

Paper for consideration from the Subcommittee on
Wealth and Solidarity Taxes

Template Law intends to inform and assist reform, providing a reference tool for policy makers when considering or preparing new laws and regulations or reviewing the adequacy of existing laws and regulations.

It should be noted that this Template Law, in its entirety or in certain parts, will not be suitable in all cases. Policy makers will need to develop legislation that meets the needs and fits the particularities of their country, including, importantly, the state of their economy, existing tax laws on capital income, the transfer and stock of wealth as well as administrative tax laws and regulations. However, the Template Law aims to provide considerations, guidance, options, and perhaps inspiration for countries to develop their own laws tailored to their particular priorities, requirements, and constraints.

It is strongly recommended that this Template Law is considered in conjunction with the UN Tax Committee's Handbook on Wealth and Solidarity Taxes.⁴ The Handbook provides practical guidance on the policy options available to countries when considering how to adequately tax wealth, with a focus on net wealth taxes. It discusses the rationale for taxing wealth, alongside practical tools, advice and country examples with regard to net wealth taxes.

⁴ UN (2024). Handbook on Wealth and Solidarity Taxes. Available from [UN Handbok Wealth and Solidarity Taxes .pdf](#)

Preamble

WHEREAS the [Government] [Parliament] of [Jurisdiction] considers it desirable to tax individual net wealth so as to achieve reduction of inequality, mobilization of domestic resources for investment in sustainable development and promotion of social justice.

Be it therefore enacted as follows:

Chapter I: Enabling Provisions

Article 1: Title, Territorial Scope and Commencement

- (1) This law may be cited as [XXX] of [Jurisdiction], [year of adoption].
- (2) This law shall apply to the whole of [Jurisdiction] [, except for territories/autonomous regions/etc⁵].
- (3) Save as otherwise provided in this law, it shall come into force on [date]⁶.

Article 2: Definitions⁷

- (1) For the purposes of this law:
 - (a) The term “asset” shall have the meaning which it has under the [civil code/name of applicable legislation if different] of [Jurisdiction]. The term shall in any case include property of whatever nature, whether movable or immovable, tangible or intangible, and rights or interests of whatever nature to or in such property.
 - (b) The term “benefit” means any exception or reduction of the tax provided by this law, including the exclusion of assets directly owned by an entity under paragraph (5) of Article 5.
 - (c) The term “fiscal year” [means any year beginning on January 1st and ending on December 31st] [has the meaning provided for it under the legislation on income tax levied on individuals/name of applicable legislation if different].

⁵ An exclusion may be necessary for certain jurisdictions where tax laws are in general not applicable to specific territories or regions. However, for an effective implementation of a Net Wealth Tax Law, countries may limit this exception as much as possible.

⁶ Article 3 (1) provides the entering into effect of this law from the first complete fiscal year after its date of commencement. If a different date of entry into effect applies, this could be introduced in this section in accordance with Article 3 (1).

⁷ Either existing domestic legislation or the regulations to this law may include definitions. Hence, jurisdictions may keep the list in this Article as short as possible. Terms in this template consist of some relevant definitions that may probably need to be included, either as stand-alone definitions or through reference elsewhere.

- (d) The term “net wealth” means the value of financial and non-financial taxable assets owned by the taxpayer, determined under the conditions, valuation approaches and with the deduction of deductible liabilities as provided by this law and its regulations.
 - (e) The term “non-resident individual” means any individual who is not resident under [the income tax legislation/name of applicable legislation if different].
 - (f) The term “related party” has the meaning provided for it under the [income tax legislation/name of applicable legislation if different].
 - (g) The term “resident individual” has the meaning provided for it under the [legislation on income tax levied on individuals/name of applicable legislation if different].
 - (h) The term “valuation date”, in relation to any fiscal year for which an assessment is to be made under this law, means the last day of such fiscal year.
- (2) Any term not defined in this law shall have the meaning that it has under the applicable laws, any meaning under the [General/Administrative Tax Code] [and Income Tax Law] prevailing over a meaning given to the term under other laws. Regulations to this law may include definitions of terms not defined in the laws or a different definition if required by the context.

