.3.1. Limitations of corporate beneficial ownership registries

While nearly [100 jurisdictions have adopted laws requiring beneficial ownership registration](#)²⁵, not all have functioning registries. Even in countries with operational systems, [significant gaps](#)²⁶ in the legal framework persist. For example:

- **Limited scope of legal vehicles:** Some registries exclude certain types of legal vehicles. In the UK, limited partnerships from England and Wales are not covered. Panama excludes trusts. Most jurisdictions explicitly or tacitly exempt [listed companies](#)²⁷ and [investment funds](#)²⁸ from beneficial ownership registration.
- **Flawed beneficial ownership definitions.** Beneficial ownership definitions often rely on percentage thresholds that are set too high to capture significant wealth effectively, while unrealistically assuming that beneficial owners will voluntarily disclose other means of control or influence.
 - **Percentage thresholds.** Most countries define beneficial ownership based on thresholds, typically set at “more than 25 percent of shares or voting rights”. This allows companies with at least four shareholders (each owning 25 percent) to escape reporting any beneficial owner.²⁹

²⁵ Andres Knobel and Florencia Lorenzo, *Beneficial Ownership Registration around the World 2022* (December 2022) <<https://taxjustice.net/wp-content/uploads/2022/12/State-of-Play-of-Beneficial-Ownership-2022-Tax-Justice-Network.pdf>> [accessed 16 December 2022].

²⁶ Andres Knobel, *Why Beneficial Ownership Frameworks Aren't Working - and What to Do about It* (December 2023) <<https://taxjustice.net/wp-content/uploads/2023/12/Why-beneficial-ownership-registries-arent-working-Tax-Justice-Network-Dec-2023.pdf>> [accessed 21 February 2024].

²⁷ Andres Knobel, *Beneficial Ownership Transparency for Companies Listed on the Stock Exchange* (11 May 2020) <<https://taxjustice.net/wp-content/uploads/2020/12/Listed-companies-BO-requirements-Final.pdf>> [accessed 18 April 2023].

²⁸ Andres Knobel, *Beneficial Ownership in the Investment Industry. A Strategy to Roll Back Anonymous Capital*, 2019 <<https://www.taxjustice.net/wp-content/uploads/2019/10/The-transparency-risks-of-investment-entities-working-paper-Tax-Justice-Network-Oct-2019.pdf>> [accessed 3 May 2022].

²⁹ Andres Knobel and Markus Meinzer, *Drilling down to the Real Owners – Part 1. More than 25% of Ownership” & “Unidentified” Beneficial Ownership: Amendments Needed in FATF’s Recommendations and in EU’s AML Directive* (18 May 2016) <http://www.taxjustice.net/wp-content/uploads/2013/04/TJN2016_BO-EUAML-D-FATF-Part1.pdf> [accessed 2 May 2022].

Even though some countries have adopted lower thresholds, it is easy to circumvent them. An [investigation](#)³⁰ revealed a scheme to distribute ownership throughout 21 intermediary companies to keep ownership stakes below the five percent threshold (each held 4.9 percent).

In wealth tax contexts, all percentage thresholds are problematic. For instance, owning just 0.01% of a listed company like Apple could be worth millions of dollars and should be taxed.

- **Control via other means.** Definitions often include identifying those exercising “control via other means”, but uncovering such control requires exhaustive and often unattainable information about the entity’s internal workings, relationships, and influence dynamics.
- **Weak legal ownership registration:** Some jurisdictions fail to properly register legal ownership, particularly all the intermediary entities up to the beneficial owner, making it hard or impossible to confirm the registered data.
- **Restricted Access:** In many cases, access to beneficial ownership information is limited to select local authorities, hindering access by foreign authorities.

2.3.2. Shortcomings of exchange of information frameworks

Although automatic and upon-request exchanges of information could make available information about foreign wealth (and the OECD/CoE Convention on Multilateral Assistance in Tax Matters explicitly mentions “net wealth taxes”³¹ as a tax covered for administrative assistance without option to opt-out), not all countries have the capacity to exchange information, and even for those that do, significant limitations remain:

- **High entry barriers:** International information exchange requires the establishment of treaties and adherence to complex legal frameworks. These frameworks demand robust confidentiality and data protection measures, as well as the collection and transmission of data in compliance with specific technical standards. For many developing countries, these requirements can pose substantial challenges, leaving their tax

³⁰ <https://x.com/AJEnglish/status/1425023828124749825?s=19>

³¹ Art. 2.1.a.iii of the Convention.

authorities unable to access critical information about their taxpayers' foreign wealth holdings.

- **Limitations of automatic exchange of information:** The scope of assets subject to global automatic exchanges is limited to financial accounts, excluding key asset categories like real estate, yachts, and private jets. Moreover, high net worth individuals can evade automatic exchanges by exploiting programs such as golden visas, which allow them to fake their tax residence. This ensures that financial account information is sent to a tax haven rather than their actual country of residence.
- **Limitations of upon-request exchange of information:** While easier for countries to implement and broader in scope (eg ownership records, contracts), these upon-request exchanges are restricted by prohibitions on "fishing expeditions." Authorities can only request information when they already have specific suspicions, making this mechanism less effective for uncovering hidden assets or identifying unknown high net worth individuals.

In conclusion, existing frameworks such as corporate beneficial ownership registries and information exchange systems fall short in addressing the sophisticated secrecy schemes of high net worth individuals. This underscores the urgent need for a comprehensive and robust solution.

This comprehensive asset beneficial ownership system explored in the next section does not need to start from scratch. It could fix the loopholes of corporate beneficial ownership, and expand its definitions to capture relationships to assets (eg leasing an aircraft), which go beyond the traditional scope of corporate ownership (companies cannot be "rented").

3. Roadmap towards effective asset beneficial ownership

Achieving effective asset beneficial ownership transparency is essential for addressing wealth tax evasion and other illicit financial activities. While global cooperation remains the ultimate goal—particularly with the involvement of major financial centres—countries can take unilateral short-term steps to strengthen asset ownership frameworks in the interim. Depending on the jurisdiction, these reforms could be implemented through legislative measures by legislative bodies or via regulatory changes initiated by the head of asset registries or tax administrations.

This section outlines both a long-term vision for a global, comprehensive system of asset beneficial ownership, an account of

existing, actionable best practices and other short-term measures that countries can adopt immediately.

Although asset beneficial ownership would suggest the need to obtain more information on “assets”, this would be just one of the “entry points”. Asset beneficial ownership ultimately involves a relationship between an individual (the beneficial owner) and their assets. For this reason, it is equally important to achieve more transparency starting from the taxpayer (the “beneficial owner” of the asset) in order to then identify the wealth that they own. Finally, countries could also focus on the “relationship” between an individual and an asset to reveal more wealth. For this, it is important to go beyond “ownership” that tends to be the only type of interest registered in asset registries. For instance, the financing of an asset through a mortgage or unsecured loan could reveal the real owner of the asset.

3.1 Long-term global comprehensive system

A truly effective system of asset beneficial ownership requires identifying all potential beneficial owners of assets (bottom up) and all the assets of known wealth taxpayers (top down). In other words, it is necessary to establish registers for all relevant types of assets, and to identify all individuals that may be related to those assets. It is not enough to only identify individuals with direct or indirect ownership, because high net worth individuals can engage in schemes to use an asset without technically owning it.

3.1.1 Comprehensive asset registration

All assets deemed “relevant” (eg high-value assets typically owned by high-net-worth individuals) should be subject to mandatory registration. While existing registries often cover real estate, motor vehicles, ships and aircraft, these registries could be upgraded (or new registries could be set up) to also register high-value items like artwork, antiques, jewellery, racehorses or polo horses, and precious metals.

