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Taxation of high-net-worth individuals: the current situation (*) (**)

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INDEX

1. INTRODUCTION
2. THE INTERNATIONAL AGENDA ON WEALTH TAXATION: PROGRESS, INITIATIVES AND CHALLENGES
3. WEALTH TAXATION IN COMPARATIVE LAW
 - 3.1. Taxes on net wealth, on specific assets, or through the attribution of a deemed return in income tax
 - 3.2. Other related reforms
4. DATA ON THE DISTRIBUTION AND COMPOSITION OF WEALTH
5. ARGUMENTS FOR AND AGAINST PERSONAL WEALTH TAXES

References

1. INTRODUCTION

In recent years, wealth taxation has regained a central position on the international academic and political agenda. The sustained rise in wealth inequality, the growing concentration of wealth, and the pressure to finance resilient welfare states have generated renewed interest in taxes on assets, inheritance, and other forms of wealth. Added to this is the accumulated evidence that taxpayers with greater wealth, in relative terms, bear a lower tax burden than the rest of the population, which reopens the debate on the efficiency, adequacy, equity, and democratic legitimacy of tax systems.

As a result, the contemporary debate goes beyond the mere revenue-raising dimension and incorporates structural considerations: the effects of wealth concentration on the functioning of democratic institutions and processes, intergenerational imbalances, equality of opportunity, and the risks arising from the mobility of capital and high-net-worth individuals.

The recent international context reinforces the importance of this discussion. During the 4th International Conference on Financing for Development (FFD4) held in Seville between June 30 and July 3, 2025, Spain and Brazil jointly presented the Seville Action Platform, an initiative to promote greater taxation of high-net-worth individuals, aimed at combating global inequality and strengthening social cohesion.

The Conference also reinforced multilateral commitments set out in the Seville Consensus and highlighted the urgency of strengthening international cooperation on tax matters in a context marked by geopolitical tensions, interlinked economic crises, and structural challenges such as digitalization, demographic aging, and climate change.

At the same time, various opinion polls reflect growing public concern about rising inequality. The results of the special Eurobarometer survey *Fairness, Inequality and Inter-Generational Mobility* (February 2023) indicated that 81% of the population in European Union Member States consider income and wealth inequality in their country to be excessive, and 78% believed that governments should take more decisive measures to reduce these disparities. Similarly, a recent survey conducted across G20 member countries revealed that 67% of respondents perceive an increase in wealth inequality, whilst 70% expressed support for an increase in the tax burden on high-income earners (IPSOS, 2024).

This paper presents the state of the art of the debate surrounding wealth taxation. The first section describes trends, proposals, and measures regarding the taxation of large fortunes on the international stage. The second section carries out a comparative law analysis and reviews the European experience in the design of different types of wealth taxes to identify the factors that led to their disappearance in most European countries. The third section presents data on the concentration and composition of wealth in Spain and other relevant countries. Finally, the fourth section analyzes the main arguments for and against personal wealth taxes based on the broadest consensus of scientific evidence.

2. THE INTERNATIONAL AGENDA ON WEALTH TAXATION: PROGRESS, INITIATIVES AND CHALLENGES

In recent years, various governments and international organizations have stepped up their efforts to adapt wealth taxation to new economic and social challenges. The debate has evolved from a general reflection on inequality toward the identification of specific instruments that can strengthen the progressivity of the tax system and ensure an appropriate contribution from large fortunes.

This section summarizes the main trends, initiatives, and actions promoted at the international level to move toward more effective taxation of large fortunes.

For over a decade, international tax cooperation focused on corporation tax, driven by the realization that many multinationals were artificially reducing their tax burden through strategies to erode tax bases and shift profits to low-tax jurisdictions. The first major structured effort to tackle this problem was the OECD's BEPS Action Plan, which established a set of measures to curb these practices and strengthen the coherence of the international tax system. Building on this initial work, the OECD and the G20 subsequently developed the so-called "Inclusive Framework," which led to the reform known as the two pillars. Pillar 1 was designed to reallocate part of the profits of large companies to the countries where they are actually generated, whether through economic activity, users, or markets. Pillar 2 aimed to ensure a global minimum effective tax rate to prevent companies from shifting profits for purely tax-related purposes. Now that this phase of reforms focused on corporate taxation has been consolidated, the international debate is moving toward a new area: the need to address the taxation of high-net-worth individuals more decisively, which includes specific challenges such as their growing cross-border mobility and the suitability of the instruments for adequately taxing their income and wealth.

Regarding the taxation of high-net-worth individuals, the OECD's work over the last decade has focused on leading studies, comparative analyses, and public policy recommendations, as well as promoting the automatic exchange of financial information. Among the most relevant documents, the following are worth highlighting:

- *Tax Policy Reform and Economic Growth* (OECD, 2010): The report highlighted that, whilst personal income and wealth taxes can influence economic growth, they play a vital role in promoting equity and controlling wealth. However, it also pointed out that, in many countries, wealth taxes presented problems of effectiveness due to their design.
- *Trends in Top Incomes and their Tax Policy Implications* (OECD, 2011): Considering the need for fiscal consolidation following the 2008 crisis, the report showed that many countries had reduced their top marginal income tax rates since the 1980s. It concluded that there was scope to increase the tax contribution of the wealthiest without this generating disproportionate negative effects.
- *The Role and Design of Net Wealth Taxes* (OECD, 2018): This report analyzed the experience of OECD countries with net wealth taxes, noting that, although many countries had abolished them due to design flaws, evasion, and low revenue, there has recently been renewed interest in

reviving them, particularly as a means of increasing revenue and addressing wealth inequality. It also provided tax policy recommendations to improve their functioning, noting that, despite inherent difficulties, such as asset valuation and capital mobility, wealth taxes can play a significant role if there is adequate international coordination.

- *Inheritance Taxation in OECD Countries* (OECD, 2021): The report examined the distribution of family wealth, trends in inheritance, and the design of inheritance and gift taxes. Furthermore, it assessed the arguments for and against inheritance taxation based on the theoretical and empirical literature, concluding that such taxes can help increase revenue and reduce intergenerational inequalities. It proposed design improvements and emphasized the importance of international cooperation, as well as the strengthening of taxation on personal capital income and high incomes.

In addition, three different series of annual OECD reports are particularly relevant:

- *Revenue Statistics*, which allow us to observe the evolution of the relative share of taxes on net wealth and inheritance within each country's total tax revenue.
- *Tax Policy Reforms*, which provide comparative information on tax reforms in different countries and track the evolution of tax policy over time. In this area, it has been noted that, following the pandemic and the energy crisis, governments have increased their focus on taxing wealth and high incomes. This has resulted in greater progressivity in personal income tax, an increase in taxation on capital gains, the strengthening or introduction of net wealth taxes (whether permanent or temporary), and a rise in property taxes.
- *Taxing Wages*, which analyzes the effective tax burden on different income levels and shows that, in many countries, higher earners benefit from lower effective rates, largely due to the preferential treatment of capital income compared to labor income.

In this context, although there is not yet a "Pillar 3" specifically related to taxing the wealthiest individuals, the OECD has established the taxation of high incomes and individual wealth as one of its key areas of focus. Having identified the gradual erosion of this taxation, it has directed its recommendations toward the following areas with a view to enhancing fairness:

- a) Personal income tax: promoting greater progressivity, particularly in the higher tax brackets, as well as reducing the tax gap between income from labor and income from capital, the taxation of which is often more advantageous for taxpayers with greater financial means. Inheritance and gift tax: strengthening these taxes to limit the concentration of wealth and intergenerational inequality, ensuring that these taxes are well designed and have broad bases and appropriate effective rates.
- b) Net wealth taxes: establishing or improving these taxes where they exist, paying particular attention to technical design (asset valuation, thresholds, exemptions, and anti-abuse rules) to ensure their effectiveness and reduce incentives for tax avoidance and capital flight.

- c) International cooperation and exchange of information: strengthening multilateral mechanisms for transparency and tax cooperation to detect and prevent tax evasion and asset concealment in low- or no-tax jurisdictions, a key factor in cases involving large fortunes with high international mobility.

Following the initiatives promoted by the OECD, the international debate on taxing personal wealth has taken on a broader political dimension within the G20 framework. In this forum, the search for more equitable and progressive tax systems, along with considering taxation on high-net-worth individuals, has gained prominence in recent years. Although the proposal for a global minimum tax on the net wealth of the ultra-rich has not yet reached a formal consensus, there is an explicit political commitment to continue working toward the progressive, fair, and effective taxation of large fortunes. Among its most significant proposals and actions, the following stand out.

Brazil's proposal and Zucman's study

On June 25, 2024, during its G20 presidency, Brazil presented a proposal to establish a global minimum tax of 2% per annum on the net wealth of individuals with assets exceeding one billion dollars. This initiative aimed to combat growing economic inequality and help fund global projects, such as the fight against hunger, poverty, and climate change.

The proposal was based on a study led by economist Gabriel Zucman, which revealed that current tax systems barely tax the wealthiest individuals: billionaires, on average, pay an effective tax rate of 0.3% on their wealth. The report also showed that the wealth of the richest 0.0001% grew by 7.1% annually between 1987 and 2024, coinciding with a global increase in the number of billionaires from 3% to 14%. Zucman argued that an international minimum tax of at least 2% would rise between \$200 billion and \$250 billion annually if applied to the world's approximately 3,300 ultra-rich, and up to an additional \$140 billion if extended to centimillionaires.

G20 Ministerial Declaration (July 2024)

On July 26, 2024, the G20 finance ministers adopted the *Rio de Janeiro G20 Ministerial Declaration on International Tax Cooperation*, which recognized that wealth and income inequality undermine economic growth and social cohesion. The Declaration also highlighted the difficulties many countries face in implementing progressive and effective tax policies, particularly due to the international mobility of high-net-worth individuals and their access to sophisticated tax avoidance and evasion mechanisms. Although countries such as France, Spain, South Africa, Colombia, and the African Union supported Brazil's proposal, others, including the United States and Germany, expressed reservations and argued that it is up to each country to ensure a fair and progressive tax system.

Nevertheless, the Declaration acknowledged that promoting effective, fair, and progressive tax policies is a key challenge for international tax cooperation. To promote best practices, build the capacity of tax administrations, enhance transparency and tax certainty, avoid unnecessary duplication of effort, and support and strengthen national tax reforms.

Historic commitment at the Leaders' Summit (November 2024)

At the G20 Leaders' Summit held on November 18 and 19, 2024 in Rio de Janeiro, a collective agreement was reached for the first time to advance a tax agenda specifically targeting high-net-worth individuals. The *Rio de Janeiro Leaders' Declaration* established a commitment to strengthen international cooperation on tax matters, exchange best practices, develop mechanisms to combat tax evasion and aggressive tax planning, and promote tax system progressivity.

Specifically, paragraph 20 of the Declaration explicitly set out the countries' willingness to collaborate to ensure that ultra-high-net-worth individuals pay tax effectively, thereby opening a new chapter in international tax governance.

The Rio Declaration represents an unprecedented milestone. It is the first time since the creation of the G20 in 1999 that all its members have agreed that the way the super-rich are taxed needs to be corrected, and they have promised to work together to achieve this.

Link to the Global Alliance Against Hunger and Poverty

At the same Summit, Brazil launched the Global Alliance Against Hunger and Poverty, designed to support evidence-based policies that pursue a threefold aim: to eradicate hunger and poverty, reduce inequalities, and revitalize global partnerships for sustainable development. The effective taxation of large fortunes is seen as a key tool for achieving these objectives.

Likewise, within the United Nations (UN), a growing consensus has emerged on the need for more progressive tax systems and effective mechanisms to tax extreme wealth. This debate has been reflected in various initiatives, frameworks, and specialist reports, notably those detailed below.

Financing for Development (FfD)

Financing for Development constitutes the UN's permanent policy framework for agreeing on how to finance sustainable development globally. It addresses key issues such as taxation, debt, investment, and international cooperation. In recent years, progressive taxation and states' capacity to effectively raise public revenue have gained increasing prominence.

A milestone in this area is the *Addis Ababa Agenda of the Third Conference on Financing for Development* (United Nations, 2015), which reinforced states' commitment to increasing tax system progressivity and improving international cooperation to combat tax evasion and avoidance. Both elements are considered essential to ensuring fairer taxation of large fortunes.

FACTI Panel

The High-Level Panel on Financial Accountability, Transparency and Integrity for the 2030 Agenda (FACTI Panel) was established in 2020 as a technical and advisory body of the UN to analyze the impact of illicit financial flows, tax evasion, lack of transparency, and deficiencies in tax systems on

sustainable development. It was also tasked with proposing recommendations to ensure that global financial systems are transparent and to enable states to raise the resources they need.

Although it did not directly propose a global minimum tax on the wealth of the ultra-rich, although it did so for multinationals, its work included a series of recommendations to facilitate the establishment of such a tax. These include greater transparency regarding asset ownership, expanding and strengthening the information exchange system, increasing international tax cooperation, closing loopholes that allow for tax evasion or avoidance, improving the administrative capacity of tax authorities and, in particular, increasing tax system progressivity to ensure the effective and equitable taxation of all taxpayers.

Financing for Sustainable Development Office (DESA)

The Department of Economic and Social Affairs (DESA) houses the Financing for Sustainable Development Office, which publishes relevant analyses on the taxation of the wealthiest individuals.

The report *Net Wealth Taxes: How They Can Help Fight Inequality and Raise Revenue* (UN, 2024b) highlights that, if properly designed and administered, wealth taxes can generate substantial revenue and help mitigate inequality by counteracting the effects of extreme wealth concentration. Similarly, the 2023 *Financing for Sustainable Development Report* (UN, 2023a) recognizes that structural inequalities pose a significant challenge for social justice and for achieving the Sustainable Development Goals. The report emphasizes the need to improve international cooperation and strengthen national tax capacities to address these inequalities and ensure more equitable resource distribution.

Committee of Experts on International Cooperation in Tax Matters

In October 2021, the United Nations Committee of Experts on International Cooperation in Tax Matters established the Subcommittee on Wealth and Solidarity Taxation with a mandate to analyze wealth taxes and provide guidance on their design. Its work includes analyzing the advantages and disadvantages of such taxes, studying their interactions with other taxes (particularly capital taxes), developing proposals and public policy guidelines, and incorporating and preparing draft guidance on these issues.

Among its contributions, the *Wealth and Solidarity Taxes* (UN, 2023b) report stands out, recognizing the role of wealth taxation in reducing inequality and mobilizing revenue. Furthermore, the Subcommittee has worked on the UN Model Law on a Tax on the Net Wealth of Individuals and has published practical guidelines for its implementation.

Toward a Framework Convention on International Tax Cooperation

General Assembly Resolution 77/244 of December 30, 2022 launched a process to create a more inclusive international tax framework.

In July 2023, the General Secretary presented the report *Promoting Inclusive and Effective International Tax Cooperation*, setting out three possible pathways to create a more inclusive tax framework: 1) a multilateral tax convention, 2) a framework convention on international tax cooperation, and 3) a framework for international tax cooperation.

Subsequently, Resolution 78/230 of December 22, 2023 established an *ad hoc* committee tasked with formulating the approach for a Common Framework. Resolution 79/235 of December 24, 2024 approved the Terms of Reference for its development, including two preliminary protocols and a work schedule.

The final text is expected to be presented during the first quarter of the General Assembly's 82nd session in 2027.

Spanish–Brazilian Initiative: Effective Taxation of High-Net-Worth Individuals

During the 4th International Conference on Financing for Development (FFD4), held in Seville in July 2025, Spain and Brazil launched the joint initiative *Effective Taxation of High-Net-Worth Individuals. Taxes on the Super-Rich*.

The proposal, open to civil society and international institutions and organizations, seeks to promote a more effective multilateral debate on how to tax the ultra-rich progressively and effectively.

Its main objectives are to identify the concentration of wealth across countries; compile comparable data on effective tax rates; encourage joint research among countries on inequality and progressive taxation; identify policy, administrative, and data availability shortcomings; share experiences and best practices among jurisdictions; promote evidence-based tax reforms; and, ultimately, ensure that high-net-worth individuals pay efficiently, in line with their wealth. A work plan has been drawn up, with face-to-face meetings to take place at least once a year. The initiative forms a part of the *Seville Platform for Action*, aimed at driving measurable actions and strengthening international partnerships to improve the financing of sustainable development, putting the *Seville Commitment* into concrete practice.

We continue the analysis by evaluating the role of the European Union (EU) in the debate on wealth taxation and progressive taxation. Although the EU has no direct harmonizing competence in personal taxation, the legal framework, institutional reports, parliamentary initiatives, and recent policies show a growing interest in tackling inequality, strengthening tax justice, and assessing the suitability of measures affecting the greatest wealth.