Chapter II: Imposition of the Wealth Tax

Article 3: Charge of a Wealth Tax

There shall be levied under the provisions of this law, for every fiscal year ending after the date of its commencement, a tax, hereinafter referred to as Wealth Tax, on the net wealth of individuals exceeding [_____⁸].

Article 4: Taxpayer

(1) For the purposes of this law, a taxpayer is:

- a) Any resident individual⁹; and

⁸ It is for every domestic legislation to fix the threshold, considering the need to raise revenue, the wealth distribution and composition data, tax administration concerns and other political considerations. It is suggested to introduce a rather high threshold that would enable a more limited list of exemptions, a considerable reduction of taxpayers and a better administrability of the tax. Consideration to a term that allows an automatic update may be useful in case there is concerns on inflation.

⁹ It is suggested that only individual persons are to be considered liable to Wealth Tax. However, comparative analysis shows that there may be good reasons to complement or replace this definition of taxable person by the family unit, household or married couple, similar to the long-standing rules in certain countries that require or allow the aggregation of the income of married couples for income tax purposes. Relying on the taxation of wealth of a type of family unit instead of the individual may

- b) Any non-resident individual who owns taxable assets situated in [Jurisdiction].
- (2) Resident individuals shall be taxed on a global basis, taking into consideration all taxable assets they own and the deduction of all deductible liabilities, regardless of where the assets are situated.
- (3) Non-resident individuals shall be taxed only on assets they own situated in [Jurisdiction], with the deduction of deductible liabilities.

Article 5: Taxable assets¹⁰

- (1) Taxable assets of a resident individual comprise all assets of economic value owned by such individual.
- (2) Taxable assets of a non-resident individual comprise assets of economic value owned by such individual and situated in the territory of [Jurisdiction].
- (3) Assets shall be deemed to be owned by a taxpayer according to prima facie proof of ownership (legal title).
- (4) Assets and liabilities shall be deemed to be owned proportionally by an individual according to the [civil code/name of applicable legislation if different] of [Jurisdiction] to the marital status of that individual.
- (5) Subject to Articles 23 and 26, assets directly owned by an entity, trust or similar arrangement, either resident or non-resident, shall be deemed not to be owned by a taxpayer.

Article 6: Deductible liabilities

- (1) For the purposes of the calculation of the value of the net wealth of the taxpayer, the value of charges, liabilities, debts and personal obligations of the taxpayer shall be taken into account provided that they are duly justified, and unless provided in this law and corresponding regulations.
- (2) The value of a liability held by a taxpayer shall be deductible from the value of taxable assets to assess the Wealth Tax only if the liability is directly connected to taxable assets.
- (3) No deduction of the value of liabilities shall be allowed if it relates to an asset which is exempted or not taxable under this law.

require the adoption of alternative rates and exemption thresholds, depending on the pursued policy objectives.

¹⁰ Since individuals may own assets through entities, trusts and similar arrangements, jurisdictions may decide to consider those assets “attributed” to such individuals as taxable assets and specify “attribution” rules. However, in general, the value of such assets underlies the value of shares and comparable interests in those entities, trusts or similar arrangements. Therefore, it is suggested here to define taxable assets as, in general, those directly owned by the taxpayer, and exceptionally those beneficially owned by the taxpayer in cases where the general anti-avoidance rule is triggered.

Article 7: Assets situated in the territory of [Jurisdiction]

(1) For the purposes of this law, assets shall be deemed to be situated in [Jurisdiction] if they are:

- (a) movable property situated in the territory of [Jurisdiction];
- (b) rights that may be exercised in the territory of [Jurisdiction];
- (c) shares of a company or comparable interests in an entity, such as a partnership, which is a resident of [Jurisdiction]; or
- (d) Immovable property situated in the territory of [Jurisdiction], including:
 - i. real estate and immovable property, as defined in [the tax legislation/name of applicable legislation if different],
 - ii. property accessory to such immovable property,
 - iii. livestock and equipment used in agriculture and forestry,
 - iv. rights to which the provisions of the law respecting landed property in [Jurisdiction] apply,
 - v. usufruct of immovable property,
 - vi. rights to variable or fixed payments as consideration for the working of, or the right to work, mineral deposits, sources and other natural resources,
 - vii. rights granted under the law of [Jurisdiction] which allows the use of resources that are naturally present in [Jurisdiction] and that are under its jurisdiction.