Registries should capture detailed information, including:

- **Legal ownership.** Most asset registries will collect legal ownership information. In some cases, this information is publicly available online for free (eg Macedonia real estate registry³²).
- **Price/Value:** The estimated market value of the asset. For instance, the land registry in [France](#)³³ offers price information. The

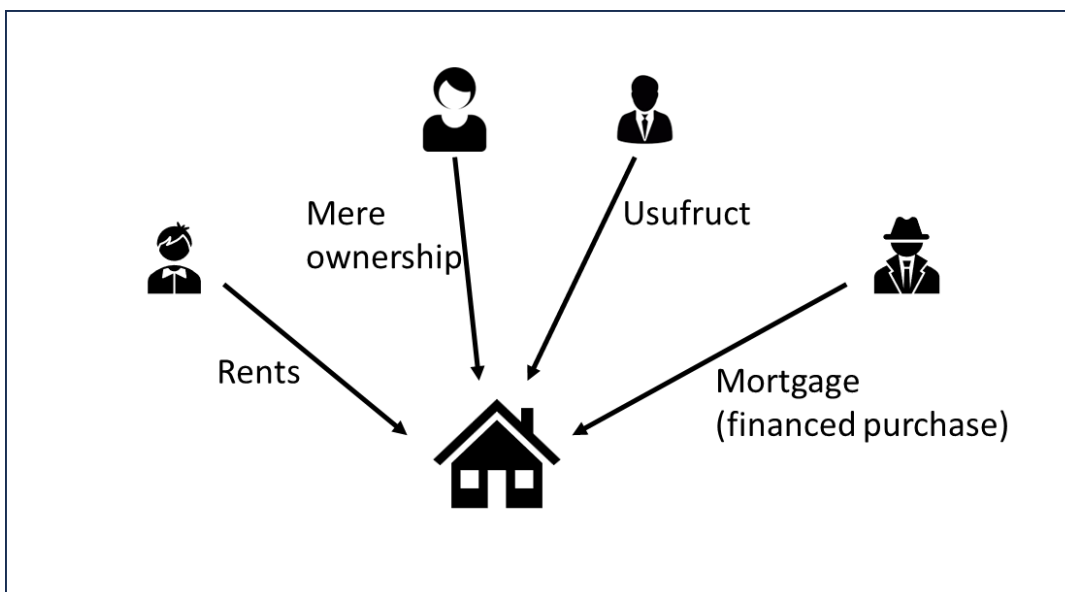
³² See Id 437 of North Macedonia’s Financial Secrecy Index report: <https://fsi.taxjustice.net/country-detail/#country=MK&period=22>

³³ <https://www.french-property.com/guides/france/property-rights/registration#4>

app [Zillow](#)³⁴ estimates the market value of a property in the US just by typing in the address.

- **Origin of funds:** Documentation on how the asset was acquired (eg personal wealth, bank financing) to detect money laundering or wealth tax evasion schemes.³⁵ For instance, financial institutions, lawyers, notaries and other professionals must enquire about the origin of their customers' funds as part of customer due diligence for anti-money laundering purposes.
- **Previous owner:** Having information about previous owners could reveal bogus transfers as well as frequency of changes. For instance, Ecuador's commercial registry publicly discloses the price and previous owner of share transfers.
- **Relationships to the asset:** As Figure 5 shows, relationships to an asset go beyond direct ownership and could include leasing, usufruct, financing, and operational control. Most land registries at least in Civil Law countries will register and give public access to information on mortgages and other liens that could affect a property to warn users before trades. In [Argentina](#)³⁶, taxpayers are required to register their lease contracts with the tax administration to be able to obtain some deductions from personal income tax.

Figure 5. Potential relationships to an asset



³⁴ <https://www.zillow.com/how-much-is-my-home-worth/>

³⁵ The local wealth tax may be a "net" wealth tax that deducts mortgage or other interest payments, so a high net worth individual may be pretending to have obtained third-party financing to reduce the overall wealth tax.

³⁶

<https://servicioscf.afip.gob.ar/publico/sitio/contenido/novedad/ver.aspx?id=4234>

3.1.2 Comprehensive corporate beneficial ownership registration

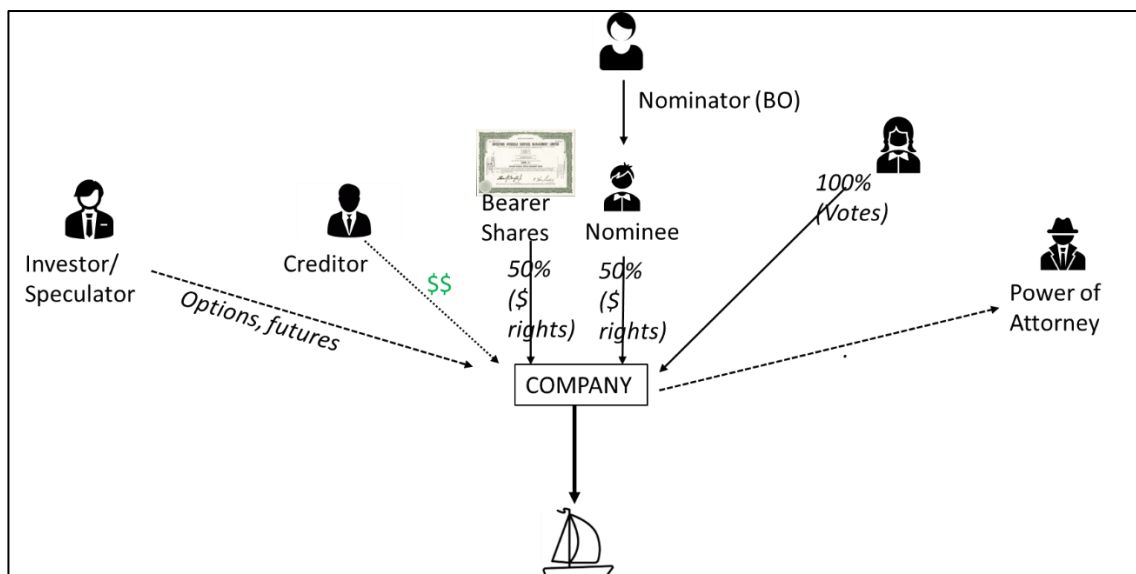
Since wealth is often held indirectly through intermediaries like companies or trusts, corporate beneficial ownership registration must cover all types of legal vehicles and all relationships to a legal vehicle. Based on the [roadmap to effective beneficial ownership transparency](#)³⁷, corporate beneficial ownership frameworks should be upgraded as follows:

- **Scope:** All types of legal vehicles, including trusts or entities without separate legal personality, listed companies or investment funds should be covered without exception. Foreign legal vehicles with relationships to local assets or to local beneficial owners, should be included.
- **Definition:** As illustrated by Figure 6, registration must include all individuals with a relevant relationship to a legal vehicle, either through ownership, control (eg through power of attorney, voting rights or credits), benefit (eg right to use an asset), or exposure through financial contracts.
- **Thresholds:** To avoid circumvention, thresholds should be eliminated—every shareholder or individual with voting rights, regardless of percentage, should be registered. An alternative would be to have dynamic definitions, where thresholds are applied only for individuals who hold interests in a legal vehicle below a certain value, eg US\$ 10,000. In other words, despite a law applying a 25 per cent threshold, an individual holding an interest in a legal vehicle worth US\$ 11,000 would still need to be identified as a beneficial owner even if this interest represented merely 0.01 per cent of the legal vehicle’s shares.³⁸

³⁷ Andrés Knobel, *Roadmap to Effective Beneficial Ownership Transparency (REBOT)* (2 July 2023) <<https://taxjustice.net/wp-content/uploads/2023/02/Roadmap-to-Effective-Beneficial-Ownership-Transparency-Version-1-2023.pdf>> [accessed 8 February 2023].