General positions of the European Parliament prior to Pillar 2

Even before the adoption of Council Directive (EU) 2022/2523 of December 14, 2022, which introduced a global minimum level of taxation for large corporate groups (Pillar 2) the European Parliament had already highlighted the central role played by fair taxation and the fight against fraud, tax evasion, aggressive tax planning, and money laundering in building fair societies and robust economies. In its Resolution of March 26, 2019 on financial crime and tax evasion and avoidance,

the Parliament emphasized that a fair and efficient tax system is essential to fight inequality. At the same time, it warned that recent tax trends had shifted the tax burden from wealth to income, from capital to labor, from multinationals to small and medium-sized enterprises (SMEs), and from the financial sector to the real economy. This shift has had a disproportionate impact on women and, in general, has allowed the highest levels of tax evasion to be concentrated among the wealthiest taxpayers.

The European Parliament's Committee on Economic and Monetary Affairs (ECON Committee)

The ECON Committee, responsible for the EU's economic, financial, and fiscal affairs, has shown a growing interest in taxing high-net-worth individuals. A significant milestone was the report on minimum rates, capital taxes, and net wealth, passed by a majority on March 21, 2023, which proposed: introducing net wealth taxes applicable to portfolio assets exceeding certain thresholds, to estate planning, to property, and to luxury goods. It also recommended establishing a minimum rate on capital gains, reversing the trend of tax cuts on the highest incomes, and improving the exchange of tax information on high-net-worth individuals. The report also called on Member States to share information on tax avoidance schemes used by high-net-worth individuals, to ban tax regimes designed to attract large fortunes (by extending the scope of the Code of Conduct on Business Taxation), and to coordinate efforts to prevent personal tax evasion and avoidance within the single market.

Furthermore, ECON warned of the harmful effects of new preferential tax regimes targeting “digital nomads,” high-income foreigners, high-net-worth retirees, and other similar profiles.

The European Citizens' Initiative “Taxing Great Wealth to Finance the Ecological and Social Transition”

According to the 2023 Eurobarometer on equity and inequality, 81% of citizens in the EU Member States consider income and wealth inequalities to be excessive and are calling for greater public intervention. Against this backdrop, the European Citizens' Initiative *Taxing Great Wealth to Finance the Ecological and Social Transition*, launched in 2023 by civil society organizations, trade unions, economists, and politicians, called on the European Commission to introduce a European tax on large fortunes to finance the EU's own resources and support the ecological and social transition. The initiative highlighted, among other figures, that the five richest billionaires had increased their wealth by 76% since 2020, whilst 99% of EU citizens had become poorer. It estimated that a 5% tax on European billionaires and trillionaires could raise up to €286.5 billion annually.

Although the proposal was registered on July 11, 2023, it failed to reach one million signatures by October 9, 2024. However, it placed the debate on the European agenda and received explicit support from organizations such as Oxfam, *the Foundation for European Progressive Studies*, and *the Tax Justice Network*, generating greater institutional interest in tax harmonization and the minimum taxation of large fortunes.

Wealth taxation in the European Commission's Annual Tax Reports

The European Commission's Annual Taxation Report assesses tax trends in the Member States.

In both 2024 and 2025 (European Commission, 2024, 2025), the Reports reflect that taxes on capital and wealth were gaining momentum as instruments for advancing toward greater tax fairness.

Chapter 6 of the 2025 report is specifically devoted to the progressivity of European tax systems, tax measures targeting wealth, and the challenges of ensuring fair taxation for high-net-worth individuals.

Furthermore, both reports expressly mention the G20 debates on taxing the ultra-rich and the European Citizens' Initiative on a wealth tax. The European Parliament's FISC Subcommittee examines *harmful* tax practices in the field of personal income and wealth taxation, including preferential regimes for non-residents, tax incentives to attract wealthy foreigners, and models of tax competition that affect equity and revenue-raising capacity.

The study *Harmful Practices and Competition in the Area of Personal Income and Wealth Taxation* (Gstrein et al., 2022) analyzes tax-driven mobility and the instruments countries use to compete for high-net-worth taxpayers, primarily tax rates and preferential tax regimes.

At the workshop *New studies on key taxation issues* (10 January 2022), studies were presented on potentially harmful tax practices in personal income tax and wealth tax, and on the evaluation of measures against tax avoidance and evasion introduced in recent years, such as ATAD and DAC. Also included are recent contributions such as the study *Tax Incentives and Investments in the EU: Best Practices and Ways to Stimulate Private Investments and Prevent Harmful Tax Practices* (Heckemeyer et al., 2025), on the design of tax incentives to prevent harmful practices, and the public hearing *Capital Gains Taxation in the EU* (January 23, 2024), dedicated to the risks of capital gains tax heterogeneity within the EU.

Estimates of a possible European minimum wealth tax on the ultra-rich

A recent study analyzes how much Member States could raise with a minimum tax of 2% or 3% on wealth exceeding €100 million or €1 billion, based on scenarios from the report commissioned by the G20 Presidency.

Their estimates indicate that a 2% tax on billionaires would neutralize the regressivity of European tax systems and raise €67 billion annually, equivalent to a quarter of the revenue Bruegel estimated would be necessary to cover defense investment needs. Meanwhile, a minimum tax of 3% would make the tax structure more progressive and raise €121 billion, nearly 50% of the revenue requirement estimated by Bruegel.

The Greens/EFA group in the European Parliament, taking a similar line, estimated that a tax on the wealthiest 0.5%, with rates ranging from 1.7% to 3.5%, could raise more than €213.3 billion a year.

In addition to the most influential international organizations, the need to increase the effective taxation of high-net-worth taxpayers has also been advocated by various institutions, platforms, and key stakeholders, including the following:

- *International Monetary Fund (IMF)*: has published specific research on inequality, progressivity, and wealth taxation, recommending higher taxation of wealth and capital income to finance public spending and reduce inequality. Among its most significant contributions are the studies *How to Tax Wealth* (Hebous et al., 2024) and *Does a Wealth Tax Improve Equality of Opportunity? Evidence from Norway* (Berg and Hebous, 2021).
- *World Bank*: has analyzed progressive tax reforms, including taxes on wealth and large fortunes, whilst providing technical assistance to countries seeking to design more efficient tax systems. Among its recent studies, the report *Taxing Wealth for Equity and Growth* (Maloney et al., 2024) stands out, highlighting the potential of wealth taxes to mitigate persistent inequalities. However, the report also warns of the challenges facing such taxes, particularly asset mobility and concealment. The report further notes that, although taxing the wealth of billionaires is gaining traction in the global debate and could provide significant resources, it does not constitute a one-size-fits-all solution to the region's fiscal challenges.
- *Platform for Tax Cooperation in Latin America and the Caribbean*: established in 2022 as a regional mechanism for dialogue and cooperation on tax policy, the Platform brings together both international organizations and countries in the region. It aims to facilitate the coordinated improvement of tax systems and align reforms with global challenges. As part of its agenda, it expressly supports the debate and promotion of measures to tax the ultra-wealthy, generating evidence, consensus, and technical support for countries that decide to move forward in this area.
- *Financial Action Task Force (FATF)*: although indirectly, the Group plays a key role in ensuring the effective taxation of the wealthiest individuals. As the leading body in setting standards to prevent money laundering and tax evasion, its recommendations on transparency, information exchange, and international cooperation are essential to ensuring that taxes on high-net-worth individuals can be enforced effectively.

In addition to these institutions, numerous think tanks and NGOs have actively advocated for the need to increase effective taxation of the wealthiest. Among the most influential are *Oxfam International*, the *Tax Justice Network*, the *Global Alliance for Tax Justice*, the *Institute on Taxation and Economic Policy*, and the *EU Tax Observatory*, all of which have produced extensive studies and proposals on tax justice and wealth taxation. Furthermore, there are international associations of millionaires that promote a permanent annual tax on the wealth of the ultra-rich to fund global public goods, such as *Millionaires for Humanity*. Other similar organizations, such as *TaxMeNow*, advocate greater tax progressivity and the proper application of wealth and inheritance taxes. At the national level, initiatives such as *Patriotic Millionaires* in the United States advocate for a fairer tax system that does not solely benefit the wealthiest.

Finally, the role of the World Social Forum as a platform where social movements, NGOs, trade unions, and tax justice networks converge should be highlighted. Although it is not an intergovernmental body nor does it issue binding regulations, it constitutes a highly active space for social mobilization in favor of fair and progressive taxation, including that of the ultra-rich.

3. WEALTH TAXATION IN COMPARATIVE LAW

3.1. Taxes on net wealth, on specific assets, or through the attribution of a deemed income tax return

Among the members of the Organization for Economic Co-operation and Development (OECD), taxes on the net wealth of individuals have declined significantly in recent decades. The most cited reasons include efficiency considerations, high administrative costs, limited revenue-raising capacity, and difficulty in meeting the redistributive objectives attributed to them. Evidence of this is that the number of states applying this type of tax fell from 12 in 1990 to 4 in 2017¹. In the specific case of the Member States of the European Union (EU), numerous countries have abolished their respective wealth taxes over the past few decades. These include Ireland, which abolished it in 1977; Italy in 1992; Austria in 1994; Denmark and Germany in 1997; the Netherlands in 2001; Luxembourg (for individuals) in 2006; Iceland and Finland in 2006; Sweden in 2007; Greece in 2009; and Hungary in 2010.

It should be noted, however, that the abolition of a net wealth tax does not imply the absence of taxation in some countries on the assets comprising the wealth of individuals. In most of these countries, other relevant taxes remain in force, such as inheritance and gift taxes or certain levies on the ownership of specific assets. Despite this historical trend, wealth taxes have attracted renewed interest following the COVID-19 pandemic, essentially driven by two factors: the realization that large fortunes are subject to low effective taxation and their potential for redistribution in the face of rising wealth inequality². Added to this are other factors that have created a new window of opportunity to reconsider their possible implementation: technological advances that facilitate asset valuation and monitoring, increased public support for tax justice, improved tax transparency, and greater international cooperation against tax evasion and avoidance³.

Although taxes on total net wealth (assets minus liabilities) remain a minority practice internationally, some countries have retained or reintroduced them. This is the case in Spain, which, after suspending the Wealth Tax in 2008 by granting a 100% rebate on the total tax liability, reintroduced it in 2011 due to the impact of the economic crisis. Subsequently, Law 11/2020 on the General State Budget for 2021 made it permanent. More recently, in 2023, this was supplemented by the approval of a temporary solidarity tax on large fortunes. Conversely, an even smaller number of states, rather than taxing net wealth as such, attribute a notional annual return on wealth within

¹ OECD (2018).

² UN (2024b)

³ UN (2024a).

personal income tax, a complex and controversial system. It is currently applied only in the Netherlands, where its replacement by a tax on actual income is already planned for 2028, and in Liechtenstein.

In comparative terms, the prevailing global trend is to adopt taxes on specific categories of assets, particularly real estate or financial assets, which are usually restricted to high-net-worth individuals.

Thus, the international landscape allows us to distinguish three main models:

1. Countries that tax net wealth through a specific (*ad hoc*) tax.
2. Countries that attribute a notional income derived from wealth within the income tax.
3. Countries that apply partial taxes on certain assets forming part of the estate.

Countries that tax net wealth through a specific tax

Spain

In Spain, the IP is structured as a state-owned tax delegated to the Autonomous Communities under a common regime, which hold powers regarding management, collection, review, and certain regulatory powers concerning tax-free allowances, tax rates and deductions, and allowances on tax liability⁴.

The IP tax is levied on the net wealth of natural persons, whether resident or non-resident, as of December 31; that is, the totality of assets and rights of economic value owned by a natural person, minus any charges and encumbrances that reduce their value and any personal debts and obligations for which the taxpayer is liable. A tax-free allowance is provided for, which, in practice, is the threshold that determines the obligation to pay tax.

Exempt assets include assets and rights necessary for the pursuit of business or professional activities and the principal residence, up to a limit of €300,000.

The applicable rate is approved by the competent autonomous community. Failing that, the tax scale in the IP Law applies. This scale also applies to non-resident taxpayers for assets and rights situated, exercisable, or enforceable in Spain, and to non-resident taxpayers who are required to pay tax on a personal basis, i.e., on their worldwide assets.

In the case of taxpayers liable on a personal basis, there is a combined limit on the total property tax liability and that of personal income tax (IRPF): it may not exceed 60% of the sum of the IRPF plus IP tax bases for the tax period. Where the tax liability exceeds this limit, the IP liability must be reduced to comply with it, although the reduction may not exceed 80% of the liability.

⁴ State regulation of the tax is primarily contained in [Law 19/1991](#) of June 6 on Wealth Tax (LIP), whilst its transfer is regulated by [Law 22/2009](#) of December 18, which regulates the financing system of the Autonomous Communities under the common regime and Cities with a Statute of Autonomy.

Furthermore, even if no Wealth Tax liability arises, taxpayers whose assets or rights have a value exceeding €2,000,000, determined in accordance with the regulations governing the tax, are obliged to file a tax return. [Law 38/2022](#) of December 27 established the Temporary Solidarity Tax on Large Fortunes (ITSGF), designed to complement the IP and administered by the central government. Subsequently, [Royal Decree-Law 8/2023](#) of December 27 extended it indefinitely pending the reform of the regional financing system, as this tax cannot be transferred to the autonomous communities. One of its main purposes is harmonization, that is, to mitigate regional differences in the IP. The ITSGF is levied on the net wealth of individuals exceeding €3,000,000, although it also provides for a minimum exemption of €700,000. Its rate ranges from 1.7% to 3.5%. The IP tax liability actually paid by the taxpayer is deducted from the liability for the new tax, and, as with the IP, it is subject to the combined limit with personal income tax.

Norway

The Wealth Tax for individuals in Norway (*Formuesskatt*) was introduced at the local authority level in 1882 and at the national level in 1892. The revenue from this tax, collected alongside income tax and administered by the Norwegian Tax Administration (*Skatteetaten*), is shared between the central government and local authorities. The main legislation governing it is the Wealth and Income Tax Act No. 14 of March 26, 1999 ([Skatteloven](#)).

In principle, it applies to both tax residents and non-residents with assets in the country. Residents must declare and pay tax on their entire wealth, whilst non-residents are only required to do so for assets located within Norwegian territory. The tax is levied on the value of an individual's assets minus debts at the end of the tax year, i.e., their net worth (property, investments, cash, etc.). Assets are valued at market value, although there are exceptions (such as shares in unlisted companies, which are valued at book value), and certain assets are subject to significant reductions (for example, the primary residence or shares, of which only 25% of the value is taxed). There is a tax-free allowance for net assets not exceeding 1.76 million Norwegian kroner per person (approximately 115,154 euros), which doubles for spouses, civil partners, or equivalent couples who file a joint tax return on their joint assets.

For wealth exceeding this amount, in 2025 the municipal tax rate was 0.525%, and the central government rate was 0.475% for the portion between 1,760,001 and 20,700,000 Norwegian kroner, and 0.575% for the portion exceeding that amount.

Switzerland

Wealth tax (*Impôt sur la fortune* in French, *Vermögenssteuer* in German, and *Imposta sulla sostanza* in Italian) applies to individuals at the cantonal level (each canton regulates its own tax base, rates, and exemptions) and at the municipal level (municipalities may impose surcharges on top of the cantonal rate). It was created in 1840 and was gradually introduced by all cantons until 1970. The competent tax authority is the cantonal government, which subsequently distributes the corresponding share to the municipalities. Although the cantons have broad autonomy in regulating taxes, the Federal Act on the Harmonization of Direct Taxes of the Cantons and Municipalities of

1990 imposes certain common principles to avoid excessive differences, such as the obligation to file a return, general rules for determining taxable assets, and valuation criteria for certain assets. Generally, assets are valued at market value. However, there are exemptions (for example, those relating to pension schemes) and more favorable tax treatments for certain assets that may vary among cantons.

Neither the tax-free allowances nor the tax rates are standardized, and they vary significantly from region to region. The tax-free allowance may vary, depending on the canton and personal and family circumstances, from 50,000 Swiss francs, as in Neuchâtel (around 53,488.50 euros), to 200,000 Swiss francs, as in Ticino (around 213,954 euros).

Cantonal tax rates, whether progressive or not, may include a 0% bracket (as in the canton of Basel-Landschaft) and generally range between 0.1% and 1%. The municipal rate usually consists of a surcharge over the cantonal rate; for example, in Basel-Landschaft, it ranges from 49% to 65%. Overall, despite differences among cantons, taxation is generally relatively low.

Luxembourg

Although there has been no tax on the net wealth of individuals since 2016, there is an annual tax on the net wealth of legal entities (*Vermögenssteuer*). Its main provisions are set out in the Law of October 16, 1934 ([Vermögensteuergesetz](#)) and apply to both resident companies and branches of non-resident companies.