(2) Securities, equity interests, shares and comparable interests, deriving more than 50 per cent of their value directly or indirectly from immovable property situated in the territory of [Jurisdiction], including the cases i. to vii. provided in letter (d) of the previous paragraph, shall be deemed to be situated in the territory of [Jurisdiction].

Article 8: Exemptions¹¹

(1) The following assets shall be exempted from tax on any taxpayer under this law:

- (a) Primary residence up to a value of [____]¹²;

¹¹ The Template Law only offers a basic list of assets exempted, considering those found in Wealth Tax comparative legislation. Jurisdictions may consider eliminating this Article while increasing the threshold foreseen in Article 3; or maintaining both articles. Jurisdictions may also opt to establish an exemption of the whole value of the assets or establish a threshold value for any type of asset mentioned in the list. See UN Handbook on Wealth and Solidarity Taxes, p. 62. Although it is recommended to keep this list as short as possible for the purposes of addressing inequality broadly, for different domestic policy reasons jurisdictions may include other assets in it. As business assets may represent a significant amount of wealth in jurisdictions, it was decided not to include them in the list; however, jurisdictions may need to discuss policies to support their inclusion and conditions and/or limits for it (e.g. value thresholds, type of activity, etc.).

¹² For environmental, efficiency or other policy reasons, jurisdictions may consider limiting this exemption to a specific type of housing, for example flats and apartments.

- (b) Personal effects including furniture, household utensils, wearing apparel, provisions and other articles intended for the personal or household use of the individual up to a value of [____]¹³; and
- (c) Investments in entities or arrangements established and operated in [Jurisdiction] exclusively or almost exclusively to administer or provide retirement benefits, death benefits and ancillary or incidental benefits to individuals and that are regulated as such, up to a value of [____].

(2) The exempted value of the assets referred to in the previous paragraph shall not be taken into consideration for the calculation of the threshold established in Article 3.

Article 9: Valuation Rules

(1) For the purposes of the Wealth tax, the following assets shall be valued in the manner laid down in the following rules:

- (a) Immovable property assets shall be valued according to the value given to them [for other tax purposes/under name of applicable legislation], unless the tax authorities determine and verify a higher fair market value for the purposes of this law.
- (b) Business assets and liabilities shall be valued according to the value that results from the last available accounts or balance sheet fulfilled in compliance with applicable accounting regulations¹⁴. If there is no information available on such value, the other rules of this Article shall apply, as the case may be. Immovable property used for business purposes shall be in any case valued according to subparagraph (1) (a) of this Article.
- (c) Deposits, current and savings accounts and other financial instruments shall be valued according to the balance shown at the valuation date. The average balance of the last [____] months previous to the valuation date shall be considered as the minimum value¹⁵.
- (d) Securities that represent equity and share capital publicly traded on a stock exchange shall be valued at their market value at the valuation date. The average balance of the last [____] months previous to the valuation date shall be considered as the minimum value.

¹³ Depending on the definition of personal effects in domestic law or the absence of such definition, it could be clarified that certain non-essential assets, such as jewellery, cars and other luxury assets, shall not fall within the scope of such definition.

¹⁴ Business assets may imply a difference between accounting values and higher fair market values due to unrecorded goodwill, internal developed intangibles and/or future expectations (especially for digitalized businesses and other break-through business models). Since the value of such assets may vary widely, it may be difficult to determine and it does not represent wealth available to its owner up to realisation, this Template Law suggests using accounting values. However, jurisdictions may introduce specific valuation rules to address those cases.

¹⁵ There are alternatives about when and how to value investments in pension schemes and life insurance and country-specific factors would influence whether and how to include these assets in the wealth tax base. See: Daly S., Hughson H. & Loutzenhiser G. (2021), Valuation for the purposes of a wealth tax. *Fiscal Studies*, 42:615–650; Available from <https://doi.org/10.1111/1475-5890.12287>.