³⁸ Proposal by Jose Troya mentioned during the closed virtual roundtable of 7 February 2025 to discuss the working paper.

Figure 6. Potential relationships to a company or other legal vehicle



3.1.3 Interconnection of (decentralised) asset and beneficial ownership registries

As illustrated by Figure 7, asset and beneficial ownership registries must be interconnected seamlessly in order to identify the beneficial owners who own, control, or benefit from an asset. Asset registries could focus on collecting legal ownership data, while beneficial ownership registries would verify and consolidate the relationships tied to each asset.

Although some asset registries also collect beneficial ownership information (eg the land registry in British Columbia³⁹), ensuring proper beneficial ownership registration and verification can be extremely challenging.⁴⁰ For this reason, it may be more efficient for beneficial ownership registries to specialise in obtaining accurate and updated beneficial ownership information, while asset registries would collect sufficient information on the price, location, ownership and relationship to each asset by legal owners.

The fact that information will be interconnected does not mean that asset beneficial ownership information should be centralised in one authority. Instead, each asset registry could collect its own details (eg legal ownership, price and ownership structure). However, authorities should develop a system, software or algorithm (meeting data security and privacy safeguards) that can search all asset registries and the

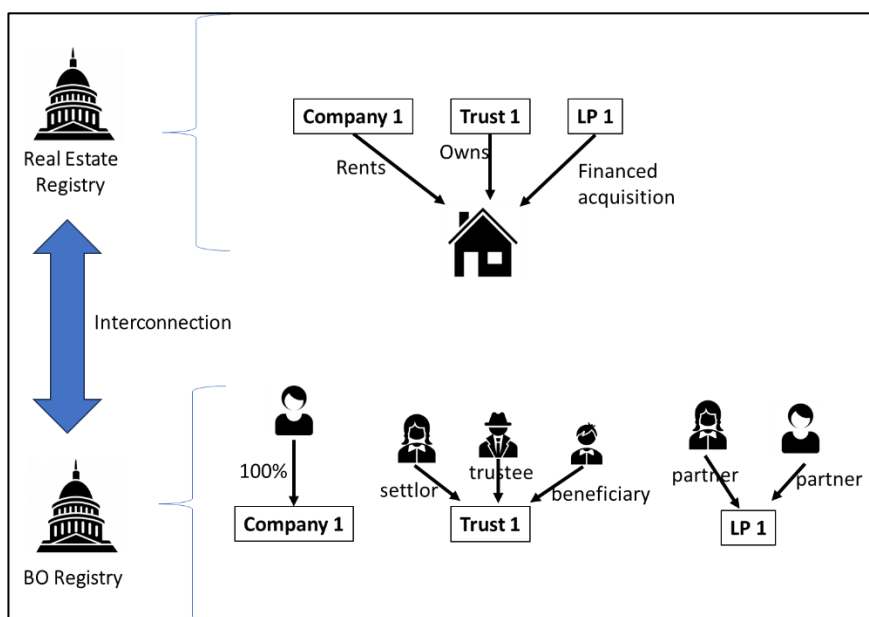
⁴⁰ Louise Russell-Prywata, *NEBOT Paper 2- Verification and Quality of Beneficial Ownership Information in the EU* <<https://images.transparencycdn.org/images/NEBOT-Paper-2.pdf>> [accessed 10 February 2025].

corporate beneficial ownership registry to identify either the assets of a specific beneficial owner, or the beneficial owner of a specific asset.

For prevention purposes (eg identification of unknown high net worth individuals), the system should also allow searching for any individual who in aggregate beneficially owns assets exceeding a certain threshold or other red-flags based on predetermined indicators (many financial intelligence units and tax administrations have confidential indicators to detect risky taxpayers or money launderers; for instance, individuals who are politically exposed persons, who travel frequently overseas and who have high credit card consumption despite having low declared income or living in low-income locations).

In a scenario where there is a global interconnection of asset registries, countries will need to agree on harmonisation of asset valuation methods. Otherwise, there may be a challenge to obtain information from other countries or regions' data, if they apply different criteria. For instance, real estate with a market value of US\$ 1 million could be missed by the algorithm if the foreign country captures only book value or other sources that establish a much lower value for the asset.

Figure 7. Interconnection of asset registries to beneficial ownership registries



3.1.4 Access by competent authorities

Access to asset beneficial ownership information should be streamlined and user-friendly, ensuring relevant local authorities can obtain the data they need efficiently. This could be achieved through secure, online platforms that are free of charge, feature structured data, and allow searches by any field—such as the name of the beneficial owner, the company, or the asset's location.

However, access must be tailored to each authority's mandate, ensuring they only receive the specific data required for their functions. For

example, if the wealth tax applies solely to individuals holding at least 51 per cent of an asset, tax authorities would access the identities of these qualifying beneficial owners only, even if additional individuals are identified in the registry. Anti-corruption agencies might require access only to information on beneficial owners who are politically exposed persons (PEPs).

For foreign authorities, direct access to asset beneficial ownership information could be provided under strict conditions (eg preventing access to information for fishing expeditions and instead allowing access on a specific taxpayer whose wealth is being investigated), and based on an existing exchange of information agreement. At the same time, for prevention purposes, countries could engage in spontaneous exchanges of information relating to high net worth individuals. For instance, an algorithm search for preventive purposes discussed in the point above could reveal that a non-resident beneficially owns local assets above US\$100M. Assuming there is an existing information exchange agreement, the country could spontaneously share the information on this individual with their corresponding country of residence.

Public access to statistical information and to wealth information on “ultra” high net worth individuals

Although most wealth information would usually be considered confidential, countries should still publish statistics for the general public to be aware of the levels of inequality, and the types of assets that local taxpayers hold interests in. For instance, the UK publishes personal wealth statistics based on inheritance tax returns.⁴¹

At the same time, ultra high net worth individuals, ie billionaires, could be considered to be holding “vastly disproportionate power over politics and government”⁴², which could prompt countries to require them to publish information on their wealth and interests in different businesses as a way to protect democracies and the rule of law, similar to the public access to asset declarations by members of Parliament (see box 3 below).

41

https://assets.publishing.service.gov.uk/media/5c516f07ed915d7d3cdd01d2/Wealth_National_Statistics_Commentary_2014-16.pdf

⁴² Kate Andrias & Benjamin I. Sachs, ‘Constructing Countervailing Power: Law and Organizing in an Era of Political Inequality’ <<https://www.yalelawjournal.org/article/constructing-countervailing-power-law-and-organizing-in-an-era-of-political-inequality>> [accessed 10 February 2025].

