

Wealth Taxation, Including Net Wealth, Capital and Exit Taxes

Final Report – Volume 1

CASE – Center for Social and Economic Research (Project Leader)
WIFO – Austrian Institute of Economic Research (Consortium Leader)
PwC – PricewaterhouseCoopers
Ifo Institute – Leibniz Institute for Economic Research at the University of Munich
IEB – Institut d'Economia de Barcelona
VATT – Institute for Economic Research

EUROPEAN COMMISSION

Directorate-General for Taxation and Customs Union
Directorate D — Direct taxation, Tax coordination, Economic analysis and Evaluation
Unit D.4 — Economic analysis, Evaluation and Impact assessment support

Contact: Lotte Taylor

E-mail: TAXUD-UNIT-D4@ec.europa.eu

*European Commission
B-1049 Brussels*

Wealth Taxation, Including Net Wealth, Capital and Exit Taxes

Final Report – Volume 1

Acknowledgments

This report was written by a team of experts from the Center for Social and Economic Research (CASE), in cooperation with the Austrian Institute of Economic Research (WIFO), PricewaterhouseCoopers (PwC), the Institut d'Economia de Barcelona (IEB), the Leibniz Institute for Economic Research at the University of Munich (ifo Institute) and the VATT Institute for Economic Research (VATT).

The study team, directed by Andrzej Robaszewski (CASE), composed of Jan Hagemeyer (CASE), Agnieszka Skowronek (CASE), Hanna Płonka (CASE), Jan Sadowski (CASE), Karsten Staer (CASE), Margit Schratzenstaller (WIFO), Andrea Sutrich (WIFO), Stephan Schreml (WIFO), Philipp Warum (WIFO), Cornelia Schobert (WIFO), Nicolas Loozen (PwC), Nicolas Joassart (PwC), Bart Van den Bussche (PwC), Dominique Vanhove (PwC), Jose M Duran-Cabre (IEB), Alejandro Esteller-Moré (IEB), Mathias Dolls (ifo Institute), Max Lay (ifo Institute), Ilpo Kauppinen (VATT), Einiö Elias (VATT).

We are grateful to the external reviewers, Daniel Waldenström and Isabel Z. Martínez, for their valuable comments. We also thank Jonathan Weber (CASE) for language quality control, and Simon Loretz (WIFO) and Magdalena Wiśniewska (CASE) for administrative support. We further acknowledge the helpful comments and suggestions received from Member States. All responsibility for the estimates and the interpretation in this report remains with the authors.

Manuscript completed in March 2026

1st edition

This document has been prepared for the European Commission however it reflects the views only of the authors, and the European Commission is not liable for any consequence stemming from the reuse of this publication.

Luxembourg: Publications Office of the European Union, 2026

PDF ISBN 978-92-68-38938-6 doi:10.2778/0817231 KP-01-26-014-EN-N

© European Union, 2026



The reuse policy of European Commission documents is implemented by Commission Decision 2011/833/EU of 12 December 2011 on the reuse of Commission documents (OJ L 330, 14.12.2011, p. 39). Unless otherwise noted, the reuse of this document is authorised under a Creative Commons Attribution 4.0 International (CC BY 4.0) licence (<https://creativecommons.org/licenses/by/4.0/>). This means that reuse is allowed provided appropriate credit is given and any changes are indicated.

For any use or reproduction of elements that are not owned by the European Union, permission may need to be sought directly from the respective rightholders.

This document should be referred to as:

European Commission, CASE, Robaszewski, A., Skowronek, A., Płonka, H. et al., Wealth Taxation, Including Net Wealth, Capital and Exit Taxes: *Volume 1*, Publications Office of the European Union, Luxembourg, 2026.

LEGAL NOTICE

The information and views set out in this document are those of the author(s) and do not necessarily reflect the official opinion of the Commission. The Commission does not guarantee the accuracy of the data included in this study. Neither the Commission nor any person acting on the Commission's behalf may be held responsible for the use which may be made of the information contained therein.

For information on the methodology and quality underlying the data used in this publication for which the source is neither Eurostat nor other Commission services, users should contact the referenced source

Table of Contents

List of Tables	8
List of Figures.....	10
List of Acronyms and Abbreviations	11
Introduction	14
1. Net wealth taxes.....	25
1.1. Introduction.....	25
1.2. Literature Review.....	28
1.2.1. Economic case for the introduction of a net wealth tax.....	28
1.2.2. Limitations of net wealth taxes	32
1.3. Net wealth taxes around the world.....	46
1.3.1. Overview of historical and existing wealth taxes	46
1.3.2. Recent debates and initiatives to strengthen wealth taxation	48
1.4. Cross-cutting case study analysis.....	58
1.4.1. Reasons for introducing a wealth tax	59
1.4.2. Tax design.....	59
1.4.3. Enforcement mechanisms.....	64
1.4.4. Overall system of capital taxation.....	65
1.4.5. Revenue aspects.....	66
1.4.6. Behavioural responses.....	69
1.4.7. Distributional effects	72
1.4.8. Constitutional issues	74
1.4.9. Reasons for repeal.....	75
1.5. Lessons learned and good practices	76
1.6. References	80
2. Recurrent capital taxes	91
2.1. Recurrent unrealised capital gains tax.....	92
2.1.1. Rationales and challenges	92
2.1.2. Comparison with net wealth tax	100
2.1.3. Alternative approaches that address similar challenges	101
2.2. Overview of unrealised capital gains tax.....	102
2.2.1. Existing taxes on unrealised capital gains.....	102

2.2.2. Proposals for taxes on unrealised capital gains	104
2.3. Other recurrent capital taxes targeting HNWIs	107
2.4. References	114
3. Capital taxes (non-recurrent)	120
3.1. Literature Review	122
3.1.1. Theory	122
3.1.2. Empirical evidence	125
3.1.3. Summary	129
3.2. Institutional overview	130
3.2.1. Conclusion	172
3.3. References	173
4. Inheritance and gift taxes	185
4.1. Literature review	185
4.1.1. Introduction	185
4.1.2. Inheritances in Europe – level and distribution	186
4.1.3. Inheritance taxation in Europe – overview of long-term developments ..	187
4.1.4. Revenue generation through inheritance and gift taxation	193
4.1.5. Distributional effects of inheritance and gift taxation	210
4.1.6. Political economy of inheritance taxation	220
4.2. Conclusions, research gaps and directions for further research	221
4.3. Existing Inheritance and Gift Taxes	224
4.3.1. Conclusion	249
4.4. References	250
5. Exit taxes	275
5.1. Introduction	275
5.1.1. General characteristics of exit taxes	275
5.1.2. Exit taxes in the report	276
5.2. Exit tax policies in European countries	279
5.2.1. Comparison of exit tax provisions in Member States	291
5.2.2. Conclusion	293
5.3. Challenges associated with exit taxes	294
5.3.1. Literature review on migration responses to taxation	294
5.3.2. Overview of challenges related to exit taxes	298
5.4. References	300
Summary, conclusions and main takeaways	304

Annex A..... 310

Annex B..... 317

List of Tables

Table 1 – Marginal tax rates of the Warren and Sanders wealth tax proposals	50
Table 2 – Marginal tax rates in proposed wealth tax schedules	51
Table 3 – Revenue potential of EU-wide net wealth taxes	52
Table 4 – Historical one-off capital levies	53
Table 5 – Estimated revenue from an EU-wide net wealth tax on UHNWIs	56
Table 6: Design features of net wealth taxes in selected countries	60
Table 7 – Overall systems of capital taxation in selected countries.....	66
Table 8 – Revenue from taxes on private capital gains, data for 2022.....	120
Table 9 – Current and historical inheritance and estate taxes in Europe	188
Table 10 – Overview of empirical evidence on behavioural responses to inheritance taxation in EU Member States	202
Table 11 – Tax base for estate and inheritance taxes (based on available data from 2021).....	225
Table 12 – Inheritance taxes	227
Table 13 – Gift taxes on transactions concerning movable property	228
Table 14 – Gift taxes on transactions concerning immovable property	228
Table 15 – Spain General tax rates	248
Table 16 – Empirical evidence on the effects of net wealth taxes, realised capital gains taxes, and inheritance taxes	306
Table 17 – Past and present net wealth taxes around the world	310
Table 18 – Inheritance taxation and tax avoidance and planning.....	317
Table 19 – Inheritance taxation and wealth accumulation.....	318
Table 20 – Inheritance taxation and entrepreneurship and firm development	320

Table 21 – Inheritance taxation and residential choice.....	321
Table 22 – Inheritance taxation and inter vivos transfers	323
Table 23 – Inheritance taxation and tax evasion	325

List of Figures

Figure 1 – Distribution of wealth in the European Union, 1995–2023.....	15
Figure 2 – Top 1% wealth share in the European Union and worldwide, 1995–2023	15
Figure 3 – Top 0.01% and Top 0.001% wealth share in the European Union and worldwide, 1995–2023	16
Figure 4 – Top 10% wealth share across EU countries in 2023 (%) compared with 2007 (percentage points)	17
Figure 5 – Top 1% wealth share across EU countries in 2023 (%) compared with 2007 (percentage points)	18
Figure 6 – Top 0.01% wealth share across EU countries in 2023 (%) compared with 2007 (percentage points)	19
Figure 7 – Past and current net wealth taxes in Europe	26
Figure 8 – Development of revenues from net wealth taxes as a % of GDP (red) and total tax revenues (blue)	33
Figure 9 – Net wealth tax revenue as % of GDP in the seven selected countries	67
Figure 10: Current and historical inheritance and estate taxes in Europe	188
Figure 11 – Estate, inheritance and gift taxes, 1965 to 2023	192
Figure 12 – Behavioural responses to the taxation of inheritances with an impact on inheritance tax revenue potential	196
Figure 13 – Potential fiscal externalities caused by inheritance taxation	205
Figure 14 – European Union Member States according to whether there is an exit tax policy in place	293