- (e) Securities that represent equity and share capital on holdings not traded on organized markets shall be valued at the value that results from the latest approved balance sheet¹⁶. The nominal value shall be considered as the minimum value.
 - (f) Shares, other securities and other participations and interests in Collective Investment Undertakings shall be valued at the net assets value at the valuation date. The nominal value, including redemption, reimbursement or other premiums linked to the security shall be considered as the minimum value.
- (2) Any other asset and right not specifically mentioned in paragraph (1) shall be valued according to its fair market value.
- (3) Deductible liabilities shall be valued according to their nominal value on the valuation date.
- (4) For the purposes of this law, tax authorities shall value assets, rights and liabilities according to the valuation mechanisms and procedures enshrined in the law.

Article 10: Rates

Wealth Tax shall be levied as under the following tax rates:

- (a) Resident individuals shall be charged according to the following [table/tax rate___]¹⁷
- (b) Non-resident individuals shall be charged according to the following [table/tax rate___]

[Article 11: Relief from international double taxation¹⁸

- (1) Resident individuals shall be allowed a tax credit on any foreign tax of a similar nature, levied and effectively paid on the taxable assets subject to tax in this law and its regulations.
- (2) The tax credit shall not exceed the part of the Wealth Tax as computed before the deduction is given, which is attributable to the taxable assets which have been effectively taxed in one or more foreign jurisdictions.
- (3) The provisions in the previous paragraph of this Article shall be applicable subject to the provisions of any international treaty or convention.]

¹⁶ See footnote 14.

¹⁷ Jurisdictions should establish the specific tax rates, or table rates, in the corresponding legislation. Jurisdictions may also consider the introduction of specific tax benefits for certain tax policy goals.

¹⁸ This Article may be subject to a reciprocal treatment from the country of source and/or another limit in the tax credit.

[Article X: Coordination with other taxes¹⁹]

Chapter III: Administration of the tax²⁰

Article 12: Tax Authorities

- (1) The Executive Power, [through the Ministry of Economy and Finance], is responsible for the management, assessment, collection, inspection and review of the Tax, and may delegate powers to the Tax Administration.
- (2) For the purposes of fulfilling the tasks entrusted, the [Ministry of Economy and Finance / Tax Administration] shall have the powers to access and collect information provided in this law, notwithstanding the exercise of other powers granted to it by law.

Article 13: Valuation procedure

Without prejudice to the special rules contained in this law, the procedure to determine the value of taxable assets and deductible liabilities shall be contemplated in the regulations to this law and in accordance with the provisions of the [General Tax Law/name of applicable legislation if different].

Article 14: Information reporting – Self-assessment

- (1) The tax shall be settled by declaration of the taxpayer and shall be collected in the time and manner regulated by the [tax authorities/regulations to this law].
- (2) Taxpayers are obliged to file such declaration²¹, as a self-assessment and, where appropriate, to pay the tax due in the place, form and by the deadlines determined by the [tax authorities / regulations to this law].
- (3) This declaration means confession of the debt and allows the debt levy.
- (4) Taxpayers may rectify their self-assessment before a tax assessment performed by tax authorities if they found the information is not accurate.

¹⁹ Jurisdictions may consider the introduction of a specific article to deal with the relationship of the Wealth Tax and other taxes of the domestic tax system in order to prevent unforeseen effects, such as confiscation, double taxation, or to ensure certain other objectives, such as minimum or maximum effective taxation, for example, combined with income tax. However, models for such diverse type of interactions are not provided in the present template.

²⁰ Some of the provisions in this section may overlap with existing legislation on tax administrative procedures. If that is the case, jurisdictions are invited to refer to such existing legislation and adapt it to the Wealth Tax as appropriate.

²¹ Jurisdictions may take advantage of information technology to introduce pre-populated forms, the information of which may be amended by the taxpayer as appropriate.

Article 15: Persons obliged to file a tax return

If a non-resident taxpayer does not comply with the obligation to file a tax return, the legal representative or proxy of such individual, in relation to the direct or beneficial ownership of a particular asset, as the case may be, shall be responsible for such obligation and to pay the respective taxes.