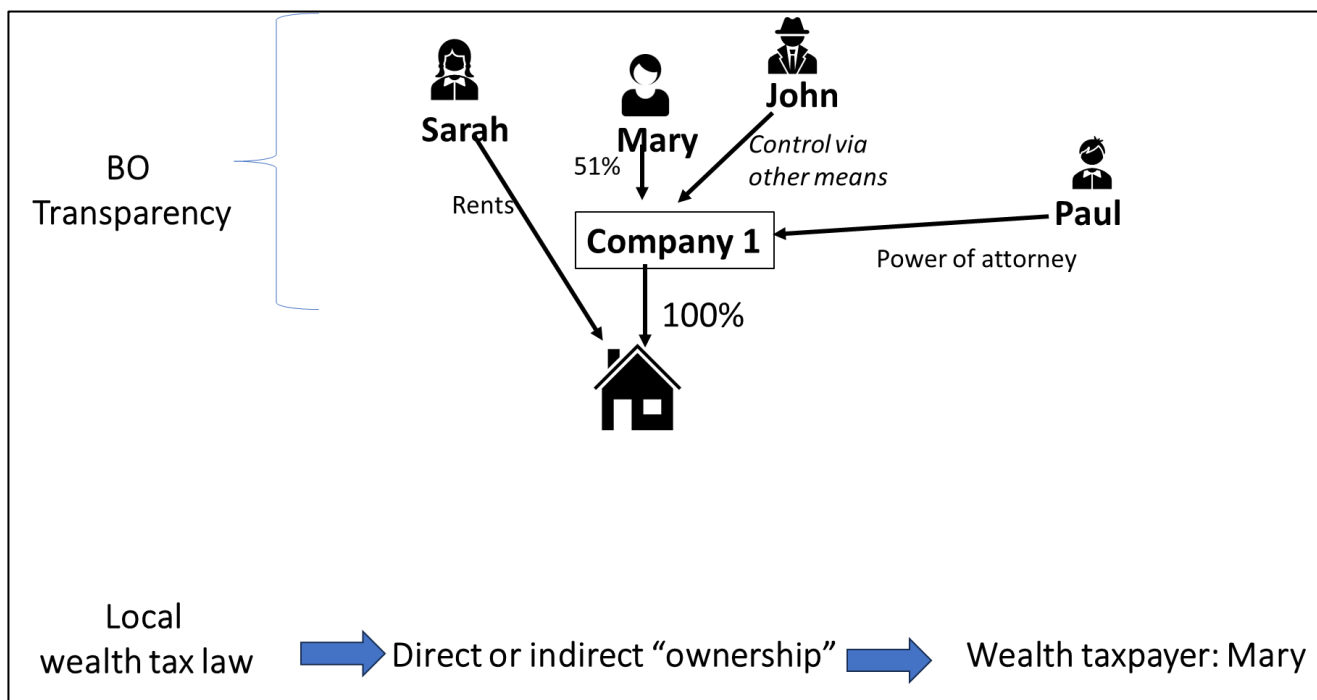
Box 2. The relationship between asset beneficial ownership, the design of wealth taxes and other transparency standards

Rather than creating another fragmented transparency framework catering to a specific wealth tax or regulatory standard, comprehensive asset beneficial ownership could become *the* global system that harmonises data collection to meet the requirements of all existing international standards and national frameworks. Such a system would not alter existing standards but ensure sufficient data is available to comply with them comprehensively.

For example, a global asset beneficial ownership system would record various relationships, such as individuals owning or controlling companies, those using corporate assets for personal purposes, and those financing assets through financial contracts. Access to this data would be tailored to each authority's mandate—tax administrations could view ownership above a specified threshold, while financial intelligence units might focus on those with controlling interests.

In the context of wealth taxes, the identification of many individuals related to an asset will not necessarily affect their tax liability. Effective asset beneficial ownership would simply provide comprehensive data for authorities to identify the relevant taxpayers (based on local wealth tax laws) among a list of identified beneficial owners of an asset. As illustrated by Figure 8, asset beneficial ownership would reveal that Sarah rents the house, Mary owns 51 per cent through Company 1, John controls Company 1, and Paul has a power of attorney over Company 1's assets. Because local wealth taxes are based on ownership above 50 per cent, only Mary would be subject to wealth tax (despite other individuals also being identified as beneficial owners of the asset).

Figure 8. Beneficial ownership transparency vs wealth taxpayer



Until this long-term vision for comprehensive asset beneficial ownership becomes a reality (ie comprehensive asset and corporate beneficial ownership registration, interconnection of information and access by authorities), countries could implement interim short-term measures to improve asset beneficial ownership, as proposed in the next sub-section.

3.2 Complementary short-term measures to increase asset beneficial ownership

Countries around the globe have already undertaken important steps towards increasing asset beneficial ownership transparency. We identify existing best practices and other potential short-term measures that rely on existing transparency initiatives, including: a wealth tax return to be filed by high net worth individuals, extending corporate beneficial ownership to foreign legal vehicles, increasing beneficial ownership of securities, implementing third-party reporting by wealth-information holders (eg insurance companies) and finally encouraging asset beneficial ownership by penalising secrecy with punitive measures.

3.2.1 Mandatory self-reporting of global wealth by high-net worth individuals

Tax administrations often struggle to obtain accurate information on the beneficial ownership of assets, particularly those held abroad. This challenge arises due to three primary reasons:

1. **Lack of registries for certain asset types:** For certain asset categories, such as works of art or precious metals, there may be no registry or systematic collection of ownership information.
2. **Separation of legal and beneficial ownership:** Even for registered assets, the information may only pertain to the legal owner, who could be a company or nominee, rather than the beneficial owner.
3. **Cross-border challenges:** Assets located abroad may impede timely access to information, even if the foreign jurisdiction maintains such records.

To address these issues, many countries with existing wealth taxes, such as inheritance taxes, mandate self-reporting from taxpayers. However, not every citizen is subject to wealth tax and thus subject to self-reporting. A threshold is usually established to determine who must report. For example:

- In Argentina, the threshold for wealth tax (“bienes personales”) in 2023 was ARS 100,000,000 (approximately US\$100,000), excluding a primary residence valued under ARS 350,000,000 (approximately US\$350,000).⁴³
- In Norway, net taxable wealth below NOK 1.5 million (approximately EUR 150,000) per person is exempt from net wealth tax.⁴⁴
- In Spain, the special “solidarity surcharge” on high net worth individuals applies to a wealth of at least EUR 3 million.⁴⁵

As regards best practice on self-reporting, the 2018 OECD report, *The Role and Design of Net Wealth Taxes in the OECD*⁴⁶, states that “[w]ealth tax filing is generally based on self-assessment” (p. 89). Similarly, the 2021 OECD report, *Inheritance Taxation in OECD*

⁴³ <https://www.afip.gob.ar/gananciasYBienes/bienes-personales/conceptos-basicos/que-es.asp>

⁴⁴ Bettina Banoun, *Wealth Tax: Norway*, Background Paper No. 138 <https://www.wealthandpolicy.com/wp/BP138_Countries_Norway.pdf> [accessed 30 December 2024].

⁴⁵ Alison Schultz and Miroslav Palanský, ‘Taxing Extreme Wealth: What Countries around the World Could Gain from Progressive Wealth Taxes’, 2024 <<https://osf.io/pux5e/>> [accessed 14 September 2024].

⁴⁶ OECD, *The Role and Design of Net Wealth Taxes in the OECD*.

*Countries*⁴⁷, outlines that several countries require the filing of inheritance tax returns, including Belgium, Denmark, Spain, Finland, Greece, Ireland, Italy, Japan, Korea, Luxembourg, Netherlands, Poland, Portugal, the United Kingdom, and the United States. Additionally, some countries mandate filing an inventory of assets, such as Belgium, Chile, Denmark, Finland, France, Hungary, Ireland, Italy, Japan, Korea, Luxembourg, Portugal, Spain, Switzerland, and the United States (p. 100).

The London School of Economics' Wealth Tax Commission also highlights that wealth tax returns are required in France⁴⁸, India⁴⁹, Italy⁵⁰, Norway⁵¹, Spain⁵² and Switzerland⁵³. Examples of existing forms, such as Spain's [Model 174](#)⁵⁴ and the UK's inheritance tax forms (eg [IHT 407](#)⁵⁵ for vehicles, boats, and aircraft) offer valuable templates for other countries. These forms typically require detailed descriptions of each asset, including its value and, for real estate, its location. However, they often fail to capture information on the legal ownership structure of the assets. To enhance transparency, wealth tax forms should also include details about the legal owners, such as the name of the entity, country of incorporation, and tax identification number.

