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**Committee of Experts on International
Cooperation in Tax Matters**

Geneva, 18-21 October 2022

Item 3(m) of the provisional agenda

Wealth and Solidarity Taxes

Coordinator's Report

Summary

Since its formation at the twenty-fourth Session, the Subcommittee on Wealth and Solidarity Taxes has been working on a paper that will give a short overview about the questions that arise while countries consider whether to implement a wealth or solidarity tax. In this report, the Subcommittee's Coordinator provides a short progress report on the work undertaken and presents a more detailed outline of the proposed paper.

The Subcommittee seeks *comments and guidance* from the Committee on the expanded outline as presented in Annex A.

Background information

1. At its twenty-third Session, the Committee of Experts in International Cooperation in Tax Matters (the Committee) established the [Subcommittee on Wealth and Solidarity Taxes](#) as a multi-stakeholder body with the mandate to analyze the advantages and disadvantages of wealth taxes, identify tax policy design topics where guidance from the Committee would be most useful and ensure that its work reflects the realities for, and the needs of, developing countries.
2. At the twenty-fourth Session, the Subcommittee sought guidance and approval from the Committee on its [proposed work program](#). The guiding principles of the Subcommittee's proposed workplan were that it should be non-prescriptive, non-duplicative and collaborative. Building on existing guidance, the proposed paper would discuss the advantages and disadvantages of wealth taxes and available alternatives. The Subcommittee would liaise with other relevant Subcommittees in order to ensure a coordinated approach to Committee guidance. The Committee approved the workplan consisting of a preliminary table of contents for the paper, with the understanding that the Subcommittee would present more information on the proposed model legislation to ensure its practicality and usefulness for developing countries.

Progress report

3. The Subcommittee has met twice since the twenty-fourth Session, on 23 and 24 May 2022 as well as on 1 and 2 September 2022. Both meetings were held virtually, bringing together Committee members, representatives from national tax authorities and international organizations as well as academia. A particular point of discussion at the most recent meeting were behavioral responses to the enactment of net wealth taxes based on the Colombia's experience and how certain design choices can aid in circumventing tax evasion.
4. In advancing the work of the Subcommittee, the previously approved outline contained in the [Coordinator's Report for the twenty-fourth Session](#), has been expanded to include further headings and subheadings of the Subcommittee's paper. Annex A contains the more detailed outline in a "mark-up" version, highlighting the additional information added to the previously discussed outline. With regards to the proposed model legislation of a net wealth tax, the Subcommittee valued the input given by the Committee and decided that, as a first step, the paper will compile and analyze necessary legislative elements of a net wealth tax drawing on existing legislation. The Subcommittee seeks comments and guidance from the Committee on the expanded outline as presented in Annex A.

Organization of work

5. The Subcommittee is on track to submit a first draft of the paper for consideration by the Committee no later than during the twenty-seventh Session in fall of 2023. To achieve that goal, the Subcommittee expects to continue to meet frequently. The work is carried out by smaller drafting groups that benefit from the generous input of

expertise and time of representatives from international organizations, governmental representatives and academics.

The Subcommittee and the Sustainable Development Goals

6. At its twenty-third Session, the Committee agreed to discuss taxation and the Sustainable Development Goals (SDGs) as a reoccurring topic during its sessions. It also agreed that Subcommittees should reflect on the links between their work and the SDGs. In carrying out their work, the Subcommittee on Wealth and Solidarity Taxes continues to promote and is aware of the link between their work and the SDGs. In drafting their guidance, Subcommittee participants are striving to assist countries in mobilizing domestic resources for development and fighting inequality by producing guidance on net wealth taxes cognizant of the fact that there are other measures that could be taken in lieu of a wealth tax to improve on inequality and intends to reflect this advice in its proposed guidance.

