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**Committee of Experts on International  
Cooperation in Tax Matters  
Twenty-eighth Session**

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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 providing 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 since the Twenty-seventh Session and is *presenting for final approval* the guidance prepared by the Subcommittee as contained in Appendix A.

A drafting group consisting of Subcommittee participants is presenting the structure of model legislation for a net wealth tax as contained in Appendix B *for first consideration* by the Committee.

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updated the Committee on the work that the Subcommittee was undertaking and, in particular, outlined the status of the draft guidance that the Subcommittee has been working on. At the Twenty-seventh Session, the Coordinator presented [draft guidance](#) for first consideration and the Subcommittee received helpful feedback and input from UN Tax Committee members and observers.
3. The Subcommittee held a virtual meeting on 11 January 2024 to discuss the feedback received and to work on further improving the draft guidance. The meetings brought together Committee members, representatives from national tax authorities and international organizations as well as academia. During the meeting, the Subcommittee discussed additions to the guidance and ultimately decided to present the updated version for final approval to the Committee. The guidance is included as Appendix A to this Coordinator's Report.
4. The practical guidance elaborates 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.
5. The guidance discusses some of the reasons why tax jurisdictions may wish to tax wealth while acknowledging the (unintended) consequences that this may have. Additionally, it provides an overview of the different taxes on wealth 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 guidance describes the many different ways in which wealth can be taxed, there is a focus on tools and guidelines to implement a net wealth tax for individuals, either as a one-off solidarity tax or as a recurring tax.
6. The guidance is divided into six thematic chapters and three Appendices, 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 Tax Related to Wealth* provides a holistic overview of the different types of wealth taxes. Its 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. It also considers the interaction of different types of wealth taxes, both with each other, and with other tax regimes.
- *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; and the timeframe for payment.
- *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 crisis, such as 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, methods to address tax evasion and the interaction between taxes.
- 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 and Colombia's experience of implementing and administering a net wealth tax.

7. The Subcommittee is very thankful for the feedback it received from Committee members and observers – both during the Twenty-seventh Session as well as in writing. Main changes vis-à-vis the guidance presented at the Twenty-seventh Session are the following additions:

- a section on the need to consider the economic impact of a net wealth tax such as their effect on investment, business entrepreneurship, and capital formation in light of country socio-economic backgrounds;
- an additional box containing information on Uganda's experience with a High-Net-Worth Individual Unit,
- an additional box containing insights into the use of technology in the area of valuation;
- Colombia's experience with net wealth taxes was added to Appendix C.

8. With a view to the Subcommittee's workstream on a guidance paper being presented for finalization during the Twenty-eighth Session, a small drafting group was formed with the intent to work on model legislation for a net wealth tax. The structure for such model legislation as outlined in Appendix B is presented for Committee views. The intent of the drafting group is to, after the Subcommittee's review, present a first draft of the model legislation to the UN Tax Committee at the Twenty-ninth Session and to submit the model legislation for approval at the Thirtieth Session.

9. 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 of the Subcommittee on Wealth and Solidarity Taxes presents a practical way to assist countries in mobilizing domestic resources for sustainable development and to address inequalities and curb illicit financial flows.