International organisations generally recommend aligning the filing of wealth tax returns with income tax returns. This approach facilitates cross-verification of information and minimises the risk of taxpayers forgetting to file. To further reduce administrative burdens, wealth tax returns can be pre-populated using third-party reporting (see also point 3.2.4 below). For example, as described by the UN Subcommittee on

⁴⁷ *Inheritance Taxation in OECD Countries*, OECD Tax Policy Studies, No. 28 <<https://doi.org/10.1787/e2879a7d-en>>.

⁴⁸ Marine Dupas, *Wealth Tax: France*, Background Paper No. 134 <https://www.wealthandpolicy.com/wp/BP134_Countries_France1.pdf> [accessed 30 December 2024].

⁴⁹ Girish Vanvari and Krishnan TA, *Wealth Tax: India*, Background Paper No. 137 <https://www.wealthandpolicy.com/wp/BP137_Countries_India.pdf> [accessed 30 December 2024].

⁵⁰ Alessia Paoletto, Mara Monte and Roberto Bonomi, *Wealth Tax: Italy*, Background Paper No. 136 <https://www.wealthandpolicy.com/wp/BP136_Countries_Italy.pdf> [accessed 30 December 2024].

⁵¹ Banoun, *Wealth Tax: Norway*.

⁵² Alonso Ramallo, *Wealth Tax: Spain*, N Background Paper No. 132 <https://www.wealthandpolicy.com/wp/BP132_Countries_Spain.pdf> [accessed 30 December 2024].

⁵³ Eckert and Aebi, *Wealth Taxation in Switzerland*.

⁵⁴ See Annex III (Model D-174): <https://www.boe.es/buscar/doc.php?id=BOE-A-2024-5721>

⁵⁵

<https://assets.publishing.service.gov.uk/media/5b5ad12e40f0b6339963e92b/IHT407.pdf>

Wealth and Solidarity Taxes Guidance⁵⁶, Norway's tax authority provides taxpayers with pre-filled income tax returns, which include a comprehensive list of assets based on third-party reports. Taxpayers can then authenticate or complete these returns (p. 100).

In line with these aforementioned best practices and shortcomings, self-reporting by wealth taxpayers could be improved further. Wealth tax returns reported by taxpayers in their corresponding country of residence should cover their global wealth by disclosing:

- **Type of Asset** (eg real estate, vehicles, securities)
- **Location**
- **Value**
- **Ownership Structure** (ie beneficial and legal ownership details).

Box 3. Wealth tax returns vs. asset declarations

Wealth tax returns share similarities with asset declarations filed by public officials in many countries, which aim to prevent corruption. Both require reporting of assets such as real estate, vehicles, and business interests. However, asset declarations often have an anti-corruption purpose and are thus publicly accessible to allow for media and civil society oversight. Countries like Argentina⁵⁷, Spain⁵⁸ and Pakistan⁵⁹ make asset declarations by members of parliament available online, promoting transparency and accountability.

⁵⁶ *Subcommittee on Wealth and Solidarity Taxes - Guidance*

<<https://financing.desa.un.org/sites/default/files/2024-03/CRP.%202%20Appendix%20A.pdf>> [accessed 30 December 2024].

⁵⁷ While asset declarations must be requested online, many news articles report on them, for instance: <https://chequeado.com/el-explicador/las-declaraciones-juradas-del-congreso-que-patrimonio-declararon-martin-menem-victoria-villarruel-y-los-jefes-de-bloques/>

⁵⁸ See for instance the asset declaration of the first (chronological order) Senator:

<https://www.senado.es/web/composicionorganizacion/senadores/composicionsenado/fichasenador/index.html?id1=19848&legis=15&id2=a>

⁵⁹ Openparliament.pk offers a scan of the handwritten asset declaration by members of parliament. See a random example here:

<http://openparliament.pk/mp-profile/?memberId=1683>

3.2.2 Upgrade current registries: extend beneficial ownership registration to foreign legal vehicles, register corporate assets, and interconnect with current asset registries

Tax authorities often lack immediate access to information on the beneficial owners of assets, even for locally registered assets. This gap arises primarily from two factors:

1. **Limited scope of beneficial ownership registries:** Most beneficial ownership registries collect information only on local legal persons or on trusts with a domestic trustee. Consequently, when a local asset is owned by a foreign company or trust, the local beneficial ownership registry has no record on these foreign companies or trusts.
2. **Lack of integration with asset registers:** Even when a local entity is subject to beneficial ownership registration, there is often no connection between beneficial ownership registries and asset registers. This disconnection may be due to the absence of digitalised information, unstructured data, or the lack of unique identifiers to link entities. For instance, it may be unclear whether Company X owning a house is the same Company X with John as the beneficial owner.

To overcome these deficiencies, countries with beneficial ownership registries should expand their scope to include information on both local and foreign legal vehicles (eg companies, trusts) that own local assets. Some countries have already implemented such measures:

- **The UK, France, Germany, and Austria** require beneficial ownership registration for foreign legal entities acquiring real estate within their jurisdictions.
- **Uruguay:** Requires beneficial ownership registration for foreign entities holding assets worth at least US\$230,000, regardless of the asset type.⁶⁰
- **EU AML Package:** Mandates registration of beneficial owners for foreign legal entities and trusts acquiring:
 - Motor vehicles worth at least EUR 250,000.
 - Aircraft or ships worth at least EUR 7.5 million.

⁶⁰ Art. 24.c) of Law 19.484. It is based on having assets above 2,500,000 "indexed units".

- For real estate the EU AML Package imposes no thresholds and extends the requirement to current holdings acquired after 2017.⁶¹

Integration of information for wealth tax purposes

To ensure the collected data is useful for wealth tax purposes, it must be systematically integrated with existing asset registers. Brazil's Federal Attorney for the National Treasury offers a notable example, as it has been working to consolidate information on taxpayers' real estate, vehicles, ships, and aircraft to assess the tax risk associated with each taxpayer.⁶² Estonia's free online public beneficial ownership registry discloses information on the local real estate owned by local legal vehicles, by linking the data to the real estate registry.⁶³

By adopting similar practices, countries can enhance the transparency and usability of beneficial ownership information, ensuring it serves both anti-money laundering and tax compliance objectives effectively.

Require the commercial register or beneficial ownership register to collect information on (registrable) assets held by legal vehicles

Corporate registries, either the commercial registry or the beneficial ownership registry should start requiring legal vehicles to disclose the list of (registrable) assets that they own, including their location and value. For instance, in the UK, trusts must already file beneficial ownership information with the tax administration and include details of the assets they hold including: land or property (its address and value), businesses and shares in any non-EU company (name of company, number of shares and their value), money and other assets (such as cars, jewellery or art).⁶⁴

Most companies are required to file accounts that include a "balance sheet" that lists total value of assets held by the company. However, they do not describe the actual type, location and value of each of the assets that integrate the "total assets". By requiring companies and other legal vehicles to disclose the list of assets and their value, authorities will be able to cross-check information reported by taxpayers in their wealth tax return, as well as cross-check ownership information available in the different land and asset registries. At the same time,

⁶¹ Based on Art. 10.2 of the 6th EU Anti-Money Laundering Directive (AMLD 6) and Art. 67 of the Anti-Money Laundering Regulation (AMLD 6).

⁶² Presentation by Arthur Moura (Federal Attorney for the National Treasury) at the OECD Tax and Crime Academia in Argentina, November 2024. Details on results for 2024 are available on page 28, here: https://www.gov.br/pgfn/pt-br/aceso-a-informacao/institucional/pgfn-em-numeros/anuario-da-pgfn-2024-imp-15_04-lu-final.pdf

⁶³ <https://ariregister.rik.ee/eng/>

⁶⁴ <https://www.gov.uk/guidance/register-a-trust-as-a-trustee#what-youll-need>

companies and legal vehicles will have an obligation to report information on foreign (registrable) assets, whose information is not available in local asset registries.