List of Acronyms and Abbreviations

- AC – Autonomous Communities (regions of Spain)
- AEoI – Automatic Exchange of Information
- AIMI – Adicional ao Imposto Municipal sobre Imóveis (Additional to the Annual Property Tax in Portugal)
- ATAD1 – Anti-Tax Avoidance Directive 1
- BEPS – Base Erosion and Profit Shifting
- BGN – Bulgarian Lev (currency)
- CAT – Capital Acquisitions Tax (Ireland)
- CentTax – Centre for the Analysis of Taxation
- CGT – Capital Gains Tax
- CIIs – Collective Investment Institutions
- CRS – Common Reporting Standard
- CZK – Czech Koruna (currency)
- DAC2 – Directive on Administrative Cooperation in Direct Taxation (amendment 2)
- DG TAXUD – Directorate-General for Taxation and Customs Union
- DID – Difference-in-Differences
- DKK – Danish Krone (currency)
- DTT – Double Tax Treaty
- EEA – European Economic Area
- ETF – Exchange-Traded Fund
- EUR – Euro (currency)
- FIFO – First In, First Out (accounting/inventory method)
- GDP – Gross Domestic Product
- G20 – Group of Twenty
- HNWI – High Net Worth Individual
- HRK – Croatian Kuna (currency)

HUF – Hungarian Forint (currency)

IFI – Impôt sur la Fortune Immobilière (real estate wealth tax in France)

IKE – Individual Retirement Account (Poland)

IKZE – Individual Retirement Security Account (Poland)

IMI – Imposto Municipal sobre Imóveis (annual property tax in Portugal)

IMU – Imposta Municipale Unica (Italian municipal property tax)

ISF – Impôt de Solidarité sur la Fortune (Solidarity Tax on Wealth in France)

IVAFE – Imposta sul valore delle attività finanziarie detenute all'estero (Italian tax on financial assets held abroad)

IVIE – Imposta sul valore degli immobili situati all'estero (Italian tax on real estate held abroad)

IVTs – Inter Vivos Transfers (lifetime gifts, not explicitly abbreviated but commonly used)

MCAA – Multilateral Competent Authority Agreement

NOK – Norwegian Krone (currency)

NRIT – Non-Resident Income Tax (Spain)

OECD – Organisation for Economic Co-operation and Development

PEA – Plan d'Épargne en Actions (French share savings plan)

PFU – Prélèvement Forfaitaire Unique (single flat tax in France)

PIT – Personal Income Tax

PLN – Polish Złoty (currency)

RON – Romanian Leu (currency)

SEE – Single European Economic Area

SMEs – Small and Medium-sized Enterprises

TFEU – Treaty on the Functioning of the European Union

ToR – Terms of Reference

UCITS – Undertakings for Collective Investment in Transferable Securities

UK – United Kingdom

US – United States

VAT – Value-Added Tax

VPT – Valor Patrimonial Tributário (Tax Registration Value of a property in Portugal)

Introduction

This report has been prepared for the European Commission, Directorate-General for Taxation and Customs Union (DG TAXUD), under framework contract TAXUD/2024/CC/176, as part of the study *Wealth Taxation, Including Net Wealth, Capital and Exit Taxes*. The purpose of the study is to provide a comprehensive assessment of the design, functioning and economic implications of recurrent and non-recurrent taxes on wealth, including how they interrelate with and complement one another. The report presents the study's findings, including a mapping of existing taxes, a comprehensive review of the relevant theoretical and empirical literature, insights into the key common principles required for the successful implementation and functioning of recurrent wealth-related taxes, and key takeaways and recommendations for the successful design and implementation of these taxes, particularly in the EU. The report is split into two separate volumes. The first volume examines wealth-related taxes, while the second provides an in-depth analysis of selected countries, both in Europe and worldwide, to present examples of net wealth taxation.

Taking stock: wealth inequality across Europe

Recent studies and data suggest that wealth remains distributed more unequally than income (OECD, 2018). Moreover, in recent decades wealth has increased, but this growth has not been equally distributed, thereby exacerbating wealth concentration at the top of the distribution (European Commission, 2025).

Between 1995 and 2023, private wealth in the European Union became increasingly concentrated among the wealthiest groups. Figure 1 shows that in 2023, the richest 10% of the population controlled 60% of household wealth, marking a 3 percentage point increase since 1995, while the vast majority of society held only a limited stake in wealth accumulation. Figure 2 illustrates how the share of total wealth held by the top 1% in the EU rose gradually from 22.6% in 1995 to 25.0% in 2023. In contrast, the global top 1% remained relatively stable, highlighting an increase in wealth concentration in the EU compared with global trends over the past three decades. However, in recent years, it has remained relatively stable.

Figure 1 – Distribution of wealth in the European Union, 1995–2023

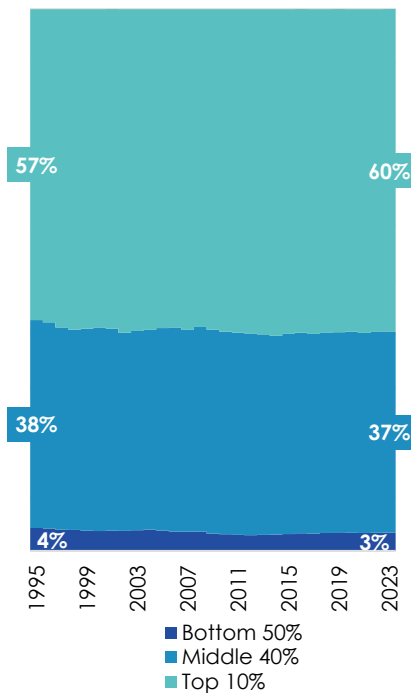
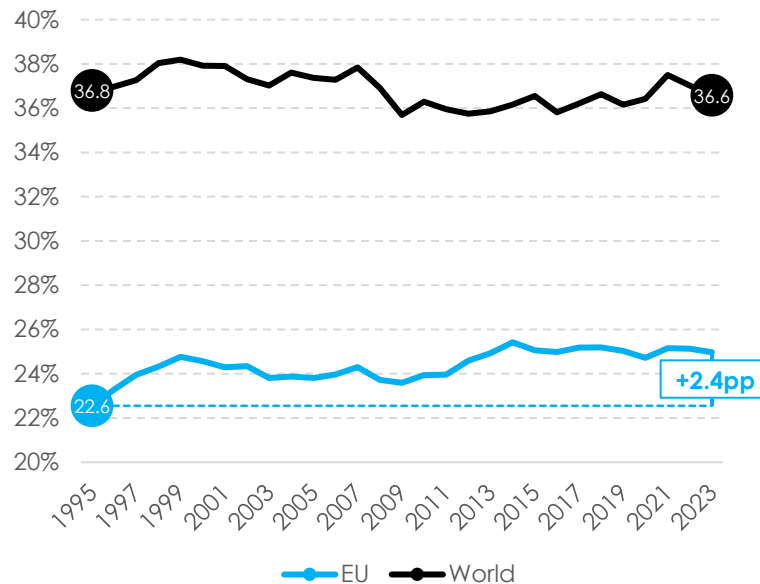


Figure 2 – Top 1% wealth share in the European Union and worldwide, 1995–2023



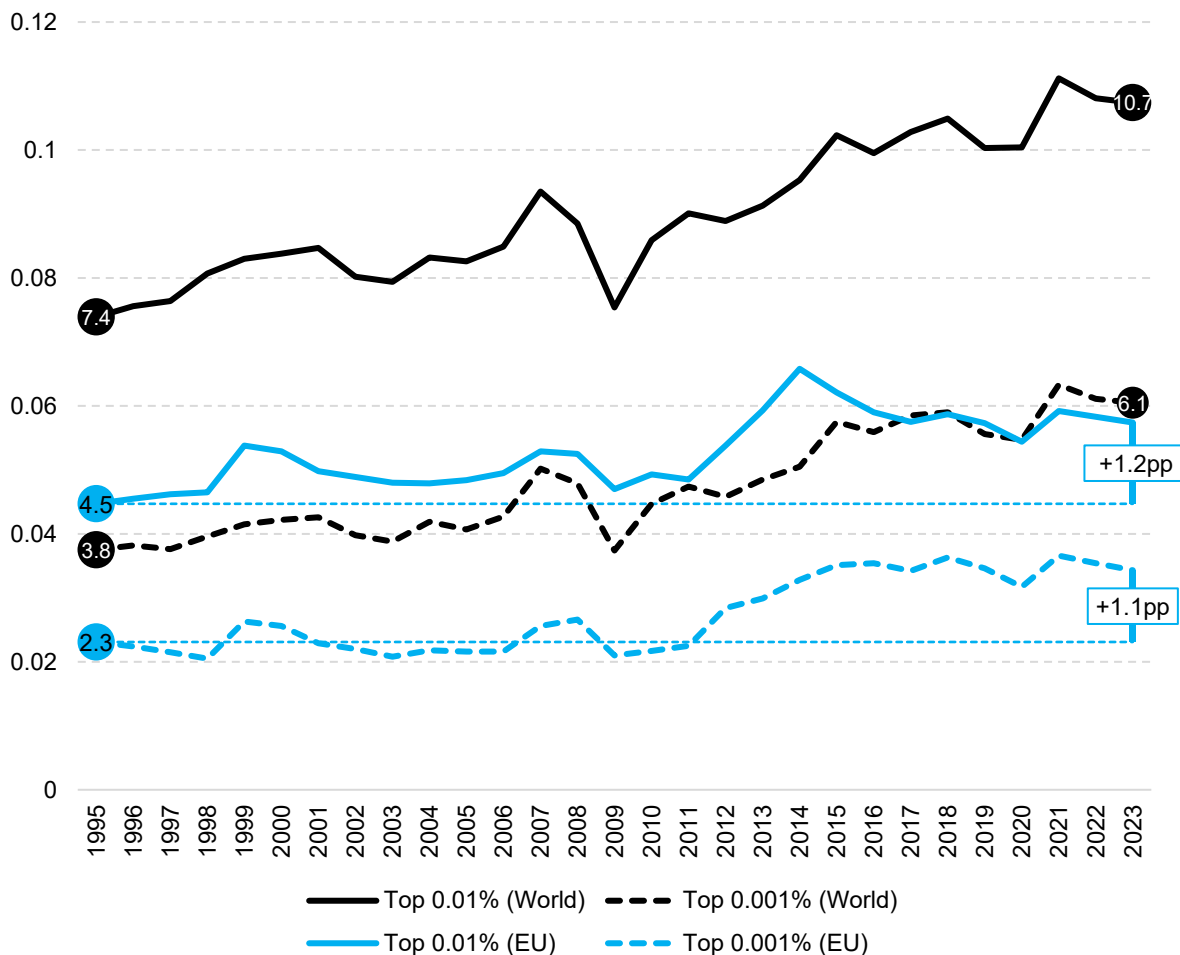
Note: The share of total household wealth of adults. The world includes the EU.
 Source: Own elaboration based on World Inequality Database¹.