The tax base consists of the value of net assets. For immovable property, the market value is not considered; instead, it is determined by the Luxembourg authorities and generally ranges between 0.7% and 1% of the market value.

The tax rate is 0.5%, and for taxable estates exceeding €500,000,000, the rate is 0.05% on the excess amount.

There is a minimum tax, amended following the Constitutional Court's ruling of November 10, 2023 and in force since 2025. It is determined solely on the basis of the total balance sheet and is set at €535 for entities with balance sheets of up to €350,000; €1,605 for balance sheets of up to €2,000,000; and €4,815 for balance sheets exceeding €2,000,000.

Algeria

The Impôt sur la Fortune is primarily governed by Title I of Part Three of the Code of Direct Taxes and Similar Levies ([Code des impôts directs et taxes assimilées](#)). Taxpayers include individuals with tax residence in Algeria based on their assets located in the country or abroad, as well as individuals without tax residence in Algeria based on their assets located in the country. In both cases, they are liable for the tax only if the net value of their taxable assets, rights, and securities, as of January 1, exceeds 100,000,000 Algerian dinars (approximately 657,136.60 euros), including the assets of their minor children. Real rights over immovable property (built and unbuilt) and certain movable assets, such as vehicles, racehorses, and works of art whose value exceeds 500,000 Algerian

dinars (approximately 3,285.68 euros), are subject to tax. Certain assets are exempt, such as the principal residence when its market value does not exceed 450,000,000 Algerian dinars (approximately 2,957,114.70 euros), leased assets, and certain agricultural assets or those necessary for the pursuit of economic activities. Assets are generally valued at their market value, although the authorities provide reference prices for property. The tax scale ranges from 0.15% for the portion of the net taxable value between 100,000,000 and 150,000,000 Algerian dinars to 1% for the portion exceeding 450,000,000.

As an anti-avoidance measure, individuals with tax residence in Algeria who do not declare assets subject to tax but whose standard of living, as assessed using official scales, suggests they possess sufficient wealth, are also considered taxable persons. In such cases, a flat rate of 10% applies.

70% of the tax revenue goes to the state budget and 30% to municipal budgets.

Argentina

There is a Personal Assets Tax, regulated under Title VI of [Law No. 23,966](#). It taxes the assets of individuals and undivided estates. For residents, it taxes their total worldwide assets, whilst for non-residents, only assets located in the country are taxed. A tax-free allowance is established, which in 2024 amounted to 292,994,964.89 Argentine pesos (approximately 168,981.89 euros).

Notable exemptions include the taxpayer's or deceased's primary residence (provided its value does not exceed (in 2024) 1,025,482,377.13 Argentine pesos (approximately 591,436.60 euros)) and government bonds, debentures, and other securities issued by the State. The valuation of each asset depends on its nature. The tax is applied progressively, with rates ranging from 0.5% to 1.25% in 2024. There is a reduced rate for compliant taxpayers, although from 2027 a single rate of 0.25% will apply. Also noteworthy is the Solidarity and Extraordinary Contribution established by [Law No. 27,605](#), to mitigate the effects of COVID-19. It was applied on a one-off basis to individuals resident in the country on their total worldwide assets and to non-residents on assets located in Argentina, provided that their net worth as of December 18, 2020 exceeded 200,000,000 Argentine pesos (approximately 115,460.78 euros). The rates ranged from 2% to 3.5% for domestic assets and from 3% to 5.25% for foreign assets. For these purposes, Argentine nationals domiciled in "non-cooperative jurisdictions" or "jurisdictions with low or no taxation" were also considered residents.

The Supreme Court of Justice of the Nation is due to ratify the constitutionality of the levy following an extraordinary appeal on grounds of possible issues involving its confiscatory nature, unequal rates, and violation of the principle of reasonableness.

Bolivia

Bolivia's Wealth Tax was established by [Law No. 1357](#) of December 28, 2020. All nationals or foreigners who remain in the country for more than 183 days, whether continuously or intermittently, within a 12-month period, are liable for this tax if their net worth exceeds 30 million bolivianos (approximately 3,724,839 euros).

The tax applies to immovable property, movable property, luxury goods, financial assets, rights, money, and any other asset of economic value owned or held by the taxpayer. Outstanding loan balances from financial institutions may be reduced.

In addition to certain entities, household goods are exempt.

The taxable base is taxed on a progressive scale: 1.4% for estates between 30 and 40 million bolivianos, 1.9% for estates between 40 and 50 million, and 2.4% for estates above that amount.

Colombia

Articles 291 to 298-8 of [the National Tax Code](#) regulate the Wealth Tax, reintroduced on a permanent, annual, and progressive basis by [Law 2277](#) of 2022. It applies to legal entities, individuals, de facto partnerships, and permanent establishments, both resident and non-resident, with liquid assets equal to or exceeding 3,585,528,000 Colombian pesos (approximately €782,635.07) as of January 1 of each year⁵. Residents are taxed on their worldwide assets, and non-residents are taxed only on those located in the country.

After applying the exemptions, such as a deduction of the first 12,000 UVT from individuals' principal residence, and the special rules, a progressive rate is applied, ranging from 0% for the portion of the taxable base between 72,000 UVT and 1,420 UVT up to 1.5% for amounts exceeding 239,000 UVT.

Uruguay

Wealth Tax, governed by Title 14 of the [1996 Consolidated Text \(TO 1996\)](#), is levied on individuals and undivided estates whose assets exceed 6,381,000 Uruguayan pesos (approximately 137,765.79 euros), and households whose assets exceed 12,762,000 Uruguayan pesos (approximately 275,531.58 euros). Certain legal entities and permanent establishments are also liable for the tax, generally without a tax-free allowance. Broadly speaking, it is levied exclusively on net assets situated or used economically within the country, although in some cases it may include assets held abroad. Valuation and deduction rules vary according to the nature of the asset. Notable deductions include 50% of household effects, up to a maximum equivalent to the tax-free allowance, as well as shares in the National Development Corporation.

Individuals and undivided estates are taxed at progressive rates ranging from 0.2% to 0.7% for residents and 0.5% to 1.5% for non-residents. In certain cases, the regulations provide for a gradual annual reduction in rates until they are unified at 0.10%. For legal entities, a fixed rate of 1.5% applies, except in specific cases. Banks and financial institutions are taxed at 2.8% and entities located in countries or jurisdictions with low or no taxation are taxed at 3%.

⁵ The Act refers to 72,000 Tax Value Units (UTV), but, in accordance with Article 1 of [Resolution 000193 of 4 December 2024](#), 1 UTV is equivalent to 49,799 Colombian pesos.

Venezuela

The [Law on Tax on Large Estates](#), published in the Official Gazette No. 41,696, August 16, 2019, created a tax levied on the net wealth of individuals and legal entities classified as special taxpayers by the Venezuelan National Tax Administration, currently determined by [Administrative Ruling SNAT/2023/00005](#). Only those with a net worth of 150,000,000 sovereign bolivars (approximately 779,429.70 euros) or more are liable.

Tax residents or those domiciled in the country are taxed on their entire net worth, regardless of where the assets are located or where the rights may be exercised. Non-residents or those not domiciled in the country are taxed solely on assets located in Venezuela and on rights that may be exercised within the national territory. If taxpayers (firms or individuals) operate through a permanent establishment in the country, they are also taxed on the total assets attributable to that establishment, regardless of the location of the assets or rights. To determine the tax base, a set of valuation rules is provided depending on the assets and rights, usually setting out several alternatives and stipulating that the one offering the highest value should be taken. Likewise, liabilities, charges, and encumbrances on the subject assets may be excluded, and a set of exemptions is provided for, notably including the principal residence and assets invested in agricultural, livestock, aquaculture, fish farming, and fishing activities, if these constitute the taxpayer's main activity and are carried out at the primary level.

The general tax rate is 0.25%, although the Act authorizes the Executive to raise it to a maximum of 1.50%.

Countries that tax a notional return attributed to wealth within the income tax

Although they do not have a wealth tax as such, some countries attribute a deemed return to net wealth and subject it to personal income tax. Due to the problems this raises and its lack of connection to actual economic capacity, this technique is applied very rarely. Its purpose is to ensure that high-net-worth taxpayers contribute even in years of low returns. This system is found primarily in the Netherlands, where it is already set to be replaced by a system based on actual returns from 2028 onwards, and in Liechtenstein.

Netherlands

A wealth tax was in place in the Netherlands from 1964 to 2000. In 2001, the taxation of capital under the income tax (*Inkomstenbelasting*) for residents and non-residents underwent a major overhaul. Taxation of actual capital gains was abolished and replaced by a system based on the deemed income derived from net wealth. The personal income tax structure is organized into three boxes:

- Box 1: taxes wages and, in addition, ownership of the main residence (at the nominal value of the rent minus the mortgage interest deduction).

- Box 2: taxes returns on substantial shareholdings (equal to or exceeding 5% of the capital) at 26.5%.
- Box 3: taxes savings and investments, on the basis that net assets not included in Boxes 1 and 2 generate a notional annual return. Since January 1, 2023, transitional legislation has been in force for Box 3, known as the Bridge Act ([Overbruggingswet](#)). This legislation will remain in place until the new system based on actual returns comes into force, scheduled for 2028, in accordance with [the Supreme Court ruling of 24 December 2021](#). The transitional regime classifies the taxpayer's actual assets into three categories: a) bank deposits (savings); b) other assets; c) debts.

The value of each category is determined by January 1. In summary, the process is as follows:

The value of a) and b) is added together, and the value of c) is subtracted, yielding Result 1.

1. A presumed rate of return is applied to each category (1.44% for a), 5.88% for b), and 2.62% for c).
2. The presumed returns on a) and b) are added together, and c) is subtracted, giving Result 2.
3. The tax-free allowance (€57,684 per person in 2025) is subtracted from Result 1, yielding Result 3.
4. The percentage difference between Result 3 and Result 1 is applied to Result 2.

The resulting amount is taxed at a flat rate of 36%. Until the new system comes into force, it is permitted to demonstrate an actual return lower than the presumed return, provided this can be proven. Furthermore, residents may deduct the 15% withholding tax on dividends applied in the Netherlands.

Liechtenstein

Sections 6 to 13 of the Act of September 23, 2010 on State and Municipal Taxes ([Gesetz vom 23. September 2010 über die Landes- und Gemeindesteuern - Steuergesetz; SteG-](#)) refer to wealth tax (Vermögenssteuer), although this does not exist as a separate tax. The legislation attributes a notional return on the net assets of natural persons, both residents and non-residents, which is included in the basis for personal income tax (Erwerbssteuer / Einkommensteuer). Each year, the value of the taxable net assets (assets minus liabilities) is determined, and an interest rate is applied to calculate their standardized return (target return). This rate is set annually by the Finance Act (Finanzgesetz) and stands at 4% for 2025. The result is not paid directly as a wealth tax but is added to the taxable base for income tax. Deductible debts and the rules for valuation, normally at market value, vary depending on their nature. Notable deductions include property located abroad (subject to certain limits), the taxpayer's household and personal effects, privately used vehicles, and the equipment and tools necessary for the pursuit of agricultural, commercial, or professional activities. Certain residence regimes and tax statuses for foreigners may alter the calculation.

Countries with wealth taxes restricted to certain assets

Some countries impose taxes focused solely on certain assets, typically high-value property or certain financial assets, with different criteria depending on whether they apply to individuals, legal entities or unincorporated entities, the type of tax residence, or whether they include assets held abroad.

In recent years, some countries have opted to introduce taxes on certain luxury or high-value goods; however, as legal scholars point out, their actual impact is limited, as they are largely ineffective in combating tax evasion and avoidance and offer little help in tackling inequality⁶.

France

Although a wealth tax was in force between 1982 and 1986 and again from 1989 onwards, in 2018 the *Impôt de solidarité sur la fortune* was replaced by the property wealth tax (*Impôt sur la fortune immobilière*). This new state tax is primarily regulated by Articles 964 to 975 of the [Code Général des Impôts](#). It is an annual tax levied per tax household on the property assets and rights held directly or indirectly as of January 1 by all single, widowed, divorced, or separated persons and their minor children under legal guardianship, as well as spouses or civil partners and their minor children. For tax residents in France, the tax applies to all immovable property and property rights, as well as to shares or holdings in property companies held in France and abroad. For non-residents, it applies only to property assets located in France. This same regime applies, for five years, to those who acquire tax residence without having been residents for the previous five calendar years.

In both cases, only those who, as of January 1, have a net taxable value of non-professional real estate assets exceeding €1,300,000 are liable. Full or partial exemptions are available, such as those relating to timber and forests committed to exploitation, rural properties leased on a long-term basis or used for professional purposes and furnished dwellings subject to the tax regime for professional furnished rentals. The taxable base consists of the net value of all immovable property (determined by its market value) after deducting any debts related to such property. The main residence benefits from a 30% reduction. The tax is applied on a scale ranging from 0% for the portion of the taxable net assets valued between 0 and 800,000 euros, up to 1.5% for the portion exceeding 10,000,000 euros.

In addition to allowing the deduction of certain donations to public interest organizations, a discount is provided for taxable net assets between €1.3 million and €1.4 million, and there is a cap on the total tax liability. This may not exceed the taxes due in France and abroad on the income and proceeds of the previous year and 75% of the total net worldwide income for the same financial year (professional fees, exempt income, and income subject to withholding tax).

⁶ Knobel and Meinzer (2025).

Portugal

There is currently no general wealth tax either, but since January 1, 2017, an additional tax has been applied to the municipal property tax, known as *the Adicional ao Imposto municipal sobre imóveis*, which applies to high-value properties.

The regulations governing this are set out in Chapter XV of the [Código do Imposto Municipal sobre Imóveis](#). Apart from certain exemptions, such as properties used for commercial, industrial, or service purposes, or for Rental Support Programs, it applies exclusively to real estate assets located in Portuguese territory.

The tax, which is also collected by local authorities, is assessed based on the circumstances prevailing on January 1 of each year. Taxpayers include owners, usufructuaries, or surface rights holders of urban properties with a high taxable value according to the Land Registry, whether they are natural persons, legal entities, or unincorporated bodies with tax liability. For individuals and undivided estates, the tax base is reduced by €600,000, excluding urban buildings that have been unoccupied for more than a year, are in ruins, or are partially unoccupied.

The applicable tax rates are:

- For natural persons and undivided estates:
 - 0.7% up to €1,000,000
 - 1% between €1,000,000 and €2,000,000
 - 1.5% for the portion exceeding €2,000,000 (these thresholds are doubled for joint taxation)
- For legal entities, a single rate of 0.4% is applied, except where the properties are intended for the personal use of the partners or members of management, in which case the above rates apply.
- For entities resident in tax havens, the rate is 7.5%.

Italy

There is no general wealth tax, but two specific annual taxes apply to residents on assets held abroad (individuals, non-commercial entities, and simple partnerships required to comply with the investment and activity reporting requirements set out in Article 4 of [Decree-Law No. 167 of 16 December 1990](#)). Both have been in force since 2012 and are governed by [Law No. 214 of 22 December 2011](#):

- The Tax on the Value of Property Located Abroad (*Imposta sul valore degli immobili situati all'estero*) applies to owners, holders of real rights, concessionaires, or tenants of property abroad. It operates in a similar way to the municipal property tax, but for property located abroad.

In EU or EEA countries, the taxable base is calculated according to the cadastral value, as determined and revalued in the country where the property is located. Elsewhere, it is determined by the value stated in the deed of sale or, failing that, the market value. It is calculated in proportion to ownership and the number of months of possession. The tax rate is generally 1.06% and 0.4% for main residences considered to be luxury properties (stately homes, villas, castles, historic palaces). Other habitual residences and marital homes allocated following legal separation, annulment, dissolution, or the cessation of the civil effects of marriage are exempt.

- The Tax on the Value of Financial Assets Held Abroad (*Imposta sul valore delle attività finanziarie detenute all'Esterio*) applies to residents holding financial products abroad at a tax rate of 0.2%, or 0.4% if they are in territories with a preferential tax regime. For checking and savings accounts with an average annual balance exceeding €5,000, a fixed rate of €34.20 per account applies (€100 for entities other than natural persons).

Belgium

There is no general wealth tax, but since 2021, the Tax on Securities Accounts (*Taxe sur les comptes-titres*) has been applied, regulated by the [Law of February 17, 2021](#).

This applies to account holders, residents, and certain non-residents with securities accounts held with Belgian or foreign financial institutions, where the average annual value of all financial assets (fixed income, equities, derivatives, cash) exceeds 1,000,000 euros per account holder. The reference period runs from October 1 to September 30. The tax rate is 0.15%. However, if the taxable base does not exceed €1,015,228.42, the tax liability is limited to 10% of the difference between the total value and 1,000,000 euros. Certain assets, such as life insurance and pension plans, may be exempt.

