

Distr.: General  
26 September 2023

Original: English

---

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

17-20 October 2023

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 draft paper that provides practical guidance on the policy options available to tax jurisdictions when considering how to adequately tax wealth, with a focus on net wealth taxes. The Subcommittee's Coordinator is hereby providing a short progress report on the work undertaken and is *presenting for first consideration* the Annexed paper produced by the Subcommittee.

## 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 subcommittee 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. During the [Twenty-Fifth](#) and [Twenty-sixth](#) Sessions, the Coordinator updated the Committee on the work that the Subcommittee was undertaking and, in particular, outlined the status of the draft paper that the Subcommittee has been working on.
3. The paper is intended to provide practical guidance on the policy options available to tax jurisdictions when considering how to adequately tax wealth, with a focus on net wealth taxes. As taxing wealth can be complex and adequate laws are difficult to design and implement, it is important to do so in a way that fits into countries' current tax system and makes the most efficient use of limited administrative resources.
4. The Subcommittee held two meetings since the Twenty-sixth Session: on 18 May and 7 September 2023. These virtual meetings brought together Committee members, representatives from national tax authorities and international organizations as well as academia to advance work on the paper, which the Subcommittee has decided to present to the Committee at its 27<sup>th</sup> Session for a first discussion. The paper is included as an annex to this Coordinator's Report.
5. The draft paper discusses some of the common reasons why tax jurisdictions might want to tax wealth while acknowledging the (unintended) consequences that this may have. The paper also provides an overview of the different wealth taxes ranging from capital income taxes to taxes on the transfer and stock of wealth. Both policy design and administration aspects are examined, including through country examples, with the goal to cater to the different needs and priorities of tax jurisdictions. While the paper describes the many different ways in which wealth can be taxed, there is a focus on tools and guidance to implement a net wealth tax for individuals, either as a one-off solidarity tax or as a recurring tax.
6. The paper is divided into seven thematic chapters and three Annexes, as follows:
  - *Chapter 1: Introduction and the Rationale behind Wealth Taxes* outlines key concepts (such as the definition of "wealth", and the different methods of taxing wealth) and considers the rationale for taxing wealth, as well as the advantages and disadvantages of this form of taxation.
  - *Chapter 2: Different Types of Taxes Related to Wealth* provides a holistic overview of the different types of wealth taxes. The aim is to provide a tool to assist policymakers in identifying the most effective and efficient mix of wealth taxes for

their jurisdiction, in light of their individual tax system and political economy. Chapter 2 introduces policy options for wealth taxation further developed throughout the guidance.

- *Chapter 3: Key Policy Decisions for Introducing or Updating a Wealth Tax* seeks to provide policymakers with the necessary elements to make informed decisions when considering whether to introduce a wealth tax, or whether and how to amend an existing wealth tax regime. It examines relevant policy design choices for each of the three main categories of wealth taxes, including: scope and tax base; rates, thresholds and exemptions; as well as cross border issues.
- *Chapter 4: Practical Guidance for the Implementation of Net Wealth Taxes for Individuals* provides detailed, specific guidance on the implementation of one type of wealth tax – a periodic net wealth tax imposed on individuals. It explores some of the main issues arising in designing a net wealth tax for individuals such as: tax base (including examining the type of assets to include); tax rates and thresholds.
- *Chapter 5: Practical Guidance for the Implementation of Exceptional Solidarity Wealth Taxes on Individuals* focuses on a one-off solidarity net wealth tax on individuals to address the costs of a pandemic or natural disaster. It discusses the advantages and disadvantages of imposing an exceptional net wealth tax on individuals, and how to identify in what circumstances and for how long a solidarity tax should apply.
- *Chapter 6: Key Considerations for The Effective Administration of Wealth Taxes* focuses on the importance of administration in the design and implementation of a wealth tax. A wealth tax can only achieve its full potential through efficient and effective administration. The chapter considers some of the key issues that arise in the context of administering taxes on wealth, in particular: valuation; access to information; compliance management, and methods to address tax evasion.
- *Chapter 7: Interaction between Taxes related to Wealth and Other Taxes* deals with interaction of wealth taxes; both the interaction among the different types of taxes related to wealth; and the interaction of those wealth taxes with the wider tax system of a tax jurisdiction.
- The Appendices are designed to provide useful tools to assist tax jurisdictions in the implementation and the administration of wealth taxes. *Appendix A* sets out a possible methodology for carrying out a revenue estimate prior to enacting a net wealth tax. *Appendix B* provides a compilation of the necessary legislative elements of a net wealth tax drawing on existing legislation. *Appendix C* provides potentially useful lessons from Norway’s experience of implementing and administering a net wealth tax.

## **Proposed Way Forward**

7. The attached draft guidance document is presented for *first consideration* by the Committee. The Subcommittee seeks comments and input from the Committee and observers on draft paper. The Subcommittee expects to continue to meet frequently after the Twenty-seventh Session to work on incorporating the feedback received, with a view to further improving the paper for presentation to the Committee for review and approval at its Twenty-eighth Session, to be held in 2024.

## **Sustainable Development Goals**

8. 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. The draft guidance product of the Subcommittee on Wealth and Solidarity Taxes presents a practical way to assist countries in mobilizing domestic resources for sustainable development and to fight inequality. `