Figure 3 further emphasises the rise of the ultra-HNWIs: the top 0.01% increased their share from approximately 4.5% in 1995 to 5.7% in 2023, a level of 2.3 percentage points above the combined wealth of the bottom 50%. This wealth accumulation in the top percentiles of society grew more slowly in the EU than worldwide. Recent evidence shows that Europe’s inequality dynamics are shaped not only by the widening gap between the median and the top of the distribution, but also by divergent trends within top-wealth groups (World Inequality Database, 2023). Across EU Member States, the top 1% have seen sustained increases in their share of total wealth over the past two decades, supported by rising asset prices and

¹ The World Inequality Database (WID) triangulates using a wide range of data sources (including surveys, tax records, and national accounts), producing relatively accurate estimates and ensuring consistency with national accounts (Chancel et al., 2025). However, it also carries some weaknesses resulting from the sensitivity to modelling assumptions, incomplete data input or underestimation of ‘hidden’ hard-to-value assets.

continued growth in pension and financial portfolios (Blanchet et al., 2022; Garbinti, Goupille-Lebret & Piketty, 2021). Middle-income households, by contrast, have recorded slower wealth growth, reinforcing overall concentration. At the same time, the very top – the top 0.01% – have not experienced gains on the same scale as their counterparts in some non-EU countries, reflecting structural features of the European economy, including more fragmented capital markets, a smaller role for very large high-growth firms and more redistributive tax and social protection systems (Piketty, Saez & Zucman, 2018; European Commission, 2022). These factors help moderate the emergence of extreme fortunes, even as the top 1% continue to pull ahead of the rest of the population.

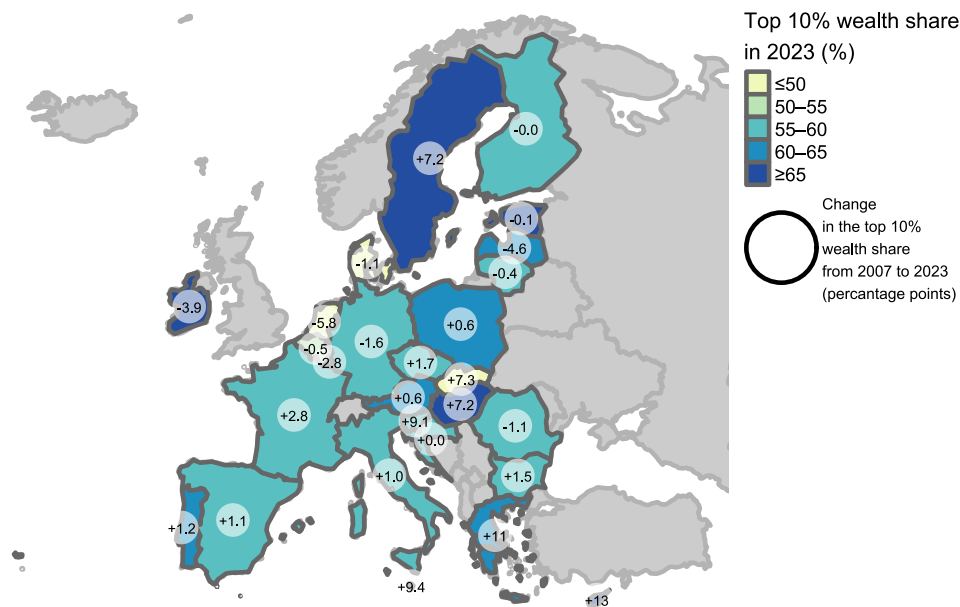
Figure 3 – Top 0.01% and Top 0.001% wealth share in the European Union and worldwide, 1995–2023



Source: Own elaboration based on World Inequality Database.

Recent evidence shows that wealth inequality has evolved unevenly across EU MS, reflecting substantial cross-country heterogeneity in both the pace and direction of change. While the overall pattern points to an increasing concentration of wealth among the top percentiles, the magnitude and pace of these changes vary significantly between Member States (Figure 4). Southern European countries such as Cyprus (67%, +13 pp), Greece (61%, +11 pp), Slovenia (57.2%, +9.2 pp), Malta (53.6%, +9.4 pp), Portugal (60.2%, +1.2 pp), Spain (57.2%, +1.1 pp), Italy (56.1%, +1.0 pp) and most of the Central and Eastern EU Member States experienced increases in top 10% wealth shares compared to 2007, while several Northern and Western European countries saw declines or no changes, with the notable exception of Sweden, where the top 10% share grew by 7.2 percentage points since 2007².

Figure 4 – Top 10% wealth share across EU countries in 2023 (%) compared with 2007 (percentage points)



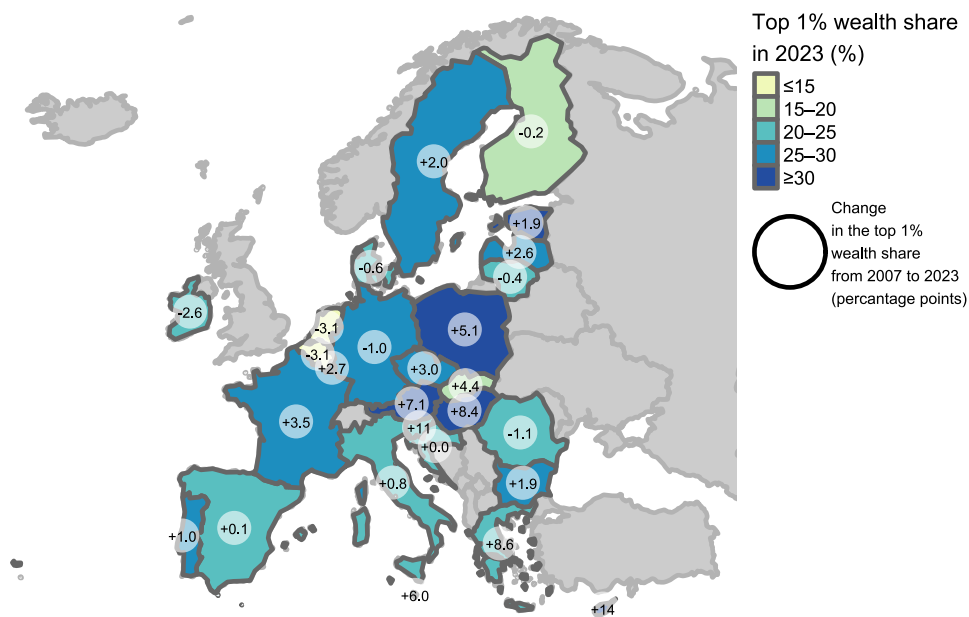
Source: Own elaboration based on World Inequality Database. The percentage points indicate the change in the top 10% wealth shares from 2007 to 2023.

A similar degree of heterogeneity across EU Member States is illustrated in Figure 5, which shows the share of wealth held by the top 1%. The scale and pace of these changes once again differ significantly across countries. Several Central and Eastern

² It is important to note that this is the year the net wealth tax was repealed in Sweden, in consequence dismantling the official national wealth distribution statistics (Lundberg & Waldenström, 2018).