Article 16: Confidentiality²²

Documents and information received by tax authorities by virtue of this Law and its regulations shall be regarded and dealt with as secret. It may be disclosed only in the circumstances and to the persons provided by Law.

Article 17: Submission of the declaration

- (1) For the purposes of the self-assessment declaration of the Wealth Tax, the use of simplified or special forms, or the obligation to file by electronic means may be established by the regulations to this law.
- (2) Taxpayers must fill in all the information required in the forms and submit the supporting documents established by [tax authorities/regulations to this law].

Article 18: Advance payments

Tax authorities are empowered to establish rules on advance payments on account of the Wealth Tax.

Article 19: Penalty regime

Without prejudice to the special rules contained in this law, tax offences in this Wealth Tax shall be classified and penalized in accordance with the provisions of the General Tax Law and the criminal law.

²² If a jurisdiction does not have confidentiality legislation and rules, it is invited to introduce more detailed provisions in this Article. Information related to taxable assets may be highly sensitive for some taxpayers. To build trust in the administration of the Wealth Tax and to facilitate its implementation, it may be relevant to adopt and apply rigorous confidentiality standards.

Article 20: Assessment by Wealth Tax Authorities²³

- (1) Tax authorities may assess the Wealth Tax if the taxpayer did not perform the self-assessment through the respective declaration or if it finds that the information provided and processed for the self-assessment performed by the taxpayer, or its subsequent rectification, is false or inaccurate or that it contains errors. Tax authorities may reject the self-assessment or its rectification and require an adjustment to the tax debt.
- (2) During an assessment performed by tax authorities, they may arbitrate the value of taxable assets that were not declared or the information of which is found to be false, inaccurate or containing errors in the self-assessment, either by comparing them with similar assets on the market, or by applying a methodology that results in a value as close to the value resulting from the valuation rules provided by Article 9 as possible. Such assessed value shall be considered the prima facie value of the respective taxable assets for the purposes of determining the taxable base. The taxpayer may provide proof that a different value results from the valuation rules in Article 9 and the regulations to this law.

Article 21: Burden of proof

- (1) Taxpayers must maintain accounting and financial records and documents relating to the assets and liabilities that result in the application of this law, including the declared value of each of them.
- (2) It is up to the taxpayer to demonstrate that the declared values are in accordance with the valuation rules of this law, that they are correctly valued using the best international accounting practice if relevant, and that the transactions used for applying such rules were arm's length.
- (3) Tax authorities may request such records and documents at any time, including from third parties, to verify the veracity of the information provided.

Article 22: Ultimate Beneficial Owner

- (1) For the correct attribution of wealth to taxpayers for the purpose of the assessment of the Wealth Tax, tax authorities shall have access to information on the legal persons or arrangements of which the taxpayer is the Ultimate Beneficial Owner²⁴.

²³ It is expected that assessments by tax authorities may be object of administrative or judiciary appeals procedures, which take different forms depending on the jurisdiction legal and institutional frameworks. If needed, jurisdictions are invited to introduce more detailed provisions in this Article to clarify the implementation of such procedures for the purposes of the Wealth Tax.

²⁴ Jurisdictions should make a reference to their domestic UBO laws for its definition and the disclosure of information on ownership chains.

- (2) Any entity under the jurisdiction of the tax authorities shall provide the following information if requested by them:
- (a) address and location of its registered office and place of operation, whether leased, rented or owned, in and outside of [Jurisdiction];
 - (b) the name, address and tax identification number and jurisdiction of residence of the ultimate beneficial owner(s).

Chapter IV: Special rules

Article 23: General Anti-Avoidance Rule

- (1) Notwithstanding the other provisions of this law, a benefit under this law shall not be granted in respect of an asset if it is reasonable to conclude, having regard to all relevant facts and circumstances, that obtaining that benefit was one of the principal purposes of any arrangement or transaction that resulted directly or indirectly in that benefit, unless it is established that granting that benefit in these circumstances would be in accordance with the object and purpose of the relevant provisions of this law.²⁵
- (2) Assets directly owned by an entity shall be deemed to be owned by its ultimate beneficial owners if the benefit of excluding such assets provided in paragraph (5) of Article 5 is not granted as a consequence of the application of paragraph (1) of this Article. The value of shares or comparable interests derived directly or indirectly from assets [and rights] deemed to be owned by the ultimate beneficial owners under this provision shall be disregarded as taxable assets of such ultimate beneficial owner.
- (3) Assets directly owned by an individual who owns assets only nominally (nominee) shall be deemed to be owned by the ultimate beneficial owners.