This information on assets held by each legal vehicle will be useful to ensure that taxpayers do not hide their wealth in shell companies and other vehicles.⁶⁵

3.2.3 Increase transparency of securities ownership and tax “ultra” high net worth individuals

Securities, such as shares in listed companies and bonds, constitute a significant share of wealth for the top 0.1 per cent⁶⁶. Yet, tax authorities often lack direct access to information on the beneficial owners of these assets. For example, securities’ opacity enabled the Central Bank of Iran to evade US sanctions by indirectly holding over US\$2.8 billion in US Treasury Bonds through American and European financial institutions.⁶⁷

There are two main reasons for securities’ secrecy:

1. **Focus on investor protection, not tax evasion:** Financial regulations primarily aim to protect investors and prevent fraud, rather than address tax evasion or related crimes like money laundering or sanctions evasion. These regulations often require disclosure of major shareholders (eg those owning at least 5 per cent of a listed company), but not necessarily the beneficial owners. Exemptions may apply when shareholders, such as investment funds, do not exercise political rights (votes) attached to their shares.⁶⁸ While relevant for investor purposes, this high threshold leaves out relevant information for wealth taxes. For instance, a 0.01% stake in Apple, worth over US\$220 million, remains unreported under current frameworks.
2. **Gaps in beneficial ownership transparency:** Beneficial ownership registries typically exempt listed companies and investment funds from registration. Even when not explicitly exempt, investment funds

⁶⁵ This information on corporate assets will be relevant in case the wealth tax applies to the beneficial owner or legal owner of assets, as it will be discussed in another paper. In case the wealth tax applies on the beneficial owner, information on the assets held by (shell) companies will be relevant to ensure the taxpayer includes these assets in their wealth. In case the wealth tax applies on the legal owner of assets, this information will be relevant to ensure the value of the shares of the company (on which the taxpayer will be taxed) correctly reflect the value of the underlying assets held in the company.

⁶⁶

<https://www.federalreserve.gov/releases/z1/dataviz/dfa/compare/chart/#quarter:140;series:Assets;demographic:networth;population:all;units:levels>

⁶⁷ <https://www.expatica.com/lu/general/clearstream-pays-152-mn-over-iran-sanctions-violations-54563/>

⁶⁸ Knobel, *Beneficial Ownership Transparency for Companies Listed on the Stock Exchange*.

often operate as limited partnerships or trusts, which may be implicitly excluded from registration in certain jurisdictions. For example, limited partnerships from England, Wales, or Northern Ireland are not required to register their beneficial owners in the UK. Where listed companies and investment funds fall under the scope of beneficial ownership registration, the typical 25 per cent ownership threshold renders it unlikely that any individual investor is captured. Consequently, registries often record only the fund manager rather than end-investors.

Enhancing securities transparency should focus on beneficial ownership disclosure rather than amending financial regulations. Key measures include:

1. **Mandatory registration for all entities:** Investment funds and listed companies should be required to register their beneficial owners regardless of organisational structure (eg limited partnerships, trusts).
2. **Value-based reporting thresholds:** Reporting thresholds should be tied to the value of the investment rather than a percentage of ownership. For instance, Ecuador mandates the identification of owners holding investments exceeding ca. US\$50,000.⁶⁹
3. **Regular updates on ownership:** Since securities ownership can change frequently (eg ultra-fast trades) compared to non-listed companies, beneficial ownership data should be updated less frequently (not upon every change). Options include end-of-business-day reporting on 31 December, or as of the end of the quarter, month or week. Depending on the risk of the security and to avoid dividend tax fraud schemes similar to the [cum-cum and cum-ex](#) scandals ⁷⁰, eg reporting of owners of securities could take place more frequently and also include all historical owners or traders within the day, week or month (depending on the risk).
4. **Centralised information reporting:** Given the dispersed nature of end-investor information across intermediaries, data should be centralised somewhere⁷¹. This could be managed by each listed company or investment fund, or by the national central securities depository. For instance, for Chinese “A shares” (those denominated

⁶⁹ Art. 5.2 of Tax Administration Resolution NAC-DGERCGC16-00000536.

⁷⁰

https://www.oecd.org/content/dam/oecd/en/publications/reports/2023/12/dividend-tax-fraud_e8f79c1b/70ee934c-en.pdf

⁷¹ Although in certain contexts data decentralisation may be preferable for data safety reasons, decentralisation requires that all players and databases are still somehow interconnected to search for information and run analysis (eg between asset registries and beneficial ownership registries). In the context of securities, given the multiple players involved (eg brokers, custodial banks, investment funds, master funds, sub-funds, central securities depositories, and entities issuing securities) and their global location, it may be easier to centralise information in one institution within the country.

and traded in RMB, issued by domestic limited corporations and open to domestic investors primarily), Chinaclear registers individual shares in the name of the individual end-investor.⁷² In either case, intermediaries with relevant information should report to the entity in charge of centralising security ownership until the beneficial owner is identified for every share or dollar held in the investment fund or listed company.

By addressing these loopholes, securities transparency can be significantly improved, aiding tax authorities in assessing wealth more accurately and curbing illicit activities tied to opaque securities ownership.

Tax ultra-high net worth individuals based on their public securities holdings

Although securities opacity prevents identifying all the end-investors that hold interests in securities, including those that hold interests worth a hundred thousand to millions of dollars, there is public information on the top shareholders of these companies. For instance, Forbes lists billionaires based on their publicly known interests in securities. Based on this information alone, countries could start taxing these ultra-high-net-worth individuals (ie billionaires)⁷³, even if they have no framework to tax any other of their assets or reveal their remaining taxable base.

3.2.4 Reporting of wealth by third-party information holders

Tax authorities often lack independent sources of information on movable assets not subject to registration, such as works of art, jewellery, and precious metals. This gap makes it impossible to cross-check wealth tax declarations for these asset types effectively.

To address this shortfall, countries should mandate that third-party information holders report on the beneficial owners of these assets. The reporting requirements should include:

- **Insurance companies:** Required to report on expensive works of art (eg paintings, sculptures) or jewellery they insure against theft or destruction.
- **Auction houses, art galleries, and museums:** Obligated to report on works of art they sell, transfer, or exhibit. [Argentina required

⁷² Nougayrède, Delphine, 'Towards a Global Financial Register? The Case for End Investor Transparency in Central Securities Depositories', *Journal of Financial Regulation*, 2018
<<<https://academic.oup.com/jfr/article/4/2/276/5067182>> [accessed 6 August 2019].

⁷³ Zucman, *A Blueprint for a Coordinated Minimum Effective Taxation Standard for Ultra-High-Net-Worth Individuals*.

museums, brokers and taxpayers to report trades of artworks worth ca. US\$ 10,000 under [Resolution 3730/2015](#)⁷⁴].

- **Brokers of precious metals:** Expected to report on sellers and purchasers of precious metals and jewellery.
- **Luxury brands (clothing and perfumes):** Must report sales of high-value items (eg worth more than US\$10,000), such as purses, watches or jewellery.
- **Luxury brands of registrable assets:** For high-value items like expensive cars, yachts, or private jets, reporting should be required in case these assets end up registered in a foreign country.
- **Freeport operators:** Must report beneficial owners of high-value assets stored in the freeport (eg artwork, jewellery, precious metals, wines, cigars, etc).