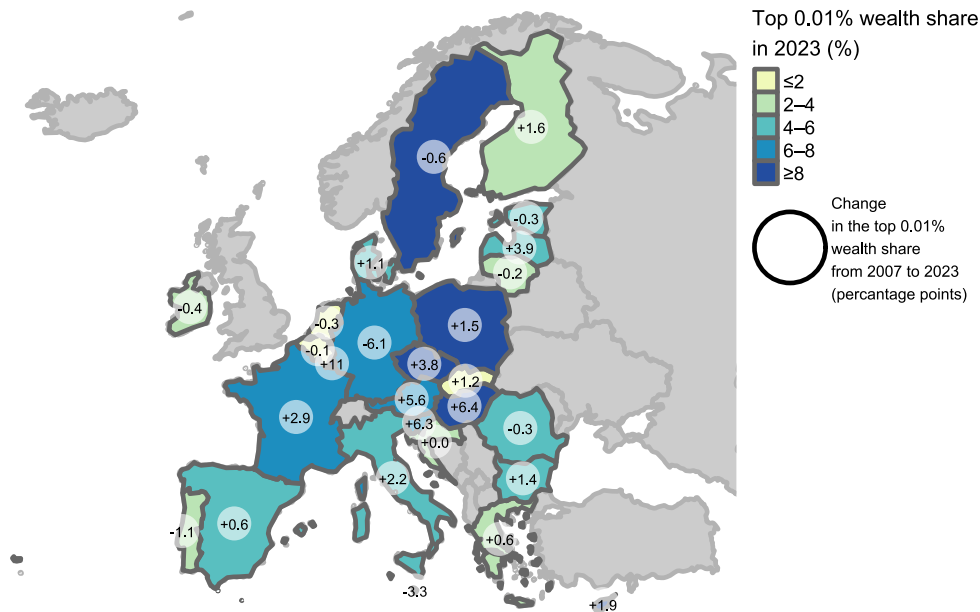
European Member States experienced substantial increases in the top 1% wealth share. At the same time, in parts of Western and Southern Europe, the rise was modest or absent, highlighting the growing divergence in wealth concentration across the EU. This accumulation of wealth becomes even more pronounced in countries like Hungary, Czechia, and Poland when focusing on the top 0.01% (Figure 6).

Figure 5 – Top 1% wealth share across EU countries in 2023 (%) compared with 2007 (percentage points)



Source: Own elaboration based on World Inequality Database.

Figure 6 – Top 0.01% wealth share across EU countries in 2023 (%) compared with 2007 (percentage points)



Source: Own elaboration based on World Inequality Database.

Taxing wealth and capital gains

As data on the level and distribution of wealth and inheritances has improved, public awareness of the long-term increase in private wealth and wealth concentration has grown considerably in many countries. Furthermore, the trajectory of wealth inequality has been shaped by the successive economic crises in recent years. For example, lower-income groups were disproportionately affected by the global financial crisis of 2007–2009, while the wealthiest recovered relatively quickly, supported by stimulus measures and rising asset prices. Consequently, during the period of stable growth from 2010 to 2018, most of the gains in prosperity were absorbed by those at the very top of the wealth distribution.

A similar dynamic emerged following the shock of the COVID-19 pandemic, although in 2022–2023 the ultra-wealthy experienced a slight reversal (see Figures 2 and 3). Combined, these factors have renewed interest in instruments capable of containing potential crisis-induced increases in inequality and addressing the fiscal pressures many governments face in their wake.

This development is encouraging several Member States to consider a greater use of currently underutilised tax bases, notably stocks and transfers of wealth, as well as capital gains. Against the backdrop of persistent high taxation of labour income in the EU, alternative tax options, including wealth-related taxes, are a promising way to achieve tax reforms that enhance growth and employment while simultaneously making tax systems more socially inclusive.

At the same time, since the 1980s, the application of taxes on wealth, wealth transfers, and incomes from wealth has been falling. Few countries still levy a net wealth tax (OECD, 2018), and several countries have repealed inheritance and gift taxes (OECD, 2021). Justifications for the repeals usually involve concerns regarding efficiency and the risk of capital flight, particularly of high-net-worth individuals³ (HNWIs), whose numbers have been growing (European Commission, 2025). However, more recently, the effective taxation of the ultra-rich has been drawing greater attention thanks to the Brazilian G20 presidency, driven by mounting evidence that, compared with 'ordinary' taxpayers, the very wealthy do not contribute their fair share to financing welfare states. In a report commissioned by the Brazilian G20 presidency, Gabriel Zucman (2024) proposes an internationally coordinated initiative to ensure that billionaires are taxed effectively at 2% of their net wealth, leaving the choice of instruments to governments, which could, for example, include taxes on net wealth, capital incomes, or both. The importance of taxing billionaires' assets has also recently been stressed by seven other economists, all Nobel Prize winners (Le Monde, 2025).

Current debates around wealth taxation

These voices and initiatives follow several proposals to implement wealth taxes based on a global or EU-wide coordinated approach put forward in the past decade (Kapeller et al., 2023; Krenek & Schratzenstaller, 2022; Landais et al., 2020; Piketty, 2014). They also complement several national movements and proposals of the last few years advocating stronger wealth-related taxation, frequently suggesting an increase in taxes on the wealthy by (re-)introducing net wealth taxes.

At the same time, tax instruments aimed at addressing wealth inequality are often the subject of fierce debate among policymakers, academia, and other stakeholders shaping the public debate, and often face political opposition. Frequently voiced

³ High-net-worth individuals are most commonly defined as individuals who directly or indirectly hold wealth above USD 1 million in financial or investable assets (with some exceptions, e.g. the primary residence) (European Commission, 2025).

concerns include the potential negative economic consequences of taxing wealth and the difficulties of effectively enforcing such taxes. Moreover, practical implementation issues play a significant role, for example, regarding the valuation of assets or the taxation of (unrealised) capital gains.

Ongoing national and international discussions on wealth taxation instruments, the recent increase in empirical studies on the economic effects of wealth-related taxes, and the considerable experience of individual countries in implementing such taxes merit an extensive, integrated, and up-to-date assessment, which is currently lacking. The present assessment starts with comprehensive information on which wealth-related taxes (particularly net wealth taxes, inheritance and gift taxes, and capital gains taxes) are currently applied worldwide and in the EU, respectively, and on repealed wealth-based taxes. Furthermore, an analysis of countries' experiences with existing and past wealth-related taxes is useful to identify both issues and opportunities associated with such taxation. This assessment also addresses the interdependencies and interrelations among the various wealth-taxing options that have only recently gained broader attention (see e.g. Bastani and Waldenström, 2020; Piketty et al., 2023; Spataro and Crescioli, 2024). Not least, this report provides a comprehensive review of provisions aimed at effectively implementing wealth-based taxes, at both the national and international levels – the importance of which has been pointed out in recent studies (see, e.g., Advani and Tarrant, 2021) – as well as an assessment of existing relevant provisions, for example, regarding exit taxes.

By combining an EU-wide overview of existing wealth-related tax regimes with a comprehensive examination of the academic literature, including the most recent empirical evidence on their impacts, the report identifies key lessons that can guide policymakers. In particular, it highlights where wealth-tax instruments tend to face persistent challenges, where they have worked effectively, and which administrative and international-cooperation provisions are essential for their success. These insights set the stage for the main takeaways presented in the concluding section of the report.

The report comprises five chapters, each addressing a different type of wealth-related tax. Every chapter concludes with a summary of the main findings and a list of good practices for implementing the tax in question. The first two chapters cover recurrent wealth-related taxes. Chapter 1 focuses on net wealth taxes and includes a review of theoretical and empirical literature on their economic consequences, a mapping of past and existing net wealth taxes worldwide, and a cross-cutting analysis of case studies from selected countries that have or have had a net wealth tax.

Chapter 2 addresses recurrent unrealised capital gains taxation and includes a review of the opportunities and challenges associated with its introduction, an overview of existing and proposed taxes on unrealised capital gains worldwide, and an examination of other recurrent capital taxes targeting high-net-worth individuals.

The remaining three chapters focus on non-recurrent wealth-related taxes, with each chapter comprising a review of the relevant literature on a specific tax and an overview of its prevalence and provisions across the EU-27 Member States. Chapter 3 is dedicated to non-recurrent capital taxes, Chapter 4 – inheritance and gift taxes, and Chapter 5 – exit taxes. The report concludes with a summary of the main findings.

Three annexes accompany this report. Annex A lists all past and existing net wealth taxes. Annex B includes tables summarising the main findings from the literature concerning inheritance taxation.

References

Advani, A., & Tarrant, H. (2021). Behavioural responses to a wealth tax. *Fiscal Studies*, 42(3–4), 509–537. <https://doi.org/10.1111/1475-5890.12283>

Bastani, S., & Waldenström, D. (2020). How Should Capital Be Taxed? *Journal of Economic Surveys*, 34(4), 812–846. <https://doi.org/10.1111/joes.12380>

Blanchet, T., Chancel, L., & Gethin, A. (2022). *Fortunes across Europe: Wealth disparities and the rise of the ultra-rich*. World Inequality Lab Working Paper.

Chancel, L., Flores, I., Moshrif, R., Nievas, G., & Piketty, T. (2025). *Distributional national accounts (DINA) guidelines: Methods and concepts used in the World Inequality Database* (Version October 22, 2025). World Inequality Lab. <https://prod.wid.world/document/distributional-national-accounts-dina-guidelines-2025-methods-and-concepts-used-in-the-world-inequality-database/>

European Commission. (2022). *Employment and Social Developments in Europe 2022*. Publications Office of the European Union.

European Commission. (2025). *Annual report on taxation 2025: Review of taxation policies in the EU Member States*. Publications Office. <https://data.europa.eu/doi/10.2778/6367826>

Garbinti, B., Goupille-Lebret, J., & Piketty, T. (2021). Accounting for wealth inequality dynamics: Methods, estimates, and simulations for France. *Journal of the European Economic Association*, 19(6), 3293–3335.