Republic of Moldova

Since January 1, 2021, the Wealth Tax (*Impozitul pe avere*) has been applied alongside the municipal property tax. It applies to individuals, whether resident or non-resident, who own residential property (including holiday homes) located within the territory of the Republic of Moldova and considered to be of high value. The main provisions are set out in Title VI of the [Fiscal Code of the Republic of Moldova](#).

For the tax to apply, the taxpayer's property and shareholdings must have a total area of 120 m² or more and reach an estimated total value of at least 200 times the average monthly wage set by the Government (currently 2,000,000 Moldovan lei, approximately 103,200 euros).

The taxable base is determined by the cadastral value, and the tax rate is 0.8%.

Tunisia

The Real Estate Wealth Tax (*Impôt sur la Fortune Immobilière*) was established by Article 23 of the [2023 Finance Act / Decree-Law No. 79-2022](#) and came into effect on January 1, 2023.

It applies exclusively to individuals, both residents (on all their property) and non-residents (on property located in the country). In both cases, they are only liable for tax if they own property with a net value of 3,000,000 Tunisian dinars (€876,732) or more.

The tax is levied on the net value of the property at a rate of 0.5%. It does not apply to the taxpayer's main residence or to property used for professional purposes, unless it is let to third parties.

Zimbabwe

The Real Estate Wealth Tax was introduced by Finance Act No. 13 of 2023 ([Finance Act, 2023](#)) and came into force on January 1, 2024. It is currently regulated under section 360 of the [Income Tax Act \[Chapter 23:06\]](#).

This is a tax levied on the ownership of properties other than the principal residence located in the country, regardless of the owners' legal status or tax residence. The only exceptions apply to individuals over the age of 70. The tax is only payable when the value of the property, determined according to the latest general valuation carried out by the relevant local authority, exceeds 250,000 US dollars.

However, it is currently suspended pending the completion of administrative and legislative adjustments.

3.2. Other related reforms

In parallel with the resurgence or strengthening of wealth taxes, various states have begun exploring new tax initiatives that specifically target taxpayers with greater financial means. These proposals largely respond to the international debate on fiscal sufficiency and tax justice in the context of growing wealth concentration. Below, we analyze some of the most significant initiatives that have recently been proposed across different jurisdictions.

The proposal for new national taxes on multimillionaire taxpayers

One example of this is Spain, where, in addition to the permanent reinstatement of the IP, a tax on large fortunes has been introduced (recently on an indefinite basis).

However, in direct relation to Zucman's proposal at the national level, the furthest it has reached so far has been France, where, in October 2024, the left-wing party La France insoumise presented a bill to the *National Assembly* to introduce a tax on net wealth exceeding €1,000,000,000, levied at an annual rate of 2%. The proposal was approved by the *National Assembly* on January 7, 2025, although it subsequently failed at its first reading in the Senate.

Although a different proposal, another notable example is President Biden's proposal in the United States of the "Billionaire Minimum Tax," also adopted by Kamala Harris, which sought to impose an effective minimum tax rate of 25% on taxpayers with a net worth exceeding 100,000,000 US dollars, including unrealized capital gains. However, under the Trump presidency, it did not receive

sufficient support. In fact, not only was it not included in the *One Big Beautiful Bill Act of the 119th Congress* (2025–2026), but that very bill prioritized tax cuts for corporations and high-income individuals.

The increase in taxation on gifts and inheritances received from abroad by former tax residents

Regarding this trend, it is worth noting, for example, that from January 1, 2025, US citizens or residents who receive gifts or inheritances from a “covered expatriate” (US citizens or permanent residents who have renounced their citizenship or residency and meet certain wealth or tax non-compliance requirements set out in 26 US Code § 877A(g)(1)) must report this using IRS Form 708. Such transfers may be subject to a fixed tax of \$345,800 plus 40% of the amount received in excess of \$1,000,000. However, the tax may be reduced by taxes paid abroad (26 US Code § 2801).

Furthermore, with effect from April 6, 2025, the United Kingdom has adopted a new residence-based inheritance tax system, which applies to the international estates of individuals who have been tax residents in the country for at least 10 of the last 20 years (Section IHTM47020 of the *Inheritance Tax Manual*).

The removal of benefits related to foreign income and gains

In this case, for example, with effect from April 6, 2025, the UK has also abolished the tax regime for non-domiciled individuals (non-doms), removing the concept of “domicile” as a determining factor for taxation under the British tax system. Consequently, all UK tax residents are now subject to tax on their worldwide income and capital gains, without the option to use the remittance basis, which allowed non-domiciled individuals to be taxed only on income and capital gains generated in the UK or remitted to the country.

However, the reform also introduces a new tax regime on foreign income and gains for new residents who have been non-residents of the UK for at least 10 consecutive years. These individuals will be eligible for a full tax exemption on their foreign income and gains during their first four years of tax residence in the country.

The greater progressivity of marginal personal income tax rates, with rates falling for taxpayers on lower incomes and rising for those on higher incomes, and the increase in capital gains tax

In general, in 2024, increases in the top personal income tax rates were more frequent than in previous years, thereby improving the progressivity of tax systems. For example, whilst Latvia increased its overall tax rates, it introduced an additional 3% rate on total taxable income exceeding €200,000, just as the Isle of Man raised its top rate from 20% to 22%.

Meanwhile, countries such as Australia reduced the rates for the first and second tax brackets from 19% to 16% and from 32.5% to 30%, respectively, whilst Guernsey announced the introduction of a reduced rate of 10% for income up to 30,000 British pounds, above which the 20% rate continues to apply.

Similarly, others have done both, such as the Netherlands, where, although a new lower tax bracket was introduced for income in Box 1 (employment and home ownership) up to €38,441, with a rate of 35.82%, the marginal rate for the second bracket, up to €76,817, was increased to 37.48%.

Meanwhile, regarding capital gains, countries such as the United Kingdom increased their main tax rates from 10% and 20% to 18% and 24%, respectively, whilst Israel introduced a 2% surcharge on annual capital gains exceeding 720,000 new Israeli shekels (excluding capital gains on residential property). Furthermore, in cases such as Latvia, not only was an additional rate of 3% implemented on total taxable income exceeding €200,000, but the tax base was also broadened to include certain types of capital income.

The introduction or tightening of exit taxes

One of the main concerns for states when considering the introduction of a net wealth tax is the potential for individuals to change their tax residence, with the consequent loss of future tax revenue. However, as the UN has highlighted, there is a key element that depends on each state's domestic legislation: so-called *exit taxes* (such as the one in Spain, regulated by Article 95.bis of Law 35/2006 of November 28 on Personal Income Tax). These taxes are typically levied on taxpayers who change their tax residence in order to ensure that those leaving the country are taxed on capital gains accumulated during their period of residence, whilst at the same time discouraging capital flight. They generally operate on the assumption that the individual disposed of their assets at market value immediately prior to a change of tax residence and may consist of a one-off tax on the relevant gains or on the net value of their assets over a reasonable number of tax periods following their departure.

Indeed, in the opinion of the International Monetary Fund, tax reform priorities aimed at reducing income and wealth inequalities should focus on taxing the actual returns on capital rather than introducing wealth taxes, as the latter are less distortionary and more equitable. It highlights the desirability of closing existing legal loopholes and taking advantage of technological advances, including cross-border information exchange, to promote tax compliance.

Consequently, another trend observed internationally regarding taxing large individual fortunes is the introduction or tightening of *exit tax* conditions, as has recently occurred in Norway. Specifically, the taxation of unrealized capital gains when an individual leaves the country, regulated under Section 10-70 of Chapter 10 of the Tax Act (*Skatteloven*), has been amended to close existing tax loopholes and ensure a fairer tax system for individuals leaving the country.

Among the recent changes, it is worth noting that if a taxpayer covered by the tax deferral scheme for up to 12 years (an option that allows exemption from the exit tax if they become a Norwegian tax resident again) dies, the heir(s) will only be exempt from payment if they are tax residents in Norway. Otherwise, under certain conditions, they may assume the deceased's tax liability regarding the exit tax, including the remaining period of the 12-year deferral to become a tax resident again and qualify for exemption. However, to ensure this applies to individuals with greater wealth, the threshold for the taxpayer's total gains, which, minus deductible losses, determines liability for

the tax, has also been raised, from 500,000 Norwegian kroner (approximately 42,790.42 euros) to 3,000,000 Norwegian kroner (approximately 256,742.49 euros).

The same applies to Belgium, following the adoption of the *Programme Law* of July 18, 2025. Specifically, it is now considered that shareholders, both resident and non-resident, of a Belgian company that relocates abroad (whether through a change of registered office or through mergers, demergers, or similar transactions) have received a taxable liquidation dividend, even if no actual distribution has taken place. Furthermore, with a view to 2026, Belgium is working on introducing a tax on unrealized capital gains on financial assets held by individuals and non-profit organizations, which would be taxed in the event of a transfer of their tax residence outside the country.

The creation of specialized monitoring units for high-net-worth taxpayers

Finally, South Africa has recently established a unit specialized in high-net-worth individuals within the *South African Revenue Service* to improve supervision and tax compliance in this sector. This is the *High Wealth Individual Unit*, which, in addition to providing ad hoc support for taxpayers with assets exceeding 75 million South African rand (approximately €3,684,820.50), monitors and assesses their tax compliance. In Uganda, the creation of such a unit led to an increase in tax revenue from high-net-worth individuals of five million dollars in the first year and 11 million dollars in the second.

In fact, the *African Tax Administration Forum* is currently implementing the *HNWI Taxation Project* with the aim of promoting fairness and efficiency in wealth taxation, without the need to introduce new taxes. The objective is to support African tax administrations in assessing the legal and administrative feasibility of strengthening tax compliance among individuals with substantial wealth.

However, European countries are also moving in this direction, either by stepping up their investigative efforts or by setting up specialized units. This is the case, for example, in Malta, with the creation in April 2025 of the *Large Taxpayer Office* within the *Malta Tax and Customs Administration*, a new tax office dedicated, in this instance, to large companies and high-net-worth investors, with the aim of offering them rapid and personalized support and achieving more specialized and comprehensive oversight.

4. DATA ON THE DISTRIBUTION AND COMPOSITION OF WEALTH

Measuring the stock of individual wealth is not simple due to taxpayers' incentives to conceal their true wealth and the difficulties inherent in valuing certain assets. Estimating inequality in the distribution of wealth and analyzing its trends over time is complex and has sparked methodological debates, but the empirical evidence agrees that wealth inequality has increased since the 1970s and 1980s⁷.

⁷ There is a growing availability of databases that allow for the calculation of wealth inequality, both physical and financial: The World Bank's *Wealth of Nations*, the *World Inequality Database*, the *OECD's Wealth Distribution Database (WDD)*, financial surveys (*Survey of Consumer Finances*, *Family Financial Survey*), administrative records (primarily tax-related), *Forbes*, *Union Bank of Switzerland (UBS)* and *Credit Suisse*.

In Spain, the most accurate data for analyzing the distribution and evolution of household wealth in the Common Tax Regime Territory are the administrative records provided by the AEAT for the period 2017–2023⁸. The main innovation compared to previous studies is the incorporation of information from other bodies, financial institutions, and other relevant sources to achieve broad population coverage and the most accurate information possible⁹. However, the available data may underestimate the true value of certain assets, in particular corporate assets that do not exceed the minimum threshold for the wealth tax liability and those that are not listed on the stock exchange. The former is calculated based on the value recorded in the accounts, determined by the difference between the actual assets and the liabilities due, provided that such accounts comply with the provisions of the Commercial Code. The valuation of unlisted corporate assets is based on the theoretical value derived from the latest approved balance sheet, provided it has been subject to review and verification, either on a mandatory or voluntary basis, and the audit report is favorable. If the balance sheet has not been audited or the audit report is unfavorable, the valuation is based on the higher of the following three values: the nominal value, the theoretical value derived from the last approved balance sheet, or the value resulting from capitalizing, at a rate of 20%, the average profits of the three financial years ending prior to the date of accrual of the wealth tax.

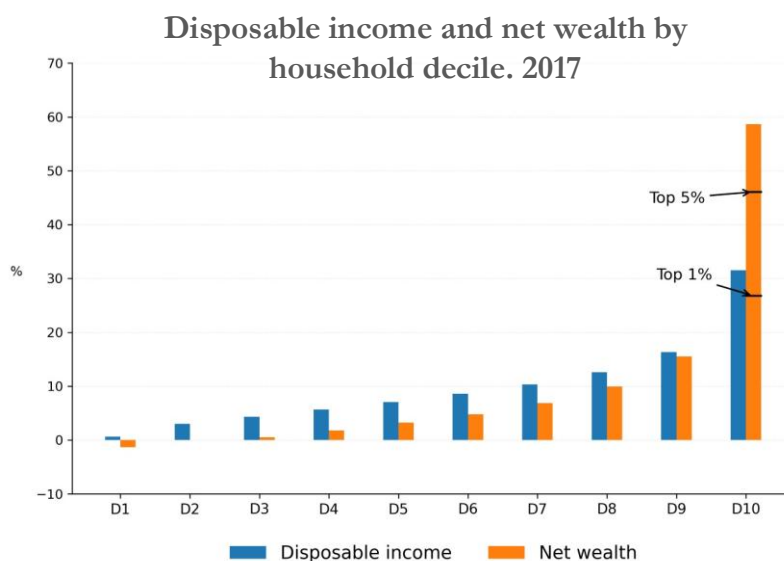
Accounting regulations are designed for a purpose other than assessing taxpayers' financial capacity, and certain strictly private expenses, unrelated to any actual economic activity, could be used fraudulently to create simulated losses that artificially reduce an entity's book value. Similarly, the creation of fictitious liabilities *vis-à-vis* related persons or entities may, for accounting purposes, dilute the real value of the assets held by the company, such as luxury homes, cars, aircraft, or pleasure craft. Wealthier taxpayers may benefit from complex or strategically designed debt structures to minimize their taxable net worth, a practice documented in the international literature (Saez and Zucman, 2019; Scheuer and Slemrod, 2021). Empirical evidence suggests that wealth planning using structured debt or the joint ownership of sophisticated financial assets is more common among the wealthiest households (Smith *et al.*, 2021).

Figures 1 and 2 show the distribution of income and wealth in Spain. As can be seen, the concentration of wealth is significantly greater than that of income. In 2017, the wealthiest 1% of the population held 24% of national wealth, a proportion that rose to nearly 30% by 2023. This means that, over a six-year period, the share of wealth held by the wealthiest 1% increased by approximately 6 percentage points.

⁸ Households in the Common Tax Regime Territory are calculated using the Continuous Household Survey (INE). Population coverage stands at 96.5%. However, although it might initially appear that population coverage is extensive, the relative importance in terms of wealth of the 3.4% of households for which no information is available remains unknown.

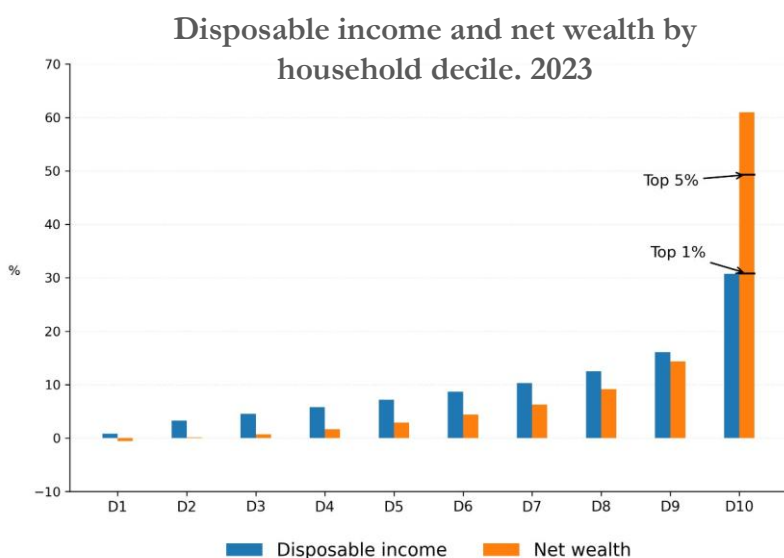
⁹ With regard to information derived from tax returns, administrative records contain data from the Personal Income Tax return (Form 100), the Wealth Tax return (Form 714), the Corporation Tax return (Form 200), the Informative Declaration on Assets and Rights Located Abroad (Form 720), the Informative Declaration on Loans and Credits, and Financial Transactions Related to Real Estate (Form 181), the Annual Informative Return on Securities, Insurance and Income (Form 189), the Informative Return on the Annual Summary of Withholdings and Payments on Account relating to Income from Movable Capital and income obtained from consideration arising from accounts held with all types of financial institutions (Form 196), and the Annual Return on Participants and Contributions to plans, pension funds and alternative schemes, Social Welfare Mutual Societies, Insured Pension Plans, Individual Systematic Savings Plans, Corporate Social Welfare Plans, and Long-Term Care Insurance (Form 345). Other sources used include the National Subsidies Database (Plan Prepara), ILT, and land registry files (BICE properties).