Indirect indication of wealth

- **Financial institutions:** report on big bank loans (given that the bank would likely assess the wealth of the account holder to use as collateral) and foreign currency exchanges (this may be relevant in countries with high inflation, eg Argentina). High value transfers, or at least important variations of the account balance (eg above US\$ 100,000) should be reported as they could indicate a conversion of the type of wealth. For instance, the payment (or reduction of the account balance, whatever is available to be reported) of US\$ 200,000 could indicate that the individual purchased an asset, while an increase or deposit of the same amount could indicate that the individual sold an asset.⁷⁵
- **Airlines:** report on individuals flying first class as an indication of wealth.
- **Customs data:** In Argentina, customs data was used to suspend pensions for low-income individuals who travelled abroad, including through yachts and private jets. Customs data on foreign trips and means of transportation (especially private jets and yachts) could be used as an indication of wealth.⁷⁶

Tax authorities in many jurisdictions already leverage data from third-party information holders to identify tax evasion and avoidance.

⁷⁴ <https://servicios.infoleg.gob.ar/infolegInternet/anexos/240000-244999/241243/norma.htm>

⁷⁵ Proposal by Jose Troya mentioned during the closed virtual roundtable of 7 February 2025.

⁷⁶ <https://www.lanacion.com.ar/politica/el-gobierno-se-prepara-para-dar-de-baja-mas-de-150000-planes-sociales-de-beneficiarios-que-viajaron-nid15012024/>

Examples of third-party data obtained by tax authorities include:

- **In more than 100 jurisdictions:** Banks report account holders for domestic tax purposes and for automatic exchange of information (eg the OECD Common Reporting Standard, also known as the CRS).
- **In the EU and other countries (eg Mexico, Israel, South Africa):** Lawyers, accountants, and tax advisors report schemes involving aggressive tax planning or concealing beneficial ownership under mandatory disclosure rules.⁷⁷
- **Norway:** Pre-fills tax returns using information provided by third parties.⁷⁸
- **Argentina:** Collects data from third parties on real estate and automobile trades, credit card and debit card expenditures, investments in trusts, utility bills and private school fees.⁷⁹ Argentina's tax administration's website alerts taxpayers "this is what we know about you" based on third-party information holders' reporting.⁸⁰
- **Spain:** Utilises a catalogue of over 570 luxury goods and service providers to identify high-net-worth individuals.⁸¹
- **Indirectly from the local Financial Intelligence Unit.** Most countries in the world are assessed on their money laundering requirements by the Financial Action Task Force on anti-money laundering (FATF) or their regional bodies. A key requirement for countries under Recommendations 20 and 23 is to require financial institutions and professionals to report "suspicious transaction reports" to the financial intelligence unit when they suspect money laundering. Given that tax evasion should be considered a predicate offence to money laundering, the financial intelligence unit may share tax-related suspicious transaction reports with the tax administration. This information may include details on the beneficial owners of accounts or other assets.

⁷⁷ These mandatory disclosure rules are required for instance by BEPS Action 12, and in the EU they are established by the amendment to the Directive on Administrative Cooperation known as DAC 6.

⁷⁸ See point 3.2.1

⁷⁹ <https://www.lanacion.com.ar/economia/que-sabe-la-afip-de-vos-y-por-que-te-lo-cuenta-nid2127577/>

⁸⁰ https://www.clarin.com/servicios/saber-datos-afip-bienes-ingresos-gastos-deudas_0_MQ1sEgSxKm.html?srsltid=AfmBOopjSlbMh09KpG2RltXDcuOvpA2roY26qhRAc5QjOC2RMwKjYkuW

⁸¹ See page 7 of Spain tax administration's 2020 main tax results here: https://sede.agenciatributaria.gob.es/static_files/AEAT/Contenidos_Comunes/La_Agencia_Tributaria/Sala_de_Prensa/2021/08-07-21_PPT_Resultados_Control_AEAT_2020.pdf

Addressing beneficial ownership gaps in third-party reporting

Current third-party information holder disclosure schemes often fail to capture beneficial ownership information. Instead, they may only record details about a company's scheme or expense, or the direct legal owner of an account⁸². To resolve this, tax authorities could rely on beneficial ownership data that many third-party information holders already collect for anti-money laundering (AML) purposes. For example, the Financial Action Task Force (FATF) Recommendations 10 and 22 require "obliged entities" such as banks, lawyers, accountants, and brokers of precious metals to perform customer due diligence. This includes identifying beneficial owners and verifying the origin of funds.⁸³ By extending these anti-money laundering practices to wealth reporting, tax authorities could significantly enhance their ability to monitor and verify wealth declarations effectively.

3.2.5 Penalising secrecy with punitive measures

Until comprehensive beneficial ownership registration (or the partial measures proposed in this section) becomes available, high-net-worth individuals can evade wealth tax on some luxury assets by concealing their ownership. For example, a mansion listed in the land registry could escape inclusion in the wealth tax base if its beneficial owner cannot be identified. This scenario might occur if the mansion is owned by an offshore trust, and the trust's beneficial owners remain undisclosed. In such cases, sanctions for non-compliance against the taxpayer would be ineffective because tax administrations would not know the identity of the non-compliant individual. Similarly, a high net worth individual could use secrecy jurisdictions with poor asset and beneficial ownership registries to exploit the additional secrecy.

To incentivise compliance, countries should impose punitive measures targeting the secretive asset itself until the registered legal owner reveals the beneficial owner's identity. Additionally, countries could make it expensive (through taxes) and risky (via loss of the protection of private property or the rule of law) to hold assets in secrecy jurisdictions. Examples of such measures include:

1. Direct and indirect economic prohibitions: Direct consequences could include to prohibit the sale, rental, or use of the asset as collateral. For example, in the UK, land titles owned by foreign legal entities that failed to register their beneficial owners face restrictions,

⁸² Markus Meinzer and others, 'Comparative Report on SWIFT Data in the EU27', *SSRN Electronic Journal*, 2023 <https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4346192> [accessed 13 March 2023].

⁸³ "Obligated entities" obtain this information in case they financial intelligence unit requests it, or to file suspicious transaction reports in case of suspicions of money laundering.

preventing these entities from leasing, charging, or disposing of their UK property freely.⁸⁴

Indirect consequences could affect market access and doing business. Under automatic exchange of bank account information with the US, a non-compliant financial institution (that fails to inform the US about any foreign financial account held by a US entity or individual) risks “having payments withheld by counterparties, banking and or correspondent relationships terminated.”⁸⁵

2. Prohibition of use: Restrict the use of secretive movable assets, such as luxury cars or yachts. For instance, in the EU, nationals are prohibited from operating or owning vessels listed as engaging in illegal fishing.⁸⁶

3. Punitive taxes: Impose a tax on the value of any luxury asset without declared beneficial owners. For example:

- Ecuador increases the income tax rate by 3 percent for companies that fail to declare their beneficial owners.⁸⁷
- A 5 percent “secrecy tax” on the asset’s value could enable the state to claim ownership of the asset within 20 years. This timeframe mirrors the “acquisitive prescription” principle in many Civil Law countries, where possession and use of an asset (eg real estate) over time result in ownership: 10 years for good faith and 20 years for bad faith possession.
- A 10 percent “transparency levy” has been proposed in the UK on financial payments made to “undisclosed companies” that fail to publish details of their directors, shareholders, beneficial owners, and accounts.⁸⁸
- A 25 per cent (income tax deductible rate) has been proposed on any transfer of assets to or from secrecy jurisdictions.⁸⁹
- The US Foreign Account Tax Compliance Act (FATCA) imposes a 30 per cent withholding tax on payments to financial institutions that fail to disclose account information to the US.