Kapeller, J., Leitch, S., & Wildauer, R. (2023). Can a European wealth tax close the green investment gap? *Ecological Economics*, 209, 107849.
<https://doi.org/10.1016/j.ecolecon.2023.107849>

Krenek, A., & Schratzenstaller, M. (2022). A Harmonized Net Wealth Tax in the European Union. *Jahrbücher Für Nationalökonomie Und Statistik*, 242(5–6), 629–668. <https://doi.org/10.1515/jbnst-2021-0045>

Landais, C., Saez, E., & Zucman, G. (2020). A progressive European wealth tax to fund the European COVID response. In A. Bénassy-Quéré & B. Weder di Mauro (Eds), *Europe in the Time of Covid-19* (pp. 113–118). Centre for Economic Policy Research. <https://econpapers.repec.org/bookchap/cprebchap/p328-17.htm>

Le Monde. (2025, July 7). *Tax on ultra-rich: 'France has the opportunity to lead the way,' say Nobel Prize-winning economists.*
https://www.lemonde.fr/en/opinion/article/2025/07/07/tax-on-ultra-rich-france-has-the-opportunity-to-lead-the-way-say-nobel-prize-winning-economists_6743117_23.html

Lundberg, J., and Waldenström, D. (2018). Wealth Inequality in Sweden: What Can We Learn from Capitalized Income Tax Data? *Review of Income and Wealth*, 64(3), 517–541. <https://doi.org/10.1111/roiw.12294>

OECD. (2018). *The Role and Design of Net Wealth Taxes in the OECD* (No. 26; OECD Tax Policy Studies). OECD. <https://doi.org/10.1787/9789264290303-en>

OECD. (2021). *Inheritance Taxation in OECD Countries*. OECD.
<https://doi.org/10.1787/e2879a7d-en>

Piketty, T. (2014). *Capital in the Twenty-First Century*. Harvard University Press.
<https://www.jstor.org/stable/j.ctt6wpqbc>

Piketty, T., Saez, E., & Zucman, G. (2018). *Distributional National Accounts: Methods and estimates for the United States*. *Quarterly Journal of Economics*, 133(2), 553–609.

Piketty, T., Saez, E., & Zucman, G. (2023). Rethinking capital and wealth taxation. *Oxford Review of Economic Policy*, 39(3), 575–591.
<https://doi.org/10.1093/oxrep/grad026>

Spataro, L., & Crescioli, T. (2024). How much capital should be taxed? A review of the quantitative and empirical literature. *Journal of Economic Surveys*, 38(4), 1399–1436. <https://doi.org/10.1111/joes.12586>

World Inequality Database (WID). (2023). *Wealth distribution data for EU Member States*. Retrieved from <https://wid.world/>

WID. (2025). World Inequality Database [Accessed: 2025-09-01]. <https://wid.world/>

Zucman, G. (2024). *A blueprint for a coordinated minimum effective taxation standard for ultra-high-net-worth individuals*. <https://www.taxobservatory.eu/www-site/uploads/2024/06/report-g20.pdf>

1. Net wealth taxes

1.1. Introduction

In recent years, the intensifying concentration of wealth and the erosion of capital taxation have reignited global debate over the use of net wealth taxes as a tool to enhance both equity and governments' revenue capacity.

This section starts with the definition of a net wealth tax and an overview of its basic features, including the level of government at which it is levied, the tax base, and common tax relief provisions. The rest of this chapter is organised into four additional subchapters. The second one features a literature review comprising two sections: the first presenting the economic case for introducing net wealth taxes, and the second providing an overview of their limitations. The third subchapter provides a summary of past and present net wealth taxes and an overview of recent debates and initiatives to strengthen wealth taxation at the global level. The fourth subchapter features a cross-cutting analysis of seven case studies of countries that have or have had a net wealth tax in place: Austria, Germany, France, Norway, Switzerland, Spain and Colombia. The fifth subchapter presents lessons learned and good practices drawn from the seven country case studies.

Taxes on net wealth can be levied on individuals and corporations. They can be recurrent or take the form of one-off, exceptional wealth taxes (capital levies), used to address budgetary needs in times of crisis (e.g., war). This chapter focuses specifically on recurrent net wealth taxes levied on individuals⁴.

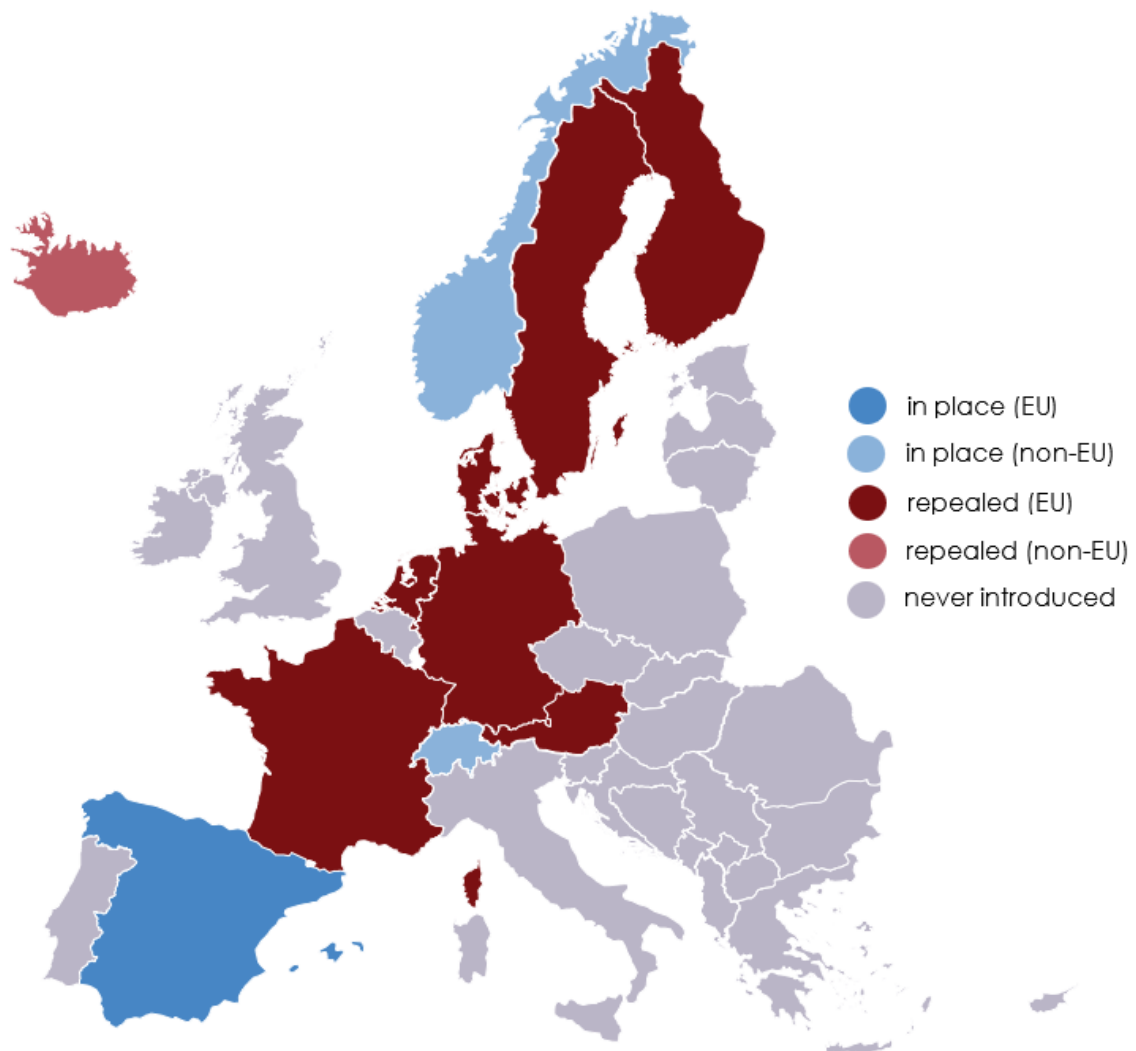
In the most general terms, individual net wealth can be defined as the sum of both financial and non-financial assets, net of liabilities. It does not include human, social, or cultural capital. Such taxes stand out from other wealth-related taxes both for their broad base and for being levied on a regular, not one-off, basis.

Few countries still levy a net wealth tax, with most other countries having repealed it due to actual or alleged complications with the instrument and its failure to meet specific goals. However, as noted by the OECD (2018a), these repeals could also be seen as part of a broader trend of reducing the tax burden on top income earners and capital. A complete list of past and present net wealth taxes globally can be

⁴ Subchapter 1.3 includes a section on one-off capital levies.

found in Table 17 in Annex A. In Europe, net wealth taxation has had a long history, appearing, for example, in the Helvetic period (1789-1803) (Eckert and Aebi, 2020). Currently, only three European countries levy a net wealth tax: Spain (the only EU Member State), Switzerland and Norway. Up until 2018, a broad-based net wealth tax was also in place in France. However, it was replaced with a tax limited to real estate wealth, making the tax more akin to a property tax. Overall, European countries that have or have had an individual net wealth tax are in the minority and are concentrated in Scandinavia and the western part of the continent (see Figure 7 below).

Figure 7 – Past and current net wealth taxes in Europe



Source: Own elaboration.

Both past and existing net wealth taxes exhibit significant variation in their design. These design choices have a profound impact on the outcomes of these taxes and their ability to meet the goals they were set out to achieve.

Net wealth taxes can be centralised or levied at a subnational level, i.e., at the regional or municipal level. In most cases, countries have opted for the former, although it is worth noting that the wealth taxes still in place in Europe are fully (Switzerland) or partially (Norway) decentralised. Until recently, the net wealth tax in Spain was also fully decentralised, but in 2022 the central government approved the introduction of an additional net wealth tax at the national level; this is formally known as the Temporary Solidarity Tax on Large Fortunes (ITSGF, by its Spanish acronym). In the case of personal net wealth taxes, the tax unit is normally the household (family), although examples of individual taxpayers constituting the tax unit also exist.

