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**Committee of Experts on International
Cooperation in Tax Matters
Twenty-fourth session**

New York, 4-7 April 2022 and 11-12 April 2022

Item 3 (m) of the provisional agenda

Wealth and Solidarity Taxes

Coordinator's Report

Summary

At its 23rd Session in October 2021, the UN Committee of Experts on International Cooperation in Tax Matters established the Subcommittee on Wealth and Solidarity Taxes with the mandate to analyze the advantages and disadvantages of wealth taxes, identify tax policy design topics where guidance from the Committee would be useful and ensure that its work reflects the realities of, and the needs of, developing countries.

The Subcommittee devised its proposed program of work consisting of a non-prescriptive paper that will give a cursory overview about the questions that arise while countries consider whether to implement a wealth or solidarity tax.

The Subcommittee seeks *guidance and approval* from the Committee on the proposed outline of its paper in paragraph 4.

1. At the twenty-third session of the Committee in October 2021, [a Secretariat Note](#) giving background information on inequality and outlining calls for wealth and solidarity taxes was put before the Committee. As the note identifies, there may be different types of taxes related to wealth, from which various policy options and design questions arise.
2. The Committee approved setting up a Subcommittee to work on this matter, coordinated by Mr. José Troya and with the following mandate:

“The Subcommittee is mandated to consider, report on and propose issues for guidance on wealth and solidarity taxes, on the basis that it:

- Analyses the advantages and disadvantages of wealth taxes in their different forms and how they interact with other taxes, especially on capital;
 - Identifies and considers the tax policy design topics where guidance from the Committees is the most useful in this area and initially reports to the Committee with proposals no later than at the Twenty-fourth Session in 2022;
 - Ensures that its work reflects the realities for, and the needs of, developing countries in various situations, at their relevant stages of capacity development; and
 - Provides draft guidance on such issues as are approved by the Committee at its sessions, with a view to approval and release of targeted guidance at various points during the current Membership of the Committee.”
3. The Subcommittee has met twice since its inception: During a first meeting from 3 to 5 January 2022 that was held virtually, the Subcommittee invited representatives from the IMF and the World Bank Group that provided insights into what their respective organizations are doing in the area of wealth taxes and received some input from researchers. The remaining two days of the meeting were used for internal discussions and to agree on the exact topics to be covered, the type of product that the Subcommittee would produce and to prepare an outline of the paper to be written. The second virtual meeting from 14 to 15 March 2022 was used to invite further researchers and representatives from the OECD as well as further input from academics. The Subcommittee also decided on drafters and discussed a timetable.
 4. The Subcommittee has identified tax policy design topics on which it will develop a paper that will give a cursory overview about the questions that arise while countries consider whether to implement a wealth or solidarity tax, with a view for a non-prescriptive paper to be approved by the Committee no later than at its twenty eighth session. Considering that the relevance and the main issues related to these topics were already included in the [Secretariat Note](#) discussed by the Committee at its twenty third session, at this moment the Subcommittee asks the Committee to approve the following preliminary table of contents for the paper:
 1. Executive summary
 2. Short introduction and the rationale behind wealth taxes incl. the advantages and disadvantages of wealth taxes
 3. Different types of taxes related to wealth
 - a. Taxes on the flow of wealth
 - i. Capital income taxes (including capital gains taxes, dividends, interest, etc.)
 - ii. Taxes on the transfer of wealth, including inheritance and gift taxes
 - b. Taxes on the stock of wealth
 - i. Property taxes
 - ii. Net wealth taxes
 4. Considerations for introducing or amending current tax regimes

- a. Capital income taxes
- b. Taxes on the transfer of wealth (incl. property)
- c. Taxes on property
- d. Developing a net wealth tax for individuals
- e. Interactions between taxes related to wealth and other taxes
5. Practical guidance for the implementation of net wealth taxes for individuals
 - a. Covered assets
 - b. Thresholds / Exemptions
 - c. Tax base determination / valuation of covered assets
 - d. Liquidity / Timing
 - e. Rates
 - f. Tax administration and compliance management
 - g. Information management / exchange of information
 - h. Capital flight / exit taxes
 - i. Double taxation issues
6. Practical guidance for the implementation of exceptional solidarity property and net wealth taxes on individuals
7. Conclusions
8. Annex: Model legislation for net wealth taxes on individuals

Organization of Work

5. The Subcommittee plans to submit items for consideration by the Committee no later than during the 27th Session in fall of 2023. To achieve that goal, the Subcommittee expects to meet and discuss first outlines already in the second / third quarter of 2022. The work is proposed to be 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.

Issues for Decision by the Committee

6. The Committee is asked to discuss and to approve the Subcommittee's proposed work program set out in paragraph 4.

Proposed Work Plan and the Sustainable Development Goals

7. At its 23rd Session, the Committee agreed to discuss taxation and the Sustainable Development Goals as a reoccurring topic during its sessions. It also agreed that subcommittees should reflect on the links between their work and the SDGs. The Subcommittee on Wealth and Solidarity Taxes is aware of its role in promoting sustainable development, most notably by producing guidance that would assist countries in reaching SDG 10, i.e. reducing inequality within and among countries. Inequality within and among countries is a persistent cause of concern and has only been deepened by the COVID-19 pandemic, which has impacted developing countries and vulnerable population the hardest. Wealth and solidarity taxes are an option to consider for countries trying to fight inequality. The Subcommittee also recognizes that, depending on a country's tax system and its administrative capacities, 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.