⁸⁴ <https://companieshouse.blog.gov.uk/2023/03/07/register-of-overseas-entities-the-story-so-far/>

⁸⁵ <https://foodmanpa.com/beware-of-fatca-certifications-being-under-ofac-review/>

⁸⁶ Art. 39 of EU Regulation 1005/2008.

⁸⁷ Art. 5.2 of Resolution NAC-DGERCGC22-00000065.

⁸⁸ <https://www.ft.com/content/e75df6ed-c4c4-4732-87ea-33a5f71f2225>

⁸⁹ Proposal by Valpy Fitzgerald (Oxford University/ICRICT) during a closed roundtable on 7 February 2025 to discuss feedback to this paper.

By implementing these measures, countries can effectively discourage secrecy and foster compliance with wealth tax reporting requirements, ensuring a more transparent and equitable tax system.

4. Remove financial supervision by stable and trusted financial centres. High net worth individuals hold assets in small secrecy jurisdictions, not because they trust their enablers (eg a particular lawyer resident in the BVI) but because they trust the financial supervision that oversees these enablers. For instance, the Judicial Committee of the Privy Council (JCPC) is the highest court of appeal for the United Kingdom's overseas territories, offering a seal of trust to the rule of law applied in many small secrecy jurisdictions. By removing external supervision by the US, UK and the EU over many of their related secrecy jurisdictions (eg UK Overseas Territories), high net worth individuals may be discouraged from holding their assets and legal vehicles there.⁹⁰

⁹⁰ Idem.

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Annex: Positive spillover effects of asset beneficial ownership

Asset beneficial ownership creates positive spillover effects beyond wealth taxes. Although a thorough assessment of all positive spillovers is beyond the scope of this paper, this annex offers a list of ideas on how asset beneficial ownership can help enforce other taxes as well as financial crimes such as corruption and money laundering.⁹¹

1. Taxes

1.1 Income tax on undeclared wealth

Asset beneficial ownership helps determine the wealth of an individual. This value can help discover undeclared (legal or illegal) income that was the source to acquire or obtain the current level of wealth. In some countries, both legal and illegal income is subject to income tax.⁹²

For instance, the OECD's Common Reporting Standard for automatic exchange of information reports the account balance of account holders. Argentina uses this value not only for its wealth tax, but also because it considers that any undeclared wealth is the result of undeclared income. Consequently, Argentina levies income tax on the account balance (as if the account balance were entirely undeclared foreign income).

1.2 Increase transparency to properly tax the income of high net worth individuals

For most personal income taxpayers, their main source of their income is their salary. There are few options to escape the tax, as the income tax is directly withheld by their employer, or the employer reports their salary to the tax administration. In contrast, as described in the paper "Fiscal citizenship and taxpayer privacy"⁹³:

"For ultrawealthy taxpayers who derive most of their income from capital rather than labor, this self-assessment is accompanied by little oversight from administrative or enforcement agencies."
(page 290).

⁹¹ Andres Knobel, *Uses and Purposes of Beneficial Ownership Data* (2023) <<https://taxjustice.net/wp-content/uploads/2023/11/Uses-and-purposes-of-BO-Data-briefing-14-Oct-2.pdf>> [accessed 22 December 2023].

⁹²

<https://documents1.worldbank.org/curated/en/106141625812725457/pdf/Personal-Income-Tax.pdf>

⁹³ Alex Zhang, 'Fiscal Citizenship and Taxpayer Privacy', *Columbia Law Review* <<https://scholarlycommons.law.emory.edu/cgi/viewcontent.cgi?article=1292&context=faculty-articles>> [accessed 10 February 2025].

The paper describes that this difference in treatment is based on the fact that high net worth individuals have a high degree of discretion to decide how to report their own income, many times resulting in tax avoidance:

"Congress has delegated to ordinary citizens the authority to determine their tax liabilities... This delegation comes with substantial discretion in interpreting federal statutes and regulations, as well as freedom to structure economic transactions to minimize tax burdens... This delegation comes with substantial discretion in interpreting federal statutes and regulations, as well as freedom to structure economic transactions to minimize tax burdens... Complex tax rules and long-exploited structural loopholes have broadened the range of tax outcomes at the top income levels, often at the election of the taxpayer." (pages 300-301).

Asset beneficial ownership could rebalance this disparity, by giving tax authorities sufficient information on the assets held by high net worth individuals that should be subject to income tax, such as the trade of local or foreign securities, distribution of dividends, or ownership of real estate or yachts that could be rented out when they are not in use by the high net worth individual.

1.3 Capital gains tax

Information on the beneficial owner of assets could ensure that capital gain taxes are properly declared and paid whenever high net worth individuals sell their assets. Information on the beneficial owners could also be used to detect indirect offshore transfers (where the sale of an asset is hidden because the legal owner stays the same, while the ownership over the holding company in a foreign country is sold). One proposal would be to trigger capital gains tax whenever the beneficial owner of an asset changes, even if the legal owner stays the same.

1.4 Dividend tax

Asset beneficial ownership could help ensure that dividend taxes are properly levied whenever dividends are distributed. Determining the exact owner of a security can help prevent tax fraud scandals similar to the [cum-cum and cum-ex scandals](https://www.europarl.europa.eu/cmsdata/158435/2018-11-26%20-%20Information%20paper%20on%20Cum-ex%20-%20Cum-cum.pdf).⁹⁴ In the cum-cum, taxpayers would lend securities to a person not subject to dividend tax before the dividend was paid, only to recover the security and share the profits. In the cum-ex, many parties engaged in short-selling to pretend to be

⁹⁴ <https://www.europarl.europa.eu/cmsdata/158435/2018-11-26%20-%20Information%20paper%20on%20Cum-ex%20-%20Cum-cum.pdf>

owning a security in order to claim a dividend tax refund, even though none of them had owned the security or paid the dividend tax.

1.5 Value added tax (VAT)

Corporate beneficial ownership (beneficial owners of legal vehicles, which is an integral part of asset beneficial ownership) can help prevent two different types of value-added tax fraud. On the one hand, the EU [VAT carousel fraud](#)⁹⁵ could be revealed if all the entities involved in the fraud are owned by the same beneficial owner. On the other hand, as described by an [OCCRP article](#)⁹⁶, beneficial ownership of companies could reveal schemes where an individual creates shell companies to simulate a legitimate business (eg renting a yacht to different companies) in order to escape VAT on all the personal purchases related to the yacht. In reality, no business endeavour to rent out the yacht existed.

2. Corruption

2.1 Conflict of interest

Asset beneficial ownership could disclose that public officials are owners of companies involved in procurement, or public tenders, or have interests in businesses favoured by different laws.

2.2 Unjustified enrichment

Any wealth by an individual that cannot be explained by their declared income could be a case of unjustified enrichment, and reveal a possible illegal activity (eg drug smuggling). Some countries such as the UK issue “unexplained wealth orders” whenever they suspect the wealth or purchases of an individual does not match their declared income.

2.3 Cross-check asset declarations by members of parliament

Asset beneficial ownership could help cross-check asset declarations by members of parliament and other government officials who must disclose their wealth and interests, to prevent conflicts of interest and to monitor the evolution of their wealth.

3. Money laundering

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https://www.europarl.europa.eu/RegData/etudes/BRIE/2021/690462/IPOL_BRI%282021%29690462_EN.pdf

⁹⁶ <https://www.occrp.org/en/project/cyprus-confidential/billionaire-roman-abramovichs-company-set-up-fake-superyacht-chartering-scheme-in-apparent-attempt-to-evade-millions-in-taxes>

The income from all of these illegal activities, eg tax evasion, bribes from corruption, could in turn be laundered to hide the proceeds and reinvest them in the economy. Asset beneficial ownership could help disclose cases of money laundering and ensure authorities may confiscate assets after they are found guilty (enable asset recovery).