Recurrent taxes on individual net wealth are mostly progressive and levied annually. They all have thresholds for net worth below which wealth is not taxed⁵, and certain assets are often fully or partially exempt (for example, wealth held in pension accounts, and trusts that pass on wealth) or these assets are given preferential tax treatment (Garbinti and Goupille-Lebret, 2020; Scheuer and Slemrod, 2021). Where families serve as the tax unit, the threshold for married couples may or may not be doubled⁶. Although this is not the rule, high exemption thresholds tend to be accompanied by higher tax rates.

When valuing assets, using market value is preferred⁷. However, for unique, infrequently traded, or never traded assets, determining market value can be very costly or even unfeasible. Thus, in practice, to limit the administrative burden, different measures can be used, such as insured values, book values, or theoretical values derived from internal financial statements.

⁵ In many cases the capital stock used to determine whether one exceeds the exemption threshold (or which bracket they belong to if so) is broader than the tax base for the tax itself.

⁶ Doubling the threshold can negatively impact horizontal equity by lowering the tax burden for married couples with large differences in wealth between them. On the other hand, not doubling the threshold discourages marriage.

⁷ There is an argument to be made to go by a share of market value to account for the costs of holding and maintaining assets and minimise the risk of disputes. The OECD (2018a) for instance suggests valuing assets at 80-85% of the fair market value.

In practice, net wealth taxes also have numerous full or partial exemptions and reliefs. Apart from reducing administrative burden, these exemptions are designed to address a range of other concerns (discussed further in the section titled “Limitations of net wealth taxes”). For example, net wealth taxes usually exempt or grant relief for primary residences, which are among the most common assets and are concentrated among the middle class. Business assets are also frequently exempt or given preferential treatment. However, certain requirements must also be met to prove that they are being directly used in the taxpayer’s (primary) professional activity (such as owning a minimum number of shares, fulfilling a managerial role, or having the business as the taxpayer’s primary source of income). Other assets that are often treated preferentially include forests and other woods; assets that do not generate revenue (or generate insufficient revenue, for example, farm assets); unlisted business shares; artwork; small savings; life insurance policies; government bonds; and investments in SMEs (OECD, 2018a).

1.2. Literature Review

As a policy instrument, recurrent net wealth taxation continues to be the subject of debate, with numerous arguments both for and against. Many actors have voiced the need to address the growing wealth inequality (Hebous et al., 2024). However, it is unclear which instruments aiming for a more comprehensive and effective taxation of wealth would have the best balance of costs and benefits.

This chapter is divided into two parts: the first presents the economic case for introducing a net wealth tax, and the second reviews its limitations. Both parts are further split into sections to improve readability. Despite this division, it should be noted that many of these areas of concern are interrelated.

1.2.1. Economic case for the introduction of a net wealth tax

There are several economic arguments in favour of net wealth taxes. The main areas discussed here relate to the potential of net wealth taxes to better address the benefits of holding wealth (leading to more equitable outcomes) and to encourage a more productive use of assets. In addition to the theoretical literature, the study reviews and discusses empirical evidence for each area.

Equity concerns and better accounting for the benefits that wealth confers

The topic of a net wealth tax is often brought up specifically in the context of addressing wealth inequality. Individual wealth inequality is higher than income inequality and, according to some sources, has increased (OECD, 2018a).

It has been argued that such a tax is warranted because an income tax cannot account for all the benefits of wealth ownership (Akinmade, 2018). Possessing greater wealth contributes to further wealth accumulation in multiple ways. More wealth allows the investor to make riskier investments (which usually offer higher returns); indeed, Fagereng et al. (2020) demonstrate a positive correlation between individual wealth levels and investment returns. To this end, possessing greater wealth also makes it easier to access loans, which can be used to finance further investments. It also increases one's marginal propensity to save. Wealth can also lead to greater political power, and it has been argued that the wealthy could gain leverage over the political system and manipulate it to their advantage⁸ (Scheuer and Slemrod, 2021). Moreover, greater wealth means better access to tax planning services and, in various ways, creates more opportunities to avoid and evade taxes – including net wealth taxes. This self-reinforcing nature of wealth further highlights the pressing need to find the optimal measures to curb wealth inequality. Finally, in cases where there is a drive to address high wealth inequality sooner rather than later, a net wealth tax has the advantage of taking effect relatively quickly, as it is levied annually rather than at the moment of asset sale or transfer (OECD, 2018a).

It is difficult to empirically assess the impact of net wealth taxes on wealth inequality. Empirical studies in this area face numerous challenges due to fragmented data, underestimation of the wealth of the richest, and difficulties in comparing different statistical sources (Chancel et al., 2022). There is also a lack of reliable comparative data across countries, which can be attributed, among other things, to the absence of compulsory wealth declaration and adequate asset registries, valuation difficulties, and tax evasion (Fuller et al., 2020). Furthermore, even if such data were available, the second challenge is isolating the impact of this particular tax on wealth distribution. Net wealth taxes are only one of a multitude of factors that might have an effect on wealth inequality, which is the result of a combination of individual decisions, significant societal changes (social, economic, technological), as well as

⁸ It should be noted that, historically, the tax has been introduced in response to major shocks (primarily recessions) and not due to equity concerns, making the increased tax progressivity a by-product rather than the main goal (Limberg and Seelkopf, 2022). This is in line with the more recent resurgence of the topic in response to the COVID-19 pandemic and its aftermath.

changes to the tax system and policies that go beyond a single instrument (Garbinti and Goupille-Lebret, 2020). Finally, the limited empirical evidence available is usually based on different methodologies, and the significant cross-country variations in the design of the tax and the overall tax system it is embedded in further complicate the matter. The findings of existing studies concerning specific countries must therefore be examined with caution, as they cannot be necessarily be transferred to other countries and net wealth tax designs.

Empirical evidence on the impact of net wealth taxes on wealth inequality is scarce. In the Swiss context, using archival data, Marti et al. (2023) construct a time series of top wealth concentration for each Swiss canton over the period 1969–2018. While countrywide wealth concentration increased, significant variation was identified in wealth concentration trends across cantons over the 50-year period (with some cantons seeing a decrease). Combining this with panel data on top marginal wealth tax rates, the authors show that reductions in wealth tax progressivity in the period regarded could explain around 18% of the increase in wealth concentration in the top 1% and 25% of the increase in the top 0.1%. However, the authors note that changes to wealth taxation are not the main driver of rising wealth inequality in Switzerland. The Swiss wealth tax has mainly served as a stable revenue source, rather than a redistributive tool, with moderate tax rates and low exemption thresholds.

In their study of Spain, where the previous iteration of the net wealth tax was abandoned precisely due to its redistributive goals not being met, Durán-Cabré and Esteller Moré (2021) employ a tax simulator based on household survey data. They determine the redistributive effect of the wealth tax in the short term (5 years) and in the long term (25 years), under different design scenarios. They find that the tax in its present form could potentially decrease the wealth concentration of the top 1% (10%) by 0.30 percentage points (0.23 percentage points) in the short run and 1.39 percentage points (1.07 percentage points) in the long run. However, the redistributive power of the tax is weaker than it could be if certain design features were modified. According to the authors, the main weakening factors are exemptions (for closely held businesses and primary dwelling) and the tax ceiling, which limits the joint burden of income and wealth taxes. The tax ceiling is decidedly regressive, with its impact increasing with net wealth, and is shown to be the main driver undermining the redistributive potential of the tax⁹. When the ceiling and exemptions are removed, the wealth concentration of the top 1% falls a further 0.19 percentage points over the 25-year period (a total decrease of 1.58 percentage points). These findings

⁹ According to the simulator, the average rate of the tax (as is) is 0.233%, and would increase to 0.597% where the ceiling (-0.299 percentage points) and family

demonstrate how slow and difficult the process of reducing wealth concentration can be – even under a more progressive design and without taking into account behavioural responses. They also highlight that the redistributive impact of the tax can differ significantly depending on the time horizon.

Finally, using a microsimulation model, Paquier and Sicsic (2022) estimate that the transition from a net wealth tax to a tax on net real estate wealth in France exacerbated inequality in the standard of living. They find that the wealthiest 10% obtained 68% of the cumulative increase in living standards¹⁰. The standard of living of a household corresponds to its disposable income (declared income net of social security contributions, plus benefits and less direct deductions) in relation to a number of consumption units. In comparison to income inequality, standard of living inequality centres around inequality in the consumption potential of households and employs equivalisation to account for economies of scale. Standard of living inequality is more loosely correlated with wealth inequality, given that the latter measures the distribution of assets rather than consumption potential. The two are thus imperfectly correlated – for instance, in the above, study less than half (42%) of the households belonging to the top 10% in terms of wealth also belonged to the top 10% in terms of standard of living.

More productive use of capital and the promotion of human capital investment

In theory, net wealth taxes could incentivise the more productive use of assets and investment in high-yielding assets, since unlike with capital income taxes, the resulting liability does not depend on the rate of return on held assets (which determines the income on which capital income taxes are levied) (OECD, 2018a). Thus, a higher rate of return would lower the effective tax rate of a net wealth tax, but not of a capital income tax. More productive use of assets and investment in high-yielding assets could in turn lead to improvements in productivity and output. However, this line of reasoning relies on the assumption that more productive assets have a higher rate of return – which is not always the case. Empirical evidence is almost non-existent. For Norway Bjørneby et al. (2023) investigate the effects of the wealth tax on investment and employment in small and medium-sized firms. Instead of finding negative effects, the authors show that higher effective net wealth tax rates increase investment in productive capital and, correspondingly, employment.

¹⁰ The simulation results were similar regardless of whether short-term behavioural responses to the change were considered, however there were no means to account for long-term effects.