Figure 1



Source: own calculations based on AEAT administrative records.

Figure 2



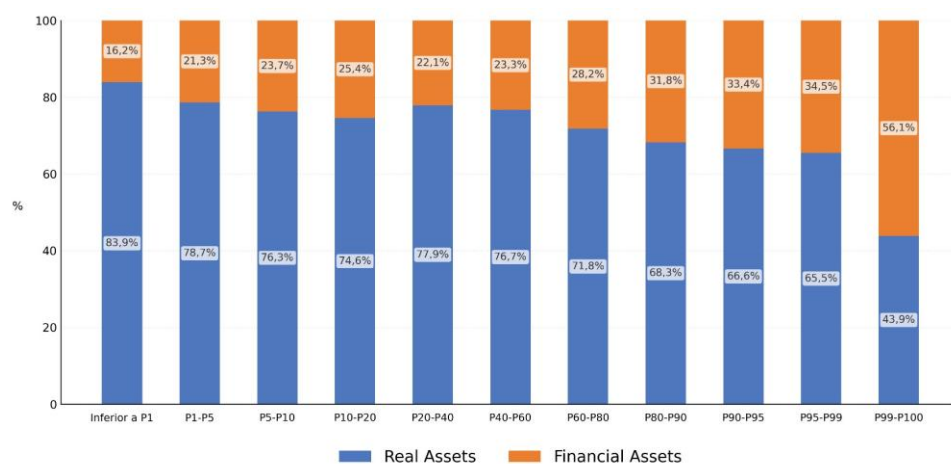
Source: own calculations based on AEAT administrative records.

It is necessary to understand the types of assets held by individuals who concentrate high levels of wealth, because the assets held by households vary depending on their position in the wealth distribution. Although there may be significant variations among countries, depending on institutions, policies, and levels of economic development, there are similarities in the composition of individuals' asset holdings depending on their position in the wealth distribution. The main asset held by the very poor, when they have positive net wealth, is cash or bank deposits. Individuals at the bottom of the wealth distribution own property and land, although the market value of these assets is

usually low. The middle classes typically own bank deposits and property, which account for the bulk of their assets, but also shares and bonds, often in the form of retirement savings, although these represent a relatively small proportion of their wealth. Finally, in the top wealth decile of wealthy countries, individuals hold a significant proportion of business assets (5–10%), real estate assets (30–40%), and financial assets (40–60%).

Figure 3 shows the composition of household wealth in Spain by wealth percentile in 2023, distinguishing between real assets and financial assets. Real or tangible assets include property and other types of assets such as vehicles, jewelry, and antiques, among others. As can be seen, from the fourth decile onwards, real assets begin to lose ground, although they remain the main asset held by households. As individuals move up the wealth distribution, the proportion of their wealth held in financial assets increases; only the wealthiest households hold a larger share of their wealth in financial assets, accounting for 68.7% compared to 31.3% for real assets. The general patterns in wealth composition change notably among the wealthiest 1% of households, where financial assets constitute the main source of their wealth. This does not imply that the wealthiest individuals do not own real estate, but rather that, in their case, the proportion of financial assets is considerably higher.

Figure 3
Breakdown of wealth by asset type by household
wealth percentile, 2023



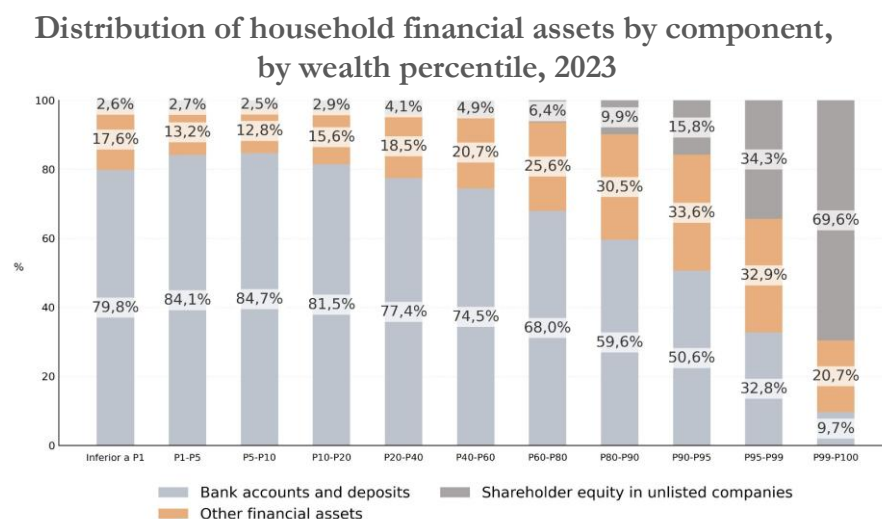
Source: compiled by the author using administrative records from the Spanish Tax Agency (AEAT)

Figure 4 provides a detailed analysis of the composition of the financial asset portfolio, based on households' position in the wealth distribution. Assets are broken down into three main categories: accounts and deposits; other financial assets (which include debt and bonds, investment funds, insurance and annuities, pension schemes, and securities traded on organized markets); and corporate equity (which refers to the value of holdings in the capital of unlisted companies, in which there is a direct or indirect stake¹⁰). Accounts and deposits are a component of all households'

¹⁰ Company shareholdings in other companies are valued up to nine levels.

portfolios, but their weight decreases as households move up the wealth distribution. Conversely, the “other financial assets” category gains weight up to the 95th percentile, and corporate equity is the most significant component of the financial wealth held by the richest 1% of households, whilst in the remaining wealth brackets this asset category is negligible¹¹.

Figure 4



Source: compiled by the author using administrative records from the Spanish Tax Agency (AEAT)

It is worth noting that, in Spain, if corporate assets are classified as a “family business” for the purposes of the wealth tax, they are exempt from the wealth tax and, furthermore, are entitled to a 95% reduction in Inheritance and Gift Tax¹². This regulation may incentivize taxpayers to place personal assets in companies that qualify for this exemption.

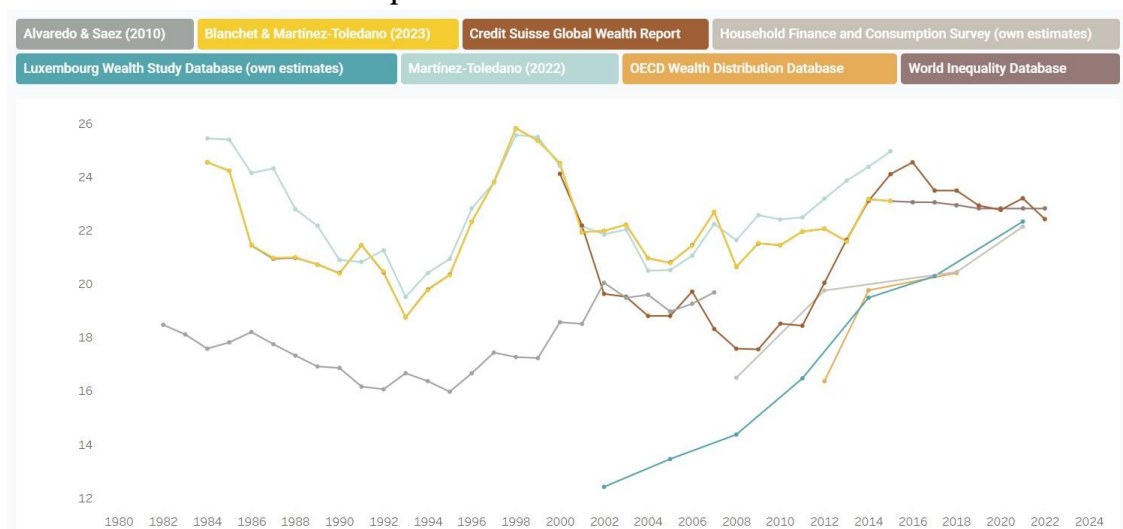
In Spain, we do not have data on wealth stocks prior to the 1980s, but Figure 5 shows that, regardless of the methodology used to estimate wealth, wealth concentration has risen since the beginning of the 21st century.

¹¹ The composition of household portfolios is stable over the 2017–2023 period.

¹² In Madrid, Andalusia, and Murcia, the percentage reduction is 99%.

Figure 5

Spain: Wealth of the richest 1%



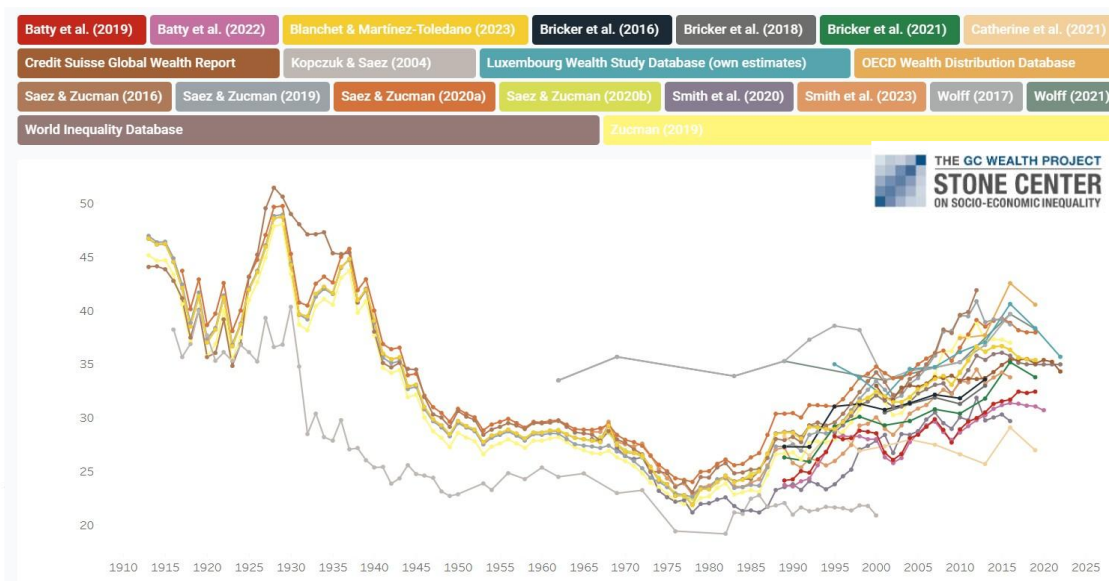
The above analysis suggests that wealth in Spain is becoming increasingly concentrated, with the wealthiest individuals mainly holding financial assets, the largest component of which is corporate wealth, followed by other financial assets, primarily listed shares or units in investment funds.

The increase in wealth concentration is not an isolated Spanish phenomenon. In recent decades, wealth concentration has risen in all developed countries. Below, we examine the evolution of wealth concentration since the early 20th century in the countries with long time series. Figure 6 shows the evolution of the percentage of wealth accumulated by the richest 1% in the United States, calculated using various methodologies. At the beginning of the 20th century, levels of wealth concentration were considerably high in both Europe and the United States, regardless of the methodology used. However, from the 1930s onwards, there was a marked decline, the pace of which slowed and stabilized in the 1980s. The design of the tax system played a key role in correcting wealth concentration. During the first half of the 20th century, the US introduced an income tax, a progressive inheritance and gift tax, and a corporate profits tax with a very high rate. In 1917, four years after the introduction of income tax, the US became the first country to apply top marginal tax rates of up to 67% on the highest incomes. Furthermore, from the 1930s onwards, it imposed tax rates of 70% or more on inherited wealth.

No European country ever imposed such high maximum tax rates on inheritances (Scheve and Stasavage, 2016), except Spain, which in 1987 introduced a maximum rate of 34%, with the maximum effective rate potentially reaching 68% following the application of the coefficients provided for in the regulations. This led to a sustained decline in income and wealth concentration, which was reversed following the removal of progressive tax mechanisms (Saez and Zucman, 2019). The shift in the downward trend in wealth concentration coincided with the 1980s paradigm shift regarding the role of the public sector in general, and taxation in particular, in economic activity. The top marginal federal income tax rate fell sharply, from 70% or more between 1936 and 1980 to 37% in 2018.

Figure 6

United States: Wealth of the richest 1%



Similarly, the effective corporate tax rate fell from around 50% in the 1950s and 1960s to 16% in 2018 (Saez and Zucman, 2019). Currently, inheritance and gift taxes in the US generate limited revenue due to high exemption thresholds and numerous deductions. When tax rates are low, an increase in wealth inequality is to be expected, as wealth accumulation is largely a self-reinforcing process. Those with greater capital have a greater capacity to invest, which generates returns in the form of interest and dividends that are capitalized on the initial stock, driving exponential growth. Higher-income individuals have a greater propensity to save, which allows them to invest more, often in higher-yielding assets, ultimately leading to greater wealth accumulation (Bozio *et al.*, 2024; Fagereng *et al.*, 2020).

Figures 7, 8, and 9 show the evolution of wealth concentration among the top 1% in the United Kingdom, France, and Germany. At the beginning of the 20th century, levels of wealth concentration were significantly higher in European countries, but the pattern was similar to that of the US. Concentration levels of wealth declined until the 1980s, before rising again in recent decades, although they have not yet reached the levels observed at the beginning of the 20th century.