Article 24: Base eroding liabilities

If the beneficiary of a liability that may be deducted under the conditions established in other provisions of this Law is a related party of the taxpayer, for such liability to be deducted, the taxpayer must demonstrate that:

- (a) The value of such liability is directly or indirectly part of the taxable assets of another taxpayer; or
- (b) The original amount of the liability increased the value of the taxable assets owned by the taxpayer at the time it was granted.

²⁵ If a jurisdiction already has an applicable GAAR or similar provisions in its internal tax code or general tax law, this Article may not be necessary.

Article 25: Access to information

- (1) Wealth Tax Authorities shall exercise the information gathering powers conferred to them in general or for the administration of any other tax to assist and verify the compliance of this law, including the identification of ownership and valuation of assets. For such purposes, information already in possession of Wealth Tax Authorities as well as information exchanged with foreign competent authorities, may also be gathered and used under the conditions set by the international agreements on the basis of which the information was exchanged. In any case, taxpayers and third parties under its jurisdiction are obliged to submit relevant information in their possession if requested in writing by Wealth Tax Authorities under the conditions provided in the regulations to this law. This obligation does not include the disclosure of any trade, business, industrial, commercial or professional secret or trade process, or information, the disclosure of which would be contrary to public policy.
- (2) Financial institutions, nominees, agents and legal representatives and any other person to whom Wealth Tax Authorities request information may not decline to supply the requested information on the basis of bank or fiduciary secrecy or other equivalent secrecy provisions. However, Wealth Tax Authorities shall treat the information received as secret and they may disclose it only to persons or authorities (including courts and administrative bodies) concerned with the assessment or collection of, the enforcement or prosecution in respect of, or the determination of appeals in relation to, the Wealth Tax, or the oversight of the above.
- (3) Failure to comply with the obligation to provide relevant information in the possession of a requested person shall result in a fine of [_____].

Article 26: Trusts and similar arrangements

- (1) Assets directly owned by a trust of similar arrangement shall be deemed to be owned by its ultimate beneficial owners if the benefit of excluding such assets provided in paragraph (5) of Article 5 is not granted under paragraph (1) of Article 23. The value of shares or comparable interests derived directly or indirectly from assets deemed to be owned by the ultimate beneficial owners under this provision shall be disregarded as taxable assets of such ultimate beneficial owner.
- (2) Where a settlor has placed assets into a trust, and no beneficiary has received them yet or is identifiable as being entitled to the assets, then for the purpose of the previous paragraph such assets shall be deemed to be the property of the settlor, as ultimate beneficial owner.
- (3) If the property of trust assets passes definitively away from the settlor or if the settlor dies, for the purpose of paragraph (1) of this Article such assets shall be deemed to be the property of the trust beneficiaries, as ultimate beneficial owners.

- (4) If the rights of beneficiaries are not pre-determined, then for the purpose of this law each beneficiary shall be deemed to own a proportionate share of the trust assets in relation to the number of beneficiaries.

Article 27: Special ownership regimes

If ownership rights to an asset have been distributed among various parts under special regimes such as usufructs, each right shall be valued separately and attributed to the ultimate beneficial owner accordingly. Regulations to this law shall establish special valuation methodologies for the purposes of this provision.

Article 28: Exit taxes²⁶

If an individual is considered resident in a fiscal year and becomes non-resident the following fiscal year, that individual shall nevertheless be deemed to be a resident of [Jurisdiction] for the purposes of the Wealth Tax for [____] number of years after the change of its resident status.

²⁶ Jurisdictions may also introduce a pro-rated amount of net wealth tax based on the days an individual has a resident status within a fiscal year in case such individual becomes a resident during that fiscal year.