Wealth taxes as instruments to tackle the climate crisis

More recently, wealth taxes have also been discussed as instruments to tackle the climate crisis. Chancel et al. (2024) argue that wealth taxes could address the triple inequality crises of wealth inequality, inequality of individual emissions, and unequal distribution of climate-related relative income losses. Kapeller et al. (2023) estimate the revenue potential of an EU-wide wealth tax, finding it to be substantial and capable of providing sizeable financial resources to finance climate-related investment. For Belgium, Apostel and O'Neill (2022) estimate potential revenues of a one-off capital levy. Although they find that the revenue potential of such a levy would be large, it would only slightly reduce domestic carbon emissions. In contrast, simulations by Guschanski and Wildauer (2025) for 22 EU countries suggest a considerable potential of an annual net wealth tax to reduce wealth inequality and emissions simultaneously.

1.2.2. Limitations of net wealth taxes

There are multiple factors that could undermine the potential of net wealth taxes to fight wealth inequality and efficiently raise revenues, which are tied primarily to the design of the tax and the institutional framework it is embedded in. This section discusses the main limitations of net wealth taxes.

Risk of regressivity

Numerous design choices have the ability to undermine the redistributive potential of net wealth taxes. For instance, survey results suggest that the composition of wealth differs depending on where a household falls in the wealth distribution (OECD, 2018b). The wealth of taxpayers in the lower levels of the wealth distribution is held primarily in vehicles, valuables and (though to a lesser extent than in the middle levels) in real estate. In the middle, wealth is held primarily in the form of real assets (in particular primary residences). At the highest levels, financial assets play a much more important role, along with real estate (beyond primary residences) and business assets. While financial assets are held at all levels, they are concentrated at the top and vary in composition. Bank deposits predominate in the lower levels, while shares and bonds are concentrated at the top (OECD, 2018b).

This has important implications for the redistributive potential of net wealth taxes, as in practice they do not treat different categories of assets equally, either due to differences in valuation approaches or complete or partial exemptions. In cases

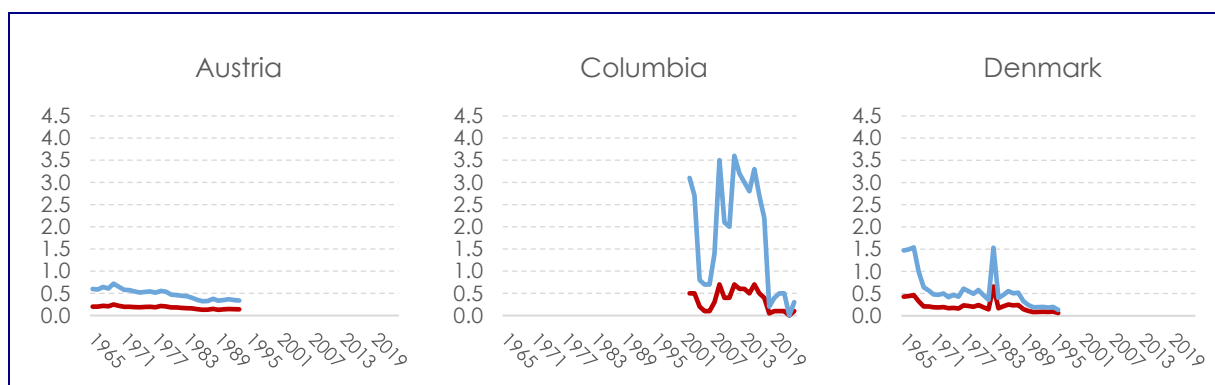
where the thresholds applied are low enough to include the middle and upper-middle classes, treating assets concentrated at the top of the wealth distribution favourably risks overburdening those in the middle, while allowing those at the top of the wealth distribution to avoid commensurate tax liability (see the case study for France in Volume 2 of this report). This can lead to the wealth tax effectively being regressive (or perceived as such).

A problem which is implicitly tied to equity concerns is that of liquidity, and taxing capital stock rather than income can lead to liquidity issues for those who are asset-rich but income-poor, potentially forcing them to sell assets. However, measures that have been put in place to mitigate this issue (in particular tax caps) have resulted in a reduction of the burden placed on those at the very top of the wealth distribution¹¹. In line with this, Delalande and Spire (2013) note that interest groups may also inflate the prevalence of this problem in an attempt to lower the tax.

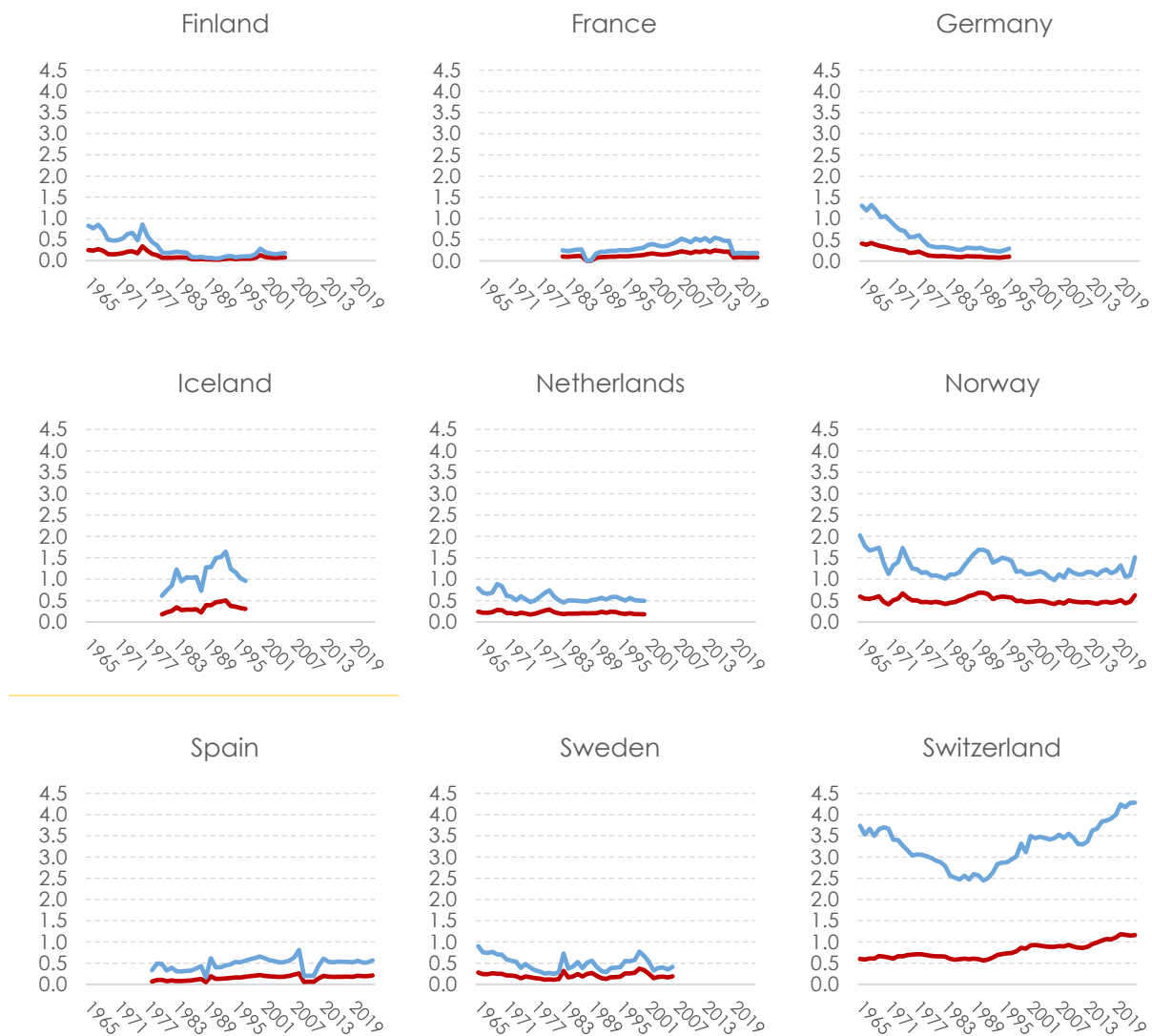
Low revenues and efficiency

One of the primary motivations for the introduction of net wealth taxes has been the need to raise tax revenues and ease fiscal pressures, especially in the face of a specific crisis. However, in practice revenues from net wealth taxes have historically been relatively modest, in nearly all cases not exceeding 2% of total tax revenues (see Figure 8). In addition, in most countries these revenues have remained stable or even declined over time, despite the fact that wealth accumulation across countries has been growing (OECD, 2018a).

Figure 8 – Development of revenues from net wealth taxes as a % of GDP (red) and total tax revenues (blue)



¹¹ See the study by Durán-Cabré and Esteller Moré (2021) for Spain, mentioned earlier.



Source: Own elaboration based on OECD (2024).

This is because the actual revenues from a net wealth tax depend on a range of factors tied directly to its design and the economic environment. As will be argued in the following sections, past and existing net wealth taxes have often failed to limit behavioural responses undermining their revenue potential (such as taxpayer migration).

In the context of using a net wealth tax to increase the overall revenue of a jurisdiction, it is also necessary to consider the administrative costs and burden that go with it, in particular costs related to the need for recurrent asset valuation. While valuation is relatively simple in the case of assets where the market value can be

easily determined (such as frequently traded assets), there are many assets for which market values are difficult to determine (including rarely or never traded assets, unique assets). Examples of problematic assets include assets that do not generate taxable returns, such as artwork or jewellery, or family-run businesses; pension rights; personal effects; closely held companies; and non-listed firms.

To limit the administrative burden of these valuations, certain measures can be taken, although many of them involve trade-offs. For instance, tax administrations could use alternative valuation methods, such as insured values (for example, for artwork), market benchmarks, income capitalisation, adjusted book values or theoretical values derived from internal financial statements.