Figure 7

United Kingdom: Wealth of the richest 1%

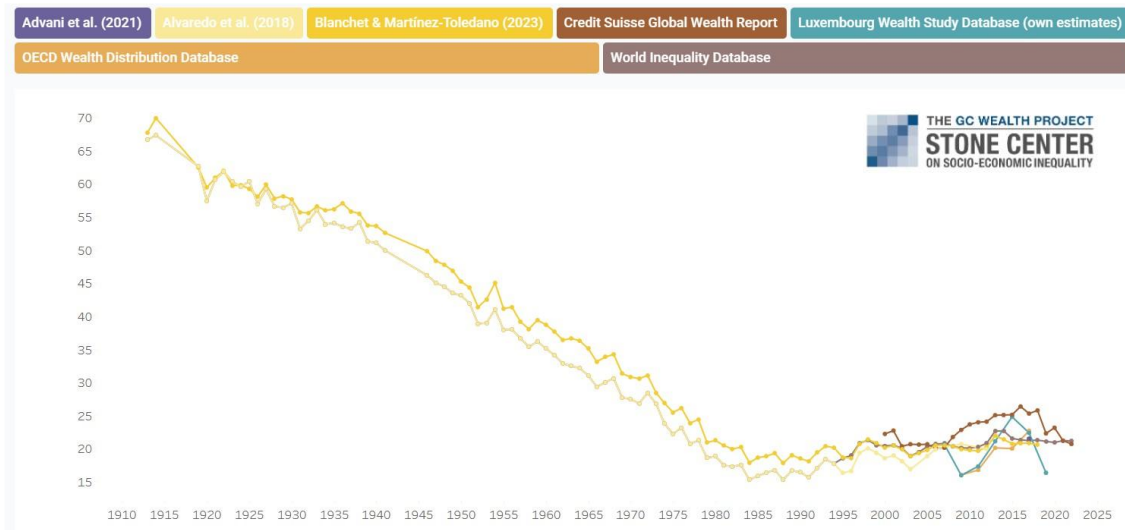


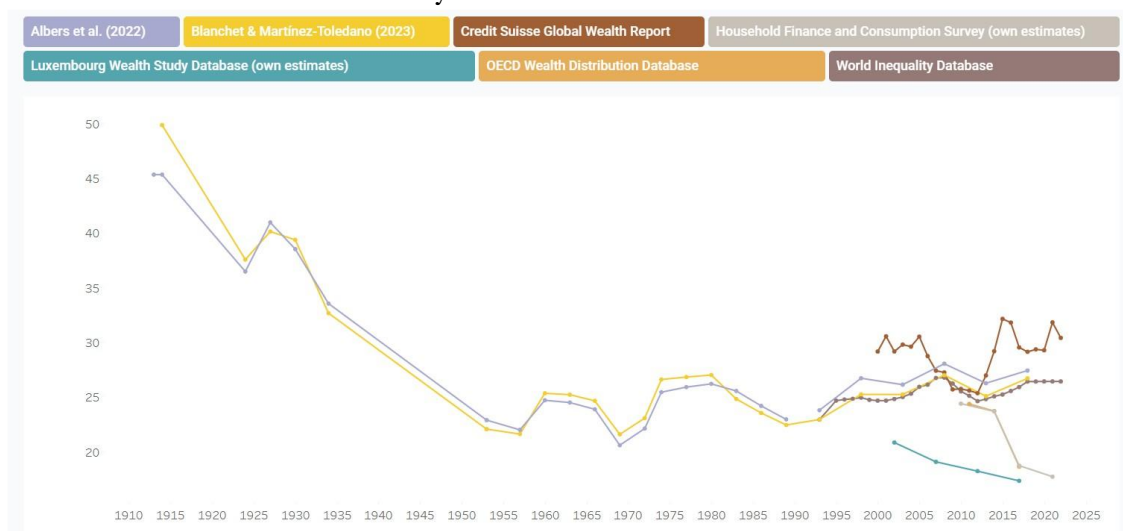
Figure 8

France: Wealth of the richest 1%



Figure 9

Germany: Wealth of the richest 1%



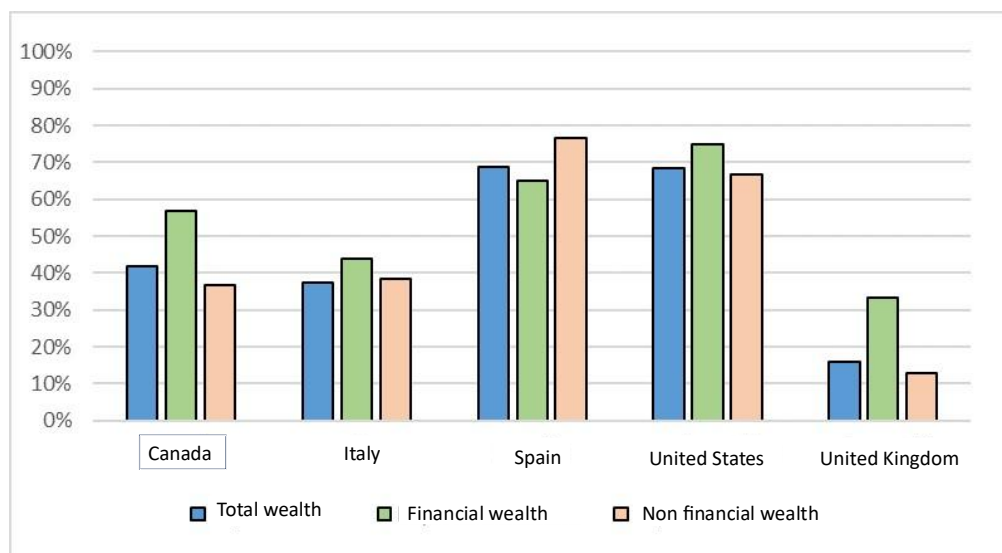
5. ARGUMENTS FOR AND AGAINST PERSONAL WEALTH TAXES

To the extent that the aim is to increase public revenue whilst distributing the tax burden in a manner consistent with the true structure of income and wealth, it is necessary to recognize wealth tax as a key instrument in 21st-century taxation systems. During the 1980s and 1990s, and even into the early 2000s, the absence of taxation on large fortunes could still be considered a secondary issue, given that, from a macroeconomic perspective, the volumes of wealth involved were relatively modest. The *World Inequality Report* (Gomez Carrera et al., 2026) shows that, in recent decades, there has been an undeniable increase in inequality in the distribution of both income and wealth. Whilst inequality is initially evident in income, it is even more pronounced in the personal distribution of wealth. The global health crisis resulting from COVID-19 not only disrupted economic recovery processes but also exacerbated this dynamic, widening the gap between the wealthiest segments and the rest of the population (Blanchet et al., 2022). Various studies have documented the growing concentration of wealth in recent decades (Garbinti et al., 2021; Chancel et al., 2022). In this context, wealth taxation finds its primary justification in distributive equity (Cremer and Pestieau, 2011).

A high concentration of wealth is not merely a problem of economic inequality; it can also undermine the quality of institutions and the functioning of democracy. A high level of wealth concentration can erode democratic institutions and processes, so that political decisions, rather than seeking the welfare of the majority, serve the interests of a minority. Individuals who hold an increasing share of a country's wealth have the capacity to exert significant influence over the institutions responsible for defining the regulatory framework of the economy, steering that process toward protecting and promoting their own interests.

There is a consensus that equality of opportunity must be a collective goal, such that a high level of inequality would be fair if it stemmed from the differing efforts made by individuals to earn income and accumulate wealth. However, inequalities of origin due to inherited wealth, parental income, or education run counter to equal opportunities and, to prevent injustice from being passed down through generations, they must be corrected by the public authorities using all the instruments available to the public sector on both the expenditure and revenue sides. The literature analyzing the factors that explain wealth inequality finds that the variable that most strongly determines an individual's economic and social status is the wealth of their ancestors (Bowles and Gintis, 2002; Arrondel, 2013; Clark and Cummins, 2013; Piketty and Zucman, 2015; Boserup *et al.*, 2016; Korom, 2017; Adermon *et al.*, 2018; Marrero Díaz and Rodríguez, 2023; Cabrera *et al.*, 2021; Salas-Rojo and Rodríguez, 2022). Figure 10 shows the percentage of wealth distribution inequality attributable to inheritances in five developed countries (Canada, Italy, Spain, the United States, and the United Kingdom), distinguishing between total wealth, financial wealth, and non-financial wealth. High concentrations of wealth are largely explained by inherited wealth rather than by individual merit or effort, which restricts both intra- and intergenerational social mobility and limits equal opportunity. In Spain, more than 75% of the inequality in non-financial wealth is explained by inheritance, indicating a strong link between property assets and intergenerational inheritance. In the United States, the figures are similar for both financial and non-financial wealth, suggesting a cross-cutting impact of inheritance across asset types. However, Canada and Italy show more moderate levels, at around 40–55%, although inheritance also accounts for a larger share of financial wealth inequality in these countries. The results for the United Kingdom are particularly striking because only 15–30% of wealth inequality is attributed to inheritance, well below the levels of the other countries analyzed. In general, in countries with low levels of inequality, individuals' socio-economic positions are explained primarily by their personal effort, relegating inheritances to a secondary role. These results reinforce the growing debate on the need to review the tax regimes levied on wealth, not only from a revenue-raising perspective, but as a tool for intergenerational equity and social cohesion.

Figure 10
PERCENTAGE OF WEALTH INEQUALITY ASSOCIATED WITH INHERITANCE



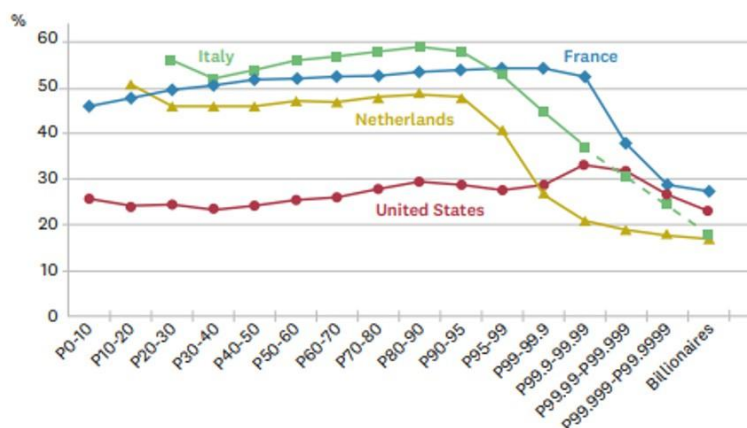
Source: Salas-Rojo and Rodríguez (2022).

Furthermore, taxing the wealth of the very rich would help address a structural shortcoming in contemporary tax systems, which fail to curb excessive wealth concentration, thereby strengthening distributive justice and the legitimacy of the tax system. Comparative analysis reveals that the current design of tax systems is ineffective at correcting these dynamics, since, in relative terms, individuals with greater wealth bear a lower tax burden in relation to their ability to pay than the average citizen. The debate over the role that wealth taxes should play in current tax systems has been fueled by revelations suggesting that billionaires pay little personal income tax¹³. Some recent research has quantified how average effective rates vary across income distribution, focusing on the top of the distribution. Saez and Zucman (2019) triangulated various data sources to provide an initial estimate of the taxes paid by the 400 richest people on the Forbes list, a group representative of the population of billionaires residing in the United States in 2018. Bach *et al.* (2024), thanks to a pioneering collaboration with the French tax authorities, estimated the amount of income and wealth taxes paid by French billionaires in 2016. By combining this study with earlier work covering the entire population, they estimated how effective tax rates varied across the entire income distribution. Bruil *et al.* (2024) conducted an analysis of tax progressivity in the Netherlands using administrative data, covering the top 0.01% of the income distribution. Figure 11 presents the estimates of the effective tax rates reported in these studies, considering all taxes paid at all levels of government. Individuals are classified according to their pre-tax income, and all studies use pre-tax income as a harmonized definition of income, encompassing all national income before taxes and government transfers and after the operation of the pension system. All taxes are allocated to individuals, including those nominally paid by companies. Pre-tax income does not include unrealized capital gains, as corporate profits are attributed to individual owners together with the corporation tax paid, regardless of their actual distribution.

¹³ Such as the revelations by the media outlet ProPublica in the United States in 2021, the Panama Papers and Paradise Papers, and leaks from offshore financial institutions such as HSBC Jersey, HSBC Geneva, and Offshore Leaks.

Figure 11

AVERAGE EFFECTIVE TOTAL TAX RATE BY INCOME GROUP AS A % OF GROSS INCOME



Source: Bruil et al. (2024) in the Netherlands, Bach et al. (2024) in France, and ongoing work by Ring et al. (2024) in Norway and Sweden.

When individuals are grouped by deciles, with higher levels of disaggregation at the top of the distribution, several striking results emerge¹⁴. Firstly, in all four countries, all population groups pay significant amounts of tax. Tax rates are highest in France, lowest in the United States, and generally, intermediate in the Netherlands. Secondly, in all four countries, the tax system tends to be regressive at the highest income levels; the effective tax rates for billionaires are significantly lower than those of the other deciles and considerably lower than the average tax rate for the population. In the Netherlands, the regressivity of the tax system becomes apparent from the 99th percentile of the income distribution. In France, by contrast, a slight regressivity is observed from the 99.9th percentile, followed by a marked reduction in effective tax rates among the billionaire group. In other words, whilst most social groups have effective tax rates that do not differ greatly from the country's macroeconomic tax burden indicator, billionaires enjoy much lower rates. For example, in France, the working class (defined as individuals in the bottom 50% of the income distribution) the middle class (the next 40%), the upper-middle class (the next 9%), and even most of the top 1% have effective tax rates close to the tax burden indicator (52%). Billionaires, by contrast, face a substantially lower tax burden, allocating only 27% of their income to tax payments when all tax components are considered¹⁵. This percentage represents approximately half the effective rates borne by the rest of society, highlighting a marked regressivity in the highest income distribution bracket. Similarly, in the Netherlands, billionaires have an effective tax rate of 17%, which is almost

¹⁴ P0-10 denotes the 10% of adults at the bottom of the pre-tax income distribution, P10-20 the next decile, and so on. As we move up the distribution, more precise breakdowns are shown; for example, P99.9–P99.99 denotes the group between the 99.9th percentile of the income distribution and the 99.99th percentile. Finally, a point is added representing “billionaires” (individuals with a net worth of over approximately \$1 billion). With few exceptions, these individuals are not only at the top of the wealth distribution but also at the top of the pre-tax income distribution, making this addition significant.

¹⁵ In France, the effective tax rate for billionaires, including all taxes, is 27 percent; this is the sum of 1.7 percent personal income tax plus approximately 25 percent corporation tax. At these income levels, other taxes, such as consumption taxes, are negligible (Bach et al., 2024).

entirely attributable to corporation tax (Bruil *et al.* 2024). Recently, Palomo *et al.* (2025) conducted a similar analysis for Brazil, reaching comparable conclusions. In Brazil, most of the population faces relatively high effective tax rates, ranging from 45% to 50%, due to the weight of consumption taxes. However, this pattern is reversed at the top of the distribution. For the wealthiest 1%, the effective tax burden falls to 26.2%, whilst individuals with annual incomes of one million dollars or more (approximately 0.01% of the population) have an even lower average tax rate of 20.6%.

This regressiveness of the tax system is evident across countries with different tax burdens and structures. The United States has relatively low taxation, the Netherlands has average taxation levels, and France has relatively higher taxation. Furthermore, these three countries together are home to almost 35% of the world's billionaires and account for almost 40% of their global wealth¹⁶. However, during the period analyzed, France had a wealth tax, the Netherlands taxed wealth through income tax, whilst Italy and the USA did not have a periodic wealth tax. In the United States, there is no national VAT, whereas the other three countries do have one, and the rates of income tax, corporation tax, social security contributions, and consumption taxes also differ across these countries. The structure of the Brazilian tax system differs significantly from those of the countries previously analyzed; however, the regressive nature of the tax system is equally evident. In short, these studies conclude that a common feature of most current tax systems is their regressive nature for the highest end of the income distribution. The effective tax rate for billionaires is negligible relative to their wealth; in the United States, it stands at around 0.5%, whilst in France, it is closer to 0%. The combination of high wealth and low tax rates enables individuals with very high net worth to increase their wealth faster than the rest of the population, leading to an explosive process of wealth accumulation.

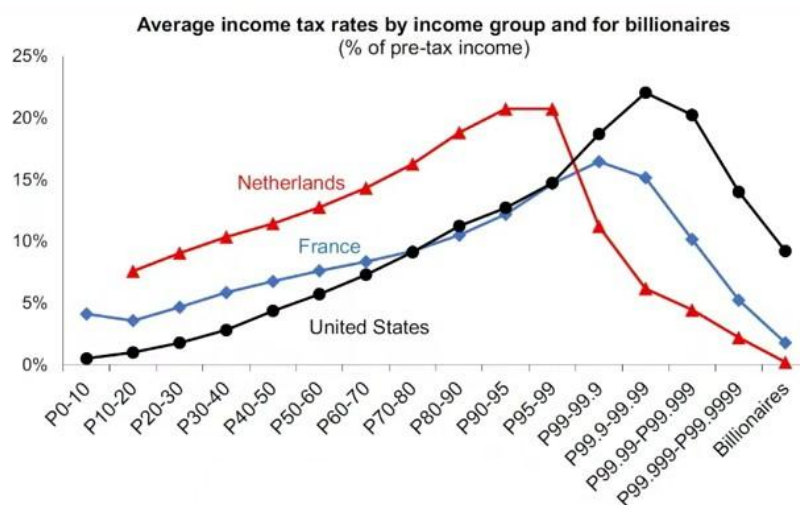
Contemporary tax systems fail to tax individuals with very high wealth effectively, primarily because personal income tax does not adequately capture their ability to pay. Income tax should be progressive to offset the regressivity of indirect taxes, which represent a larger share of income at the lower end of the income distribution. However, in practice, this regressivity is not offset at the top of the distribution. The main limitation of income tax is that billionaires can structure their wealth to declare little or no taxable personal income. Firstly, individuals with controlling stakes in companies can avoid dividend distributions and the realization of capital gains; in other words, they can avoid declaring any taxable income. Secondly, billionaires can use personal holding companies and similar legal structures to avoid income tax. These holding companies act as nominal shareholders in a public limited company. Dividends paid by that company are formally received by another company (a holding company) and, as such, are exempt from personal income tax. Dividends received by holding companies are also exempt from corporation tax in most countries. Some countries (notably, the United States) have anti-abuse provisions that limit the use of holding companies for income tax avoidance purposes. In European countries, where anti-abuse rules are weaker, studies suggest that the use of holding companies is widespread among high-net-worth individuals (Zucman, 2024).

¹⁶ Of the 20 richest people on the Bloomberg list, 16 were living in the United States or France in 2023.

As shown in Figure 12, effective income tax rates in France, the Netherlands, and the US converge to almost zero at the top of the income distribution. Effective income tax rates plummet to almost 0% in the Netherlands, 1.7% in France, and around 8% in the United States for billionaires. Regressivity begins around the 95th percentile of the pre-tax income distribution in the Netherlands, at the 99.9th percentile in France, and at the 99.99th percentile in the US¹⁷. In Brazil, personal income tax is progressive up to the 99th percentile but falls sharply to 1.6% for the richest 0.001%.

Figure 12

The failure of the income tax at the top



Source: Bruil et al. (2024) in the Netherlands, Bach et al. (2024) in France, and ongoing work by Ring et al. (2024) in Norway and Sweden.