Annex A: Detailed outline

1. Executive summary
2. Short introduction and the rationale behind wealth taxes ~~incl. the advantages and disadvantages of wealth taxes~~
 - a. Summary/Introduction of the chapter
 - b. Wealth
 - i. Definition of wealth
 - ii. Brief discussion on who owns wealth: individuals, corporations.
 - c. Wealth elements by nature
 - d. Definition of wealth taxation
 - e. Rationale behind wealth taxation
 - i. Advantages
 - Addressing inequality
 - Complementing the tax system (References to 4.e. and 5.d.)
 - Revenue for governments (Reference to Appendix A)
 - Other
 - Positive behavioural responses
 - Positive economic impact
 - Potential political support
 - ii. Disadvantages
 - Administrability
 - Double/burdensome taxation (Reference to 4.d.iv.)
 - Undesired behavioural responses (References to 5.e.iv and 5.g.)
 - Undesired impact on low versus high return assets holders and on low liquidity assets holders
3. Different types of taxes related to wealth
 - a. Summary/Introduction of the chapter
 - b. ~~Taxes on the flow of wealth~~ Capital income taxes ~~(including capital gains taxes, dividends, interest, etc.)~~
 - i. Introduction / General characterization
 - ii. Taxes on interest
 - iii. Taxes on dividends
 - iv. Taxes on capital gains
 - v. Taxes on royalties
 - vi. Taxes on rents from immovable property
 - vii. Other capital income taxes (for example movable property leases)
 - c. Taxes on the stock of wealth
 - i. Introduction / General characterization
 - ii. Property taxes (References to chapters 4 and 5)
 - Taxes on immovable property
 - Taxes on tangible movable assets
 - Taxes on intangible assets
 - iii. Net wealth taxes (References to chapters 4 and 5)
 - d. Taxes on the transfer of wealth, ~~including inheritance and gift taxes~~
 - i. Introduction / General characterization
 - ii. Inheritance taxes
 - iii. Estate taxes
 - iv. Gift taxes
 - v. Other (accession taxes, taxes to prevent generation-skipping transfers)

4. ~~Considerations for~~ **Basic policy decisions upon** introducing or amending current tax regimes
 - a. **Summary/Introduction of the chapter**
 - b. Capital income taxes
 - c. Taxes on the transfer of wealth (incl. property)
 - d. **Key design issues for taxes on property and** ~~Developing a net wealth tax for individuals~~
 - i. Taxable person
 - Individuals
 - Fiscal households
 - Corporations (Reference to 2.b.ii)
 - Non-residents
 - Proxies / Substitutes
 - ii. Exemptions / Exclusions
 - iii. Thresholds
 - iv. Maximum taxation
 - v. Taxable base (Cross reference to 5.b.)
 - Covered assets
 - Qualified deductions
 - vi. Rates
 - vii. Taxable event
 - viii. Double taxation (Cross reference to 5.d.)
 - ix. Administrability (Reference to 5.e.)
 - x. Information management (Reference to 5.f.)
 - e. Tax system interactions
 - i. Among taxes related to wealth
 - ii. Between taxes related to wealth and other taxes
 - iii. Between taxes related to wealth and other legal regimes
5. Practical guidance for the implementation of net wealth taxes for individuals
 - a. ~~Covered assets~~ **Summary/Introduction of the chapter** (References to 2.a. and Appendix B)
 - b. ~~Thresholds / Exemptions~~ **Tax base determination** (Cross reference to 4.d.v.)
 - i. Valuation of covered assets
 - ii. Inflation adjustments
 - iii. Qualified deductions
 - c. Liquidity / Timing / Periods of taxation and collection
 - d. Double taxation issues and interaction with other taxes (References to 4.d.viii. and 4.e.)
 - i. Integration with income tax
 - e. ~~Rates~~ **Tax administration and compliance management**
 - i. Level of the tax authority (national, subnational)
 - ii. Identifying the beneficial owner
 - iii. Collection mechanism
 - iv. Addressing tax avoidance and evasion
 - v. Formal requirements
 - f. Information management / exchange of information
 - i. Sources of information
 - Tax Administration databases
 - Declaration of assets held
 - Other governmental sources
 - Other non-governmental sources

- ii. Use of information
 - iii. Exchange of information
 - g. Capital flight / exit taxes (Cross reference to 2.e.ii)
- 6. Practical guidance for the implementation of exceptional solidarity property and net wealth taxes on individuals
 - a. Summary / Introduction of the chapter
 - b. Purposes, advantages and disadvantages
 - c. Key design issues (References to 4.d. and 5.)
 - i. Taxable person
 - ii. Exemptions / Exclusions / Thresholds
 - iii. Taxable base
 - Covered assets
 - Valuation of assets
 - Qualified deductions
 - iv. Taxable event
 - v. Double taxation and other design issues
 - vi. Rates
 - d. Liquidity / Timing / Periods of taxation and collection (References to 5.c.)
 - e. Administrability (Reference to 5.e.)
 - f. Information management (Reference to 5.f.)
 - g. Interactions with other regimes (Reference to 4.e.)
- 7. Conclusions
- 8. Appendices:
 - a. Potential revenue estimates methodology
 - b. ~~Annex: Model legislation~~ Legislative elements for net wealth taxes on individuals
 - c. Overview on net wealth taxes around the world