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**Committee of Experts on International
Cooperation in Tax Matters
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Item 3(m) of the provisional agenda

Wealth and Solidarity Taxes

Coordinator's Report

Summary

Since its formation at the Twenty-third 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 when 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 invites the Committee to provide *comments and guidance*.

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](#) (the Subcommittee) as a multi-stakeholder body with the mandate to analyze the advantages and disadvantages of wealth and solidarity 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 presented a [proposed work program](#) which was endorsed by the Committee. In advancing the work of the Subcommittee, the [Coordinator's report presented at the Twenty-fifth Session](#) contained a detailed outline. The guiding principles of the Subcommittee's work are that it should be non-prescriptive, non-duplicative and collaborative. Building on existing guidance, the paper discusses the advantages and disadvantages of wealth and solidarity taxes and available alternatives. The Subcommittee is tasked to liaise with other relevant Subcommittees in order to ensure a coordinated approach to Committee guidance.

Progress Report

3. The Subcommittee held three meetings since the Twenty-fifth Session: on 22 November 2022; 5 and 6 January 2023; and 27 and 28 February 2023. These virtual meetings brought together Committee members, representatives from national tax authorities and international organizations, as well as academia.
4. During these meetings the Subcommittee discussed the work that is undertaken by drafters between the meetings. The current version of the paper contains approximately 75 pages divided into five substantial chapters and one annex:
 - a. The introduction outlines the rationale behind wealth taxes, sheds some light on the distribution of wealth and presents some advantages and disadvantages of taxing wealth (approx. 7 pages).
 - b. The chapter on different types of taxes related to wealth contains a short description of how wealth can be taxed (divided into capital income taxes, taxes on the stock of wealth and transfer taxes). The goal is to provide policy makers with an overview and to allow them to view the taxation of wealth holistically to find the right mix of taxes for their jurisdictions, considering their specific tax system and political economy (approx. 18 pages).
 - c. The chapter on basic policy decisions upon introducing or amending current tax regimes expands on the overview given in the previous chapter and discusses how different taxes can interact (approx. 26 pages).
 - d. The chapter on practical guidance for the implementation of net wealth taxes for individuals addresses relevant issues that interested jurisdictions may consider at the time of implementing a net wealth tax. This includes for example the taxable person(s), in-scope wealth, tax rates and exit taxes (approx. 13 pages).
 - e. The chapter on practical guidance for the implementation of exceptional solidarity net wealth taxes on individuals builds on the previous chapter but expands it to cases where time-bound taxes are levied to mobilize the

resources needed to mitigate and recover from the effects of a specific crisis (approx. 6 pages).

- f. The annex presents how revenue estimates for a net wealth tax can be generated (approx. 4 pages).

5. While the Subcommittee has made a lot of progress in the last few months, the decision was taken to improve the paper further before presenting it for first consideration to the Committee. In particular, the Subcommittee aims to streamline some passages including by combining subchapters, while expanding on others. There is also work underway to add an annex to the paper on legislative elements of a net wealth tax and another annex focusing on country examples. *The Committee is therefore invited to provide comments and guidance on the progress report of the Subcommittee.*

Organization of Work

6. The Subcommittee is planning to submit a paper for first consideration by the Committee during the Twenty-seventh Session in October 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.

Sustainable Development Goals

7. 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 its work and the SDGs. In drafting guidance, the Subcommittee is striving to assist countries in mobilizing domestic resources for development and fighting inequality by producing guidance on net wealth taxes cognizant of other measures that could be taken in lieu of a wealth tax to improve on inequality.