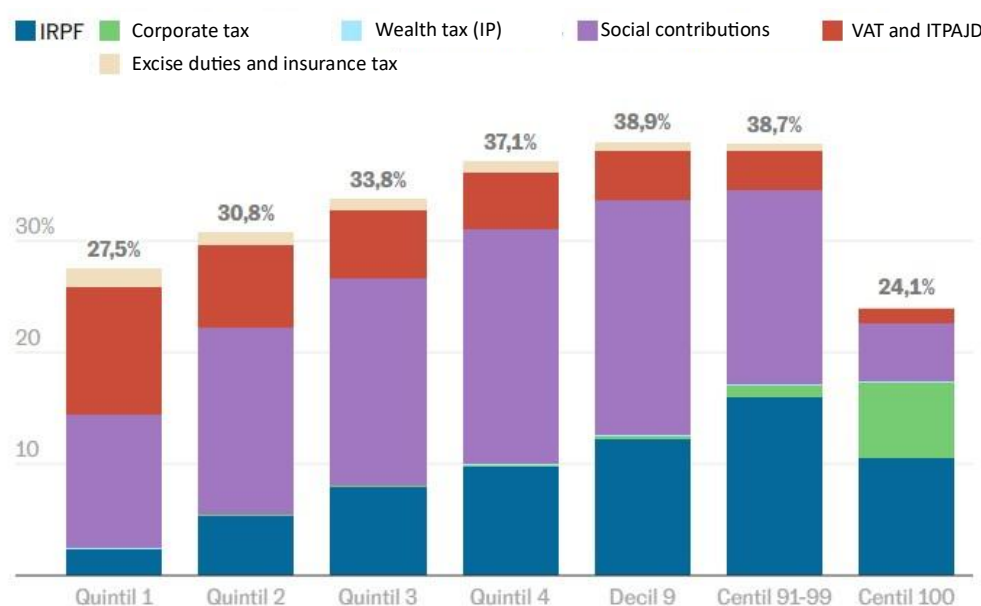
There is no study for Spain comparable to those carried out for the United States, France, Italy, the Netherlands, Norway, Sweden, or Brazil, in which the taxes actually paid are identified using a combination of administrative data and surveys. However, López Laborda *et al.* (2025) have developed a methodology that allows the proportion of taxes borne by households across the income distribution to be estimated by linking data from the Living Conditions Survey and the Household Budget Survey. The application of this methodology confirms that the Spanish tax system is also regressive at the top of the income distribution. The system is progressive up to approximately the 99th percentile of the income distribution; however, it becomes regressive in the segment corresponding to the wealthiest 1%, highlighting a significant limitation in its redistributive capacity. Figure 13 illustrates the limited impact that the wealth tax, as currently designed, has on large estates. In many

¹⁷ The top spots on the Forbes 400 list include founder-owners of large companies (Jeff Bezos of Amazon, Bill Gates of Microsoft, Warren Buffett of Berkshire Hathaway, and Mark Zuckerberg of Facebook). Of these four companies, only Microsoft pays dividends. If Bezos, Buffett, and Zuckerberg do not sell their shares, their realized income will be minuscule in relation to their wealth and their true economic income. For example, Buffett revealed that his taxable income, defined as adjusted gross income reported on his personal income tax return, runs into the tens of millions. Given that his wealth runs into the tens of billions, the realized return on his wealth is in the order of 0.1%. The companies owned by Bezos, Buffett, Zuckerberg, and Gates are also multinationals that can account for a substantial portion of their profits in tax havens to reduce their corporation tax.

cases, wealth is invested in instruments where the impact as capital income or capital gains in personal income tax is limited to situations in which they are realized, implying their indefinite deferral, as in the case of SICAVs, SOCIMIs, investment funds, and pension funds, among others. On the other hand, provided certain requirements are met, shares and holdings in listed and unlisted companies, as well as business assets used in the business, are exempt from the wealth tax, regardless of whether they generate income subject to personal income tax through business profits or distributed dividends.

Figure 13

AVERAGE EFFECTIVE TAX RATES IN 2022 BY GROSS INCOME BRACKET. AS % OF GROSS INCOME



Source: López Laborda *et al.* (2025).

These results place Spain in line with the patterns identified in the previously analyzed countries, where progressivity reverses at the top of the distribution, highlighting a regressive dynamic common to different institutional contexts. The inadequacy of the current tax system to address high levels of wealth concentration, along with the negative externalities arising from this, highlights the need for reform.

In short, the main argument in favor of a wealth tax is to ensure that the total effective average tax rate paid by the wealthiest individuals is not lower than that paid by middle-income citizens, thereby correcting the regressive nature of the tax system at the top end of the income distribution. The IP allows for the taxation of manifestations of economic capacity that personal income tax (IRPF) does not cover, not only because of income concealment, but also due to the structural limitations of the tax itself. Capital income is subject to lower tax rates than those applicable to earned income and, especially at the highest levels of wealth, exhibits very limited progressivity. Because high-net-worth individuals derive a substantial portion of their income from capital gains, the result is a lower effective tax burden for taxpayers with high economic capacity. Furthermore, the IP complements personal income tax insofar as the mere holding of wealth constitutes in itself an indication of

economic capacity that is not subject to taxation under a system based exclusively on income flows. The possession of substantial wealth constitutes a manifestation of economic capacity, regardless of the income it generates in a specific period. Accumulated wealth provides financial security, future consumption capacity, privileged access to credit, and greater economic stability. From this perspective, the Wealth Tax (IP) adheres to the principle of ability to pay by recognizing that the mere holding of wealth justifies an additional tax contribution.

Finally, taxing wealth helps limit its excessive concentration, as this can have negative effects on democratic processes by allowing those with greater resources to exert disproportionate influence over political decisions. Excessive wealth concentration also undermines the principle of equal opportunities by perpetuating inherited advantages that do not depend on merit or individual effort.

Below, three additional arguments are presented in support of taxing wealth as an instrument of equity and efficiency in contemporary tax systems. In addition, an analysis is provided of the main arguments typically put forward against personal wealth taxation to assess their theoretical soundness and relevance in the current economic and social context.

The first argument in favor of personal wealth taxation relates to its potential to stimulate economic growth. High income inequality tends to reduce aggregate demand. Grigoli (2017) observed that a country's per capita gross domestic product growth rate slows when the Gini coefficient exceeds 0.27. A wealth tax can incentivize resource reallocation toward more productive assets, capable of generating higher returns to offset the tax burden. At the same time, it promotes investment in human capital, thereby benefiting the economy. Secondly, a wealth tax targeting extreme wealth could help mitigate the climate crisis, as the concentration of wealth is associated with greater environmental impact. Individuals with greater wealth tend to generate greenhouse gas emissions well above the average, disproportionately consuming humanity's "carbon budget," understood as the number of emissions still available to keep the global temperature rise within the 1.5-degree Celsius limit (Gössling and Humpe, 2023)¹⁸. Thirdly, wealth inequality destabilizes financial systems. The rise in wealth concentration, particularly in the top percentile, significantly increases the likelihood of financial crises (Piketty and Zucman, 2014). Excessive inequality contributes to structural vulnerabilities in financial systems and the formation of asset price bubbles, thereby increasing the likelihood of financial crises. Jakurti (2025) shows that the probability of a financial crisis increases substantially two years after a sustained five-year rise in wealth concentration at the top of the distribution¹⁹. The pursuit of higher returns and profit maximization is driving investment away from the real economy and into financial markets. This shift has intensified the demand for

¹⁸ It is estimated that 47.6% of total emissions come from just 10% of the world's population. In 2022, the average carbon emissions of the richest 1% of the world's population reached 110 tons per person per year, whilst the richest 0.1% generated 467 tons and the richest 0.01% emitted as much as 2,530 tons. Furthermore, projections indicate that US dollar millionaires could rise from 0.7% of the current global population to 3.3% by 2050, generating cumulative emissions equivalent to 72% of humanity's remaining carbon budget. This scenario would drastically reduce the chances of stabilizing climate change within the 1.5-degree Celsius threshold.

¹⁹ *Ceteris paribus*, a one-standard-deviation increase in the growth of the wealth share of the richest 1% is associated with an increase in the probability of financial crises ranging from approximately 3 to 8 percentage points.

certain financial products, leading to asset bubbles that can trigger financial crises (Froud *et al.*, 2001; Lysandrou, 2011; Wisman and Baker, 2011; Wisman, 2013; Goda and Lysandrou, 2014; Goda *et al.*, 2017). Therefore, addressing wealth concentration could not only reduce inequality but also act as a proactive strategy to stabilize financial systems and prevent financial crises.

At the start of this section, it was noted that academic literature has determined that a substantial proportion of wealth originates from inheritance. The arguments in favor of wealth taxes also apply to inheritance tax. Inheritance tax allows the process of wealth accumulation to be addressed at its earliest stage, addressing a key source of wealth inequality. Inheritance tax corrects the distributional effects of intergenerational wealth transfer. Receiving an inheritance constitutes a manifestation of economic capacity for the heir, which is not linked to their productive effort or their participation in the economic process. Inheritance tax is therefore justified in terms of equity, by taxing a capacity to pay that has not previously been taxed in the hands of the recipient. Inheritance tax plays a significant role in promoting equal opportunities by limiting the automatic transfer of economic advantages between generations. The hereditary accumulation of wealth reinforces inequalities of origin that determine access to education, housing, entrepreneurship, and social capital. Inheritance tax does not eliminate these inequalities, but it helps to mitigate them by preventing individuals' economic position from depending excessively on their family background. From a systemic perspective, the ISD complements both the IP and personal income tax. Whilst personal income tax taxes income flows and the IP taxes the continued holding of wealth, the ISD acts at the moments of wealth transfer, preventing gaps in the taxation of economic capacity. This combination allows for a more comprehensive and coherent treatment of wealth throughout its life cycle: generation, accumulation, and transfer. Taxing inheritances have a high degree of redistributive legitimacy, as it falls on concentrated and infrequent increases in wealth, thereby reducing its distorting effects on day-to-day economic decisions. Furthermore, as they occur at identifiable and documented moments, inheritance transfers offer advantages from the point of view of tax administration.

The main arguments against personal wealth taxes are summarized below, with the aim of rigorously analyzing their theoretical consistency and contrasting them with the available empirical evidence.

a) A recurring argument against a tax levied periodically on wealth is that, in open economies, the high mobility of capital makes it difficult to tax it effectively because taxpayers with large fortunes can relocate to avoid the tax burden. However, even if a taxpayer were to change their residence, assets located in Spanish territory would remain subject to taxation through the mechanism of a real obligation to pay tax. Consequently, the economic impact of the expatriation of a high-net-worth taxpayer may be marginal or even negligible if their assets or economic activities remain in Spain. At the same time, it is unlikely that taxes are the determining factor in this group's decision to change their residence. In most cases, those who choose to emigrate do so due to the difficulty of generating sufficient income to cover their basic needs in their countries of origin, as this decision entails high personal and social costs, closely linked to uprooting and the severing of family, social, and cultural ties. Young (2018) emphasizes that a key factor in understanding the limited impact of taxation on migration processes is the economic and emotional connection that high-income

individuals maintain with the regions where they live and work. Migration responses depend crucially on local services, the availability of public goods and services, and agglomeration effects (Kleven *et al.*, 2020; López-Laborda and Rodrigo, 2022; Rubolino and Giammoni, 2023; Rodrigo Sauco, 2025). On the other hand, the possibility of high-net-worth taxpayers changing their residence is not inevitable, but rather the result of policy decisions linked to the institutional and regulatory design of tax systems. The academic literature is conclusive in pointing out that the risks of high-net-worth individuals relocating for tax reasons are very low; however, countries wishing to prevent this can incorporate specific mechanisms into their regulations, such as tax residence retention clauses and *exit taxes*. Tax residence retention clauses allow individuals who transfer their residence to certain jurisdictions to continue to be treated as domestic taxpayers for a specified period, particularly when tax avoidance is suspected.

Empirically, the scope and consequences of international mobility regarding wealth tax constitute a poorly researched area, due to data limitations and the scarcity of identifiable variations in property tax rates (Perret, 2020). Jakobsen *et al.* (2024), using a difference-in-differences design, analyzed the effects of abolishing the wealth tax in Sweden in 2007. They found that emigration to other countries decreased among those previously subject to this tax, compared with those who were not affected. However, the effect on the migration flow of individuals with significant wealth was modest. The taxable wealth of emigrants subject to the IP accounted for only 0.09% of Sweden's total taxable wealth. They observed that lower migration rates at the top of the wealth distribution were partly explained by the advanced age of wealthier taxpayers and by characteristics negatively associated with geographical mobility. Many business owners retained control of their companies when they moved abroad or restructured their businesses rather than closing them down. Even after accounting for the negative fiscal externalities on other tax bases, the implications of migration for revenue were small compared to the abolition of the wealth tax²⁰. By replicating the analysis in the context of two significant reforms of the wealth tax in Denmark, they found migration elasticities of a similar magnitude, which reinforces both the internal and external validity of their results.

Academic literature analyzing the migratory effects of tax reforms on other tax measures affecting individuals in the highest income brackets, such as inheritance tax or income tax, also finds no significant evidence of changes in residence, apart from anecdotal cases. Bakija and Slemrod (2004) found that variations in state inheritance taxes in the US generated a limited migratory response, and that the associated revenue loss was insignificant relative to total tax revenue. Conway and Rork (2006) analyzed relocation patterns among a group of elderly taxpayers in the United States, concluding that there were no statistically significant relocations attributable to state differences in inheritance tax. One might hypothesize that the tax variable would be particularly influential in this age group, especially in the planning of intergenerational wealth transfer, given the heterogeneity of state inheritance tax regimes. However, empirical evidence suggests that the

²⁰ Jakobsen *et al.* (2020) find that, for every additional dollar raised by the wealth tax, only \$0.22 is lost due to migration. This compares with the \$0.54 lost due to margin-intensive responses through changes in saving, investment, tax avoidance, and evasion.

location decisions of high-net-worth older adults exhibit relatively low elasticity in response to tax factors²¹. Similarly, Brülhart and Parchet (2014) did not identify a migratory response to successive reforms of inheritance tax in Swiss cantons. Young *et al.* (2016) also failed to identify statistically significant migratory responses among millionaire taxpayers to interstate tax differences in the US over time. In contrast, Moretti and Wilson (2023), when examining changes in residence among the 400 wealthiest individuals on the *Forbes* list, found that this group did adjust their location in response to the burden of inheritance tax, suggesting a higher degree of tax sensitivity among the wealthiest strata. Regarding income tax reforms and the migration responses of high-net-worth individuals, Advani *et al.* (2023) analyzed the United Kingdom's 2017 reform of the income tax regime applicable to *non-doms*, concluding that its impact on migration decisions was very limited. In particular, the outflow rate proved to be marginal, a circumstance the authors attribute to the profile of the taxpayers affected, characterized by long-term residence in the country and deep-rooted economic and social ties that acted as retention factors against the possibility of transferring their tax residence abroad. Similarly, Baselgia and Martínez (2022) analyzed a tax reform in Switzerland, under which foreigners with significant assets are taxed on their expenditures rather than their actual income and assets, and they also found no evidence of changes of residence for tax reasons. Consequently, the available empirical evidence suggests that cross-border moves motivated by tax considerations, where they do occur, tend to be very limited in scale.

The literature documenting significant migratory responses to tax reforms tends to focus on specific contexts, whether by analyzing mobility among regions, observing specific groups with a high intrinsic propensity to move, or examining the implementation of special tax regimes designed to attract certain groups of expatriates. In general, studies identifying a more substantial migratory response are set in scenarios where income or wealth taxation is decentralized at the regional level, allowing taxpayers to change their residence without having to leave the country (for example, Iacono and Smedsvik (2024) for Norway; Schmidheiny and Slotwinsky (2018) and Brülhart *et al.* (2017, 2022) for Switzerland; Martínez (2022), Baselgia and Martínez (2022) and Rubolino and Giommoni (2023) for Italy; or Agrawal and Foremny (2019), López-Laborda and Rodrigo (2022) and Agrawal *et al.* (2025) for Spain). These results can be explained by the fact that the costs of changing residence within a country are lower, due to fewer labor, cultural, or linguistic barriers, and because it is easier to simulate fictitious changes of residence. Rubolino and Giommoni (2023) also found that changes in declared tax residence, driven by variations in local tax burdens in Italy, did not imply actual labor mobility. Taxpayers often continued working for the same company after the supposed change of residence, suggesting that this was a fictitious move to a second home rather than an actual relocation. In other words, it appears that most changes of residence are fictitious and, although detecting them can be laborious, they can be identified through appropriately allocating inspection resources, given the limited number of individuals with significant wealth. In the US, some tax-driven mobility has also been detected among specific groups with high intrinsic mobility, such as scientists (Moretti and Wilson, 2017) or inventors (Akcigit *et al.*, 2016, 2022). Muñoz (2021) studied the migration of individuals in the top income decile in the context of tax reforms

²¹ It is well documented that migration rates decline as people age (Molloy *et al.*, 2011).

implemented across 21 European Union countries during the period 2009–2015. His findings reveal considerable heterogeneity, both among countries and professions, highlighting that employees in the financial sector exhibit a greater propensity for transnational mobility.

b) The second argument commonly put forward against periodic wealth taxes is that they may discourage investment. However, from a theoretical perspective, the premise that economic agents make their investment decisions primarily for tax reasons has little empirical support and is highly questionable. Investment decisions depend on the expected returns on projects, where taxation is just one variable among many, but in most cases, it is not the determining factor. Only in certain groups, such as family office managers, can taxation be a determining factor in the composition of financial investment portfolios. However, this is a very small group, and those affected are individuals with very high incomes and wealth²². Although critics of this type of tax often argue that it leads to a relocation of investment decisions, the specialist literature continues to debate whether the wealth tax has substantive effects on actual economic decisions or whether, on the contrary, its main impact is limited to a reduction in declared wealth as a result of tax evasion and fraud (Brühlhart *et al.*, 2017).

Martínez (2022) analyzed the introduction of a tax regime favorable to high-income taxpayers in the Swiss canton of Obwalden in 2006 and found no statistically significant effect on local employment. Similarly, Jakobsen *et al.* (2020) found no robust evidence that the IP in Denmark substantially affected aggregate wealth accumulation, observing only small, statistically insignificant effects. Ring (2025), using geographical discontinuities in the wealth tax in Norway and third-party data on savings, found that the wealth tax increased the labor supply and household savings to offset current and future wealth taxation payments. Jakobsen *et al.* (2024) found that a 1 percentage point increase in the marginal wealth tax rate led to a maximum fall of 0.02% in total employment, 0.07% in investment, and 0.10% in value added. More recently, Mas-Montserrat *et al.* (2025) analyzed taxpayers' responses to the reintroduction of the wealth tax in 2011, using a microdata panel drawn from the universe of tax returns filed by high-net-worth Catalan taxpayers between 2011 and 2015. Their results show that, whilst the tax increase did not discourage saving, a 0.1 percentage point rise in the average tax rate is associated with a 3.21% reduction in cumulative taxable wealth over four years. This decrease is primarily explained by the increase in tax exemptions, mostly linked to business activity, and by the cap on total wealth tax liability. The empirical literature generally agrees that the IP has limited effects on saving, whilst its impact is more

²² It is difficult to determine what percentage of financial activity enhances the productive capacity of the real economy and what generates unproductive profits for the financial sector itself, but Adair Turner, chairman of the UK Financial Services Authority, estimated that in advanced economies such as the US or the UK, only 15% of financial flows are channeled toward new productive enterprises rather than toward speculation in existing assets or sophisticated derivatives. There is no clear evidence that the boom in the financial system of the developed world over the last twenty or thirty years, on an enormous scale and with immense complexity, has boosted growth or stability, and it is even possible that financial activity has extracted rents from the real economy rather than generating economic value of its own. For example, credit default swaps (CDSs) allow speculators to bet on future prices without investing in any productive activity. It is very much like a casino: one side wins and the other loses, money changes hands, but no investment takes place during the process.

pronounced on asset reporting, as well as on tax avoidance and evasion behavior (Brülhart *et al.*, 2022; Durán-Cabré *et al.*, 2019). Seim (2017) suggests that around a third of the elasticity of taxable wealth is due to the under-reporting of asset values in Sweden, and that rather than adjusting their savings, taxpayers respond with tax evasion and avoidance. Brülhart *et al.* (2022) analyzed the effects of a change in the wealth tax in the Swiss canton of Lucerne and concluded that around 50% of taxpayers' responses to the change in the wealth tax were related to tax evasion. In conclusion, the available empirical evidence regarding the response of declared wealth to the introduction of the wealth tax does not allow international capital flight to be identified as a distinct channel from tax evasion or avoidance. There are virtually no econometric analyses that directly examine whether the wealth tax induces outflows of real capital (Advani and Tarrant, 2020).

c) The third argument commonly put forward is that a periodic wealth tax increases tax evasion. The available evidence confirms significant evasion, particularly among the wealthiest individuals, largely facilitated by the absence of effective tax transparency mechanisms. The lack of transparency regarding beneficial ownership creates opportunities for tax avoidance and evasion by making it easier to conceal wealth both domestically and abroad. For example, trusts, usufructs, and foundations have been common tools for avoiding these taxes. Whilst all these entities may be established for legitimate non-tax purposes, the fact that legal ownership and beneficial ownership are held by different people means that they can also potentially be used to avoid and evade taxes.

Some studies provide evidence supporting the theoretical argument that the IP encourages illicit asset transfers to jurisdictions considered tax havens. For example, following the removal of exchange controls in Sweden in 1989, a significant outflow of large fortunes to destinations such as Switzerland or Luxembourg was documented, a phenomenon that was a determining factor in the suspension of the IP in 2007 (Henrekson and Du Rietz, 2014). Similarly, Pichet (2007) reported a considerable volume of capital flight from France following the introduction of the wealth tax. Recent estimates suggest that considerable amounts of private wealth are hidden in tax havens to avoid paying taxes (Zucman, 2014; Johannesen and Zucman, 2014; Alstadsæter *et al.*, 2018). As demonstrated by Alstadsæter *et al.* (2019) for Scandinavia and Londoño-Vélez and Ávila-Mahecha (2021) for Colombia, individuals with very high net worth tend to hide their wealth in tax havens. However, the existence of illicit asset transfers to jurisdictions considered tax havens should not lead to the conclusion that the IP should be abolished but rather highlight the need for strengthened international cooperation.

One option focuses on strengthening the tools designed to curb tax evasion through asset concealment in jurisdictions regarded as tax havens, with particular emphasis on the exchange of information upon request and the automatic exchange of information, in accordance with the standards promoted by the OECD and the G20. Since the G20's 2009 call to end banking secrecy, driven largely by the Global Forum on Transparency and Exchange of Information for Tax Purposes, significant progress has been made in international tax transparency. This has considerably hampered tax evasion through asset concealment in tax havens. Significant progress has been made thanks to the automatic exchange of information among tax authorities, which requires the yearly exchange of information on non-residents' financial accounts with the jurisdictions in which the account holders are tax residents. Alstadsæter *et al.* (2024) concluded that offshore tax evasion has

fallen by two-thirds thanks to increasing automatic banking information exchange. This collaboration has provided a more accurate picture of the world's wealthiest individuals from a global perspective. Boas *et al.* (2025) confirm that the volume of data exchanged internationally has increased and improved substantially. They estimate that the foreign wealth reported under these agreements represents approximately 9% of households' financial wealth. However, they note that the household wealth reported under the CRS is at least 30% lower than the EU Fiscal Observatory's estimates of households' offshore financial wealth.

Sixty percent of the total balance of accounts reported under the CRS is concentrated in financial centers, and around 81% of the financial assets held in financial centers belong directly or indirectly to individuals. The EU Fiscal Observatory's preliminary estimate suggests that the volume of offshore financial assets is higher than that reflected in CRS reports. In Spain, assets declared by individuals via the CRS in financial centers account for 63% of estimated offshore assets, but the Spanish figures may be inflated by double counting, meaning that coverage is likely lower; the EU Tax Observatory's estimates put it at 37%. An increasing number of countries are implementing a centralized register of beneficial owners to ensure that this information is available, timely, and up to date. For these registers to be effective and not merely repositories of obsolete information, they must be accompanied by an adequate supervisory system and sanctions sufficiently dissuasive to ensure compliance. Furthermore, the regular publication of CRS statistics would enable researchers to assess its scope and coverage more accurately and would also improve understanding of the personal wealth that individuals hold abroad. This data could serve as a basis for measuring capital flight and enable citizens to hold their governments accountable for the effectiveness of their capital gains taxation, whilst promoting an informed public debate on international tax evasion and capital flight. Better access to CRS data at the micro level would also strengthen statistics on inequality, as offshore tax evasion is disproportionately concentrated among the wealthiest individuals (Alstadsæter *et al.*, 2019). Compiling various aggregates of CRS statistics by owner type and by reporting jurisdiction would allow for a comparison of the scope of information exchanged under the CRS with estimates of offshore financial wealth, as well as providing valuable insights for regulators and researchers into whether firms and individuals adopt different strategies in the location of their assets. These statistics would enable tax authorities to assess the proportion of accounts held through passive companies, an ownership structure associated with a relatively high risk of tax evasion. Finally, the availability of information on the proportion of such accounts for which reporting financial institutions provide substantive data on beneficial owners would help assess the effectiveness of the CRS and identify high-risk jurisdictions where information on beneficial owners is most frequently incomplete (Boas *et al.*, 2025). Given the CRS's potential to become the primary source of data on foreign wealth and financial income, it would be highly beneficial to develop a standardized framework for data cleansing and country-by-country reporting, as the Network for Tax Justice has long called for (Knobel, 2019). Although the body of empirical research is growing and access to data for researchers is gradually improving, the available evidence remains fragmented. A significant number of tax administrations and finance ministries have not published

information on the data they have received. This lack of transparency is particularly relevant given that the dissemination of aggregate statistics would pose no risk to taxpayer confidentiality²³.

A second alternative could be the design of an internationally coordinated or harmonized wealth tax. The specialist literature contains only a few proposals aimed at developing such an approach. Notable among these are Piketty's (2014) proposal to establish a progressive global wealth tax; the proposals by Krennek and Schratzenstaller (2018), who estimated the distribution of wealth across the 20 EU countries and the revenue potential of a progressive wealth tax at the EU level; and those by Landais *et al.* (2020) and Kapeller *et al.* (2021), who advocate a European net wealth tax to finance the common response to the COVID-19 crisis.

d) The fourth argument against recurrent wealth taxes maintains that, in practice, they fail to effectively tax the wealthiest households, as these households have mechanisms at their disposal that allow them to circumvent or evade their tax obligations. However, the evidence suggests that most tax avoidance problems stem primarily from deficiencies in the design of the wealth tax. In this regard, many of the limitations could be addressed through an appropriate redesign of the tax, aimed at strengthening both its redistributive capacity and its technical coherence. As mentioned previously, among the measures that could enhance the effectiveness of the tax are clauses requiring high-net-worth taxpayers who have resided in the country for several years to maintain their taxpayer status for a specified period. These provisions require individuals who transfer their residence to certain jurisdictions to continue to be regarded as taxpayers with a personal obligation to pay tax for a specified period, particularly if an evasive intent is presumed²⁴. Another key aspect in preventing tax avoidance is the removal of exemptions and preferential treatment for certain assets, notably, the exemption of corporate assets when classified as a family business and the removal of the combined income and capital gains tax threshold (tax shield), amongst others.

e) Another argument frequently raised against wealth taxes is their high administrative and compliance costs, particularly when compared to the relatively modest revenue they generate. One of the main administrative costs associated with wealth taxation is the need to conduct periodic asset valuations. However, digitalization is expanding tax authorities' access to data (including third-party information) and improving their capacity to manage large volumes of information, which could ultimately enhance their effectiveness in taxing individuals' wealth. In the information age, characterized by the growing use of artificial intelligence, this challenge can be addressed in a far more systematic and uniform manner than in the past, enabling valuations that would have been unfeasible just a few decades ago, or even a few years ago (Soled and Thomas, 2023). Advances in

²³ A decade after the implementation of the automatic exchange of information under the CRS, the existing evidence on its effectiveness remains mixed. Most academic sources assess the CRS indirectly through its impact on macroeconomic or microeconomic financial variables, as micro-level CRS data remain confidential within tax administrations. The latter have been reluctant to publicly share their findings based on comparisons of CRS data with taxpayer information. Some countries have established research partnerships between tax authorities and universities, but so far, only the results of a Danish research collaboration have been published (Boas *et al.*, 2025).

²⁴ The Spanish personal income tax system includes a safeguard clause of this kind designed to penalize transfers to territories classified as tax havens.

artificial intelligence and machine learning provide more agile, accurate, and cost-effective tools for asset valuation for tax purposes. These algorithms enable the processing of large volumes of information, continuous adaptation to changing market conditions, and, consequently, more accurate value estimates at a significantly lower cost. Their effectiveness has already been demonstrated in the valuation of diverse non-fungible assets, such as works of art, real estate, or company shareholdings. A telling example is the application of machine learning to the valuation of shareholdings in companies not listed on organized markets. Whilst shares in listed companies can be valued relatively easily based on market prices, shareholdings in private companies not listed on organized markets generally lack immediate benchmarks that allow for an objective determination of their value. To address this challenge, a team of experts from Goldman Sachs, JP Morgan, Morgan Stanley, and Bloomberg developed a machine learning tool capable of providing real-time valuations for this type of company²⁵. The model relies on publicly available financial data, sector classifications, and stock market information as training datasets. Applying machine learning algorithms to the valuation of unlisted companies is considered more accurate, as it allows the instantaneous processing of large volumes of public information and provides up-to-date estimates, as opposed to traditional valuations based on outdated comparables, which are more costly to produce in terms of resources. Whilst machine learning programs are not a universal solution, they represent a highly recommended investment, as they can significantly reduce the costs of tax administration, encourage voluntary compliance, and contribute to the simplification of the tax system. Machine learning offers a unique, low-cost valuation source with sufficient reliability to be used by taxpayers, tax authorities, and the courts. However, the eventual implementation of these systems should include a mechanism that guarantees taxpayers the right to challenge the valuations assigned. Even so, the existence of a reference value generated by machine learning algorithms could serve as a robust and efficient starting point, with transformative impact on tax administration.

f) Finally, the current debate on wealth taxation in its various forms, such as wealth tax, taxes on large fortunes, or inheritance and gift taxes, frequently includes the accusation that such taxes constitute a form of double taxation. This argument maintains that taxing accumulated wealth amounts to double taxation, since the assets would already have been subject to taxation during the phase in which they were generated. The discussion, however, is more complex than this simplified formulation suggests.

Firstly, the argument is based on the premise that current wealth is a direct result of income previously taxed through income tax, social security contributions, or other taxes. From this perspective, imposing an additional levy on the stock of wealth would amount to taxing the same manifestation of economic capacity twice: first as a flow (income generated) and then as a stock (accumulated wealth). It should be borne in mind, however, that classical tax theory identifies three distinct manifestations of economic capacity: income, wealth, and consumption. Each of these constitutes an independent indicator of tax-paying capacity and, therefore, may be subject to taxation without this necessarily implying double taxation of the same taxable event. In fact, if one were to take to the

²⁵ <https://hedgenordic.com/2020/11/whats-it-worth> [<https://perma.cc/M25L-C8K4>]

extreme the argument that any tax on previously taxed resources constitutes double taxation, one would also have to admit that value-added tax (VAT) involves double taxation, as it taxes consumption financed by income that has already been taxed. However, no one disputes that VAT is fully and legitimately integrated into modern tax systems, which shows that the chaining of taxes across different manifestations of economic capacity is not sufficient to establish double taxation in the technical sense.

Thus, double taxation in these cases has been qualified by academic literature and comparative tax practice. The first objection is that wealth is not merely deferred income, as it incorporates unrealized capital gains, exempt income, and even income that was never subject to taxation in the past. Consequently, the tax base for a wealth tax does not necessarily coincide with that for income tax, which weakens the argument for strict tax duplication.

Secondly, the principle of double taxation, as recognized in tax law, traditionally applies to cases where the same taxable event is subject to two or more concurrent taxes. However, the taxable event for income tax (the receipt of income) is legally distinct from the taxable event for a wealth tax (the ownership of a stock of wealth at a given point in time). Although both are economically related, their legal and temporal natures differ, which is why numerous authors argue that one cannot technically speak of double taxation in the strict sense.

Furthermore, a significant part of economic doctrine emphasizes that wealth constitutes an autonomous manifestation of economic capacity. From this perspective, possessing wealth generates economic advantages, such as financial security, deferred purchasing power, borrowing capacity, and economic influence, which are not exhausted in the prior process of income generation. From this perspective, taxing wealth would not be a redundant levy, but rather a recognition that substantial assets entail an additional and distinct form of tax-paying capacity, complementary to income and consumption.

Thus, although the argument of double taxation occupies a central place in the critique of wealth taxes, its validity is neither universal nor beyond dispute. The distinction between income, wealth, and consumption as different manifestations of economic capacity, the diverse origins of wealth, and the multifaceted conception of tax-paying capacity allow us to question the idea that wealth taxation leads to double taxation. The argument that any tax on previously taxed resources constitutes double taxation, which, taken to the extreme, would also make VAT double taxation, lacks legal and doctrinal acceptance.

In summary, this document has sought to rigorously reflect the current state of wealth taxation. Based on this analysis, a solid set of conceptual tools, empirical evidence, and comparative references is now available to underpin an informed, critical, and sound academic and social debate. All of these aims to contribute to further progress toward a fairer, more equitable, and more egalitarian society.

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