Costs directly related to the recurrence of the tax could also be lowered by treating the values of certain assets (whose value is less subject to fluctuation) as fixed for a set number of years. Finally, where possible, tax authorities could draw on third-party reporting and valuations determined for the purpose of other taxes, such as property taxes in the case of real estate assets. Innovations and improvements in technology and international information sharing could further reduce the administrative burden (Durán-Cabré & Esteller Moré, 2021).

Tax avoidance and evasion

One of the greatest concerns brought up in discussions regarding net wealth tax is related to avoidance and evasion, which can undermine its goals by significantly decreasing the revenues from the tax and limiting its redistributive power – sometimes to the point of making it regressive. This is because the wealthy have more opportunities to restructure their assets and income. They also have diversified asset holdings, placing them in a better position to exploit tax exemptions and tax caps (OECD, 2018a).

Very generally, tax evasion includes all illegal taxpayer activities to reduce their tax payments, while tax avoidance makes use of legal possibilities to decrease tax liabilities. For example, in Spain shares or assets associated with family businesses are exempt from the wealth tax. If an individual has reorganised their wealth portfolio solely to take advantage of this exemption, and meets the legal requirements for it, this constitutes tax avoidance. If, on the other hand, they did not fully meet those legal requirements, claiming the exemption would constitute tax evasion.

The line between tax avoidance and tax planning is less clear-cut. For instance, according to Baerentzen (2022), tax avoidance concerns cases where the taxpayer

reduces their tax liability without incurring the intended economic consequences qualifying them (against the intention of the legal system). In contrast, the reduction of tax liability through tax planning is accompanied by such (intended by law) consequences. Tax avoidance thus refers to the use of tax loopholes, which is not illegal in a strict sense, but may be considered as acting against the spirit of the law or the tax arrangements containing elements of artificiality. In practice this distinction is often difficult to make, in particular when dealing with case law. Given the inconsistent use of these terms, when presenting empirical evidence concerning tax avoidance and tax planning, this report follows the classifications used in the respective analyses.

Studies determining the aggregate response of wealth-to-wealth taxation use bunching-based or difference-in-differences (DiD) analysis. Advani and Tarrant (2021) compare semi-elasticities across a number of empirical studies and find significant variation in the estimates made, which could be attributed to both differences between the taxes themselves and between the methodologies employed. As a rule, DiD analysis yields significantly larger semi-elasticities of reported wealth with respect to a decreasing tax rate (Brülhart et al., 2022). It has been argued that estimates using bunching analysis may not capture the entire response and thus underestimate it. One exception is a study by Londoño-Vélez and Avila-Mahecha (2024), who arrive at similar estimates using both methodologies. Overall, the responsiveness of taxable wealth to changes in the tax rate is high¹² – indicating strong avoidance and evasion responses (Scheuer and Slemrod, 2021). However, it should be noted that these estimates cannot differentiate between pure avoidance and evasion responses on the one hand and real responses on the other.

One of the most common avoidance strategies involves the taxpayer adjusting their asset portfolio to take advantage of exemptions or preferential treatment reserved for specific types of assets, thus reducing their tax burden. An example of this could be seen in Spain after it exempted shares held by owner-managers, that is, business owners whose involvement in the management of their business was significant (Alvaredo and Saez, 2009). This was defined as individuals who owned at least 15% of the stock (or 20% in the case of the individual and their family) and for whom income from the business constituted at least half of overall labour and business income. Mas-Montserrat et al. (2025) also find evidence of significant avoidance responses to the wealth tax in Spain. The avoidance responses were predominantly rooted in exploiting limits on tax liability through changes in asset and income

¹² Taxable wealth elasticity estimates also appear to be larger than in the case of one-off taxes on bequests (Advani and Tarrant, 2021).

composition and, to a lesser extent, exploiting the tax exemptions (in particular business-related assets). The authors found that a 0.1 percentage point increase in the average tax rate resulted in a 3.21% reduction in taxable wealth over the years 2012–2015. This resulted in a loss of tax revenue equivalent to 2.75 times the 2011 wealth tax revenues (over the same four-year period).

Other instances of legal tax avoidance can be found in countries where the wealth tax is set at a subnational level, leading to intra-national tax competition (see e.g. the Swiss and Norwegian case studies in Volume 2 of this report). In Switzerland, Brülhart et al. (2022) find that a notable tax cut in the canton of Lucerne in 2009 triggered a large response driven mainly by changes in taxable financial assets of immobile taxpayers (49%).

Tax caps, a measure meant to prevent confiscatory taxation and liquidity issues for taxpayers who are asset-rich but income-poor, create yet another tax planning opportunity. Individuals can lower their net wealth tax liability by artificially lowering their income. Once again, it is the wealthier taxpayers who are more able to exploit this loophole. For instance, the tax caps in France were the primary driver behind the French net wealth tax being progressive only up to the wealthiest 0.1% taxpayers, with the wealthiest 0.001% being effectively taxed at only 0.1% (France Stratégie, 2023).

Debt deductibility is another common feature of existing wealth taxes that, together with exemptions, can be used as an avoidance strategy (OECD, 2018a). Namely, an individual can acquire debt (which decreases their overall taxable net wealth) in order to finance investments in tax-exempt assets (which do not increase taxable net wealth but can result in additional income and capital gains). This incentivises taxpayers to borrow in order to finance investments. While some countries have introduced legislation to curb this practice by making debt used to finance exempt assets non-deductible, debt can also be used to finance savings in taxable assets.

In addition to (aggressive) tax planning, another response is tax evasion. In the context of a tax on capital stock, individuals will evade the tax through offshoring financial wealth, underreporting or not reporting assets, and inflating deductible debts.

Zucman (2013) estimates that 8% of global financial wealth of households is held in tax havens. Alstadsaeter et al. (2018) estimate that the wealth held in tax havens is equivalent to around 10% of global GDP. Inter-regional variation is significant, with the authors estimating that the equivalent of around 15% GDP is held in tax havens in the case of continental Europe, while for Scandinavia the estimate falls below the

global average. Londoño-Vélez and Ávila-Mahecha (2024) find that, on average, the individuals named in the Panama Papers offshored 7.7% of their wealth to evade the newly introduced wealth tax in Colombia; the risk of evasion was highest among the top 0.01% (Londoño-Vélez and Ávila-Mahecha, 2021). However, there is no direct evidence linking the extent of tax evasion through shifting wealth to tax havens to the application of net wealth taxes.

It is important to stress that comprehensive third-party reporting networks and international information exchange have the potential to improve tax compliance (Baselgia, 2025). Third-party reporting plays an important supportive role by improving the reliability of information on taxpayers' assets, reducing their compliance burden (for example, data from third parties can be used to pre-fill wealth tax returns) and helping resolve valuation challenges. Without verification measures in place, self-assessment creates ample opportunity for tax evasion through the underreporting and manipulation of the reported value of wealth in tax declarations (Advani and Tarrant, 2021).

Automatic exchange of information (AEOI)

The main tool used to increase transparency and curb tax evasion through offshoring is the automatic exchange of information (AEOI). By using this instrument, tax authorities can speed up the process and access information without needing to submit requests or supporting evidence. In the EU, the most important instruments supporting AEOI includes the Common Reporting Standard (CRS) and the Multilateral Competent Authority Agreement (MCAA), developed by the OECD¹³. The CRS and MCAA were published in 2014, with the first automatic information exchanges taking place in 2017 (Gronwald, 2025). The CRS is multilateral and covers a broad range of countries¹⁴ and financial entities, which are obliged to report financial assets (OECD, 2014). The first amendment to the Directive on Administrative Cooperation in Direct Taxation, DAC2, transposed the CRS into EU law. It obliges Member States¹⁵ to obtain financial account information from their financial institutions and exchange it annually with taxpayers' countries of residence.

¹³ The CRS was preceded and inspired by the US Foreign Account Tax Compliance Act (FATCA), which applied to US citizens and tax residents.

¹⁴ As of March 2025 there are 126 signatories (OECD, 2025a).

¹⁵ The EU has also signed similar agreements with a handful of non-EU countries: Andorra, Liechtenstein, Monaco, San Marino, and Switzerland.

It defines the procedures, the financial institutions required to report, and which accounts and taxpayers are covered. Financial institutions report on account balances and income credited to accounts (e.g., interest and gross proceeds from the sale of financial assets). Over the years, a number of further amendments have been introduced, most notably, for the purposes of this report and wealth taxes, DAC3 and DAC6.

DAC3 included information on advance cross-border rulings and advance pricing arrangements (APAs) in the AEOI. The goal is to enable tax authorities to counteract abusive use of rulings and APAs. Its scope was expanded by DAC8¹⁶ to include rulings involving only natural persons under mandatory AEOI, provided that the value of the transaction(s) of the ruling is high¹⁷ or if the ruling determines whether or not the individual is tax resident in the country issuing it. This expansion will apply to rulings issued, amended or renewed from 1 January 2026. It can help enforcement by improving residence transparency (necessary to establish whether an individual is liable for a net wealth tax, and which of their assets constitute the taxable base), and the visibility of high-value assets and large transactions. It also makes other authorities aware of any rulings involving the taxpayer in other countries.

DAC6 introduced the requirement to report potentially tax-harmful cross-border tax-planning arrangements. It alerts Member State authorities to cross-border arrangements that fulfil certain criteria designating them as potential tax risks – for instance, the opening of bank accounts in countries not participating in the AEOI under the CRS. This gives tax authorities an early warning and allows them to check for risks of tax evasion, tax avoidance, and aggressive tax planning. Intermediaries party to such an arrangement are required to report it to the authorities within 30 days of its implementation¹⁸.

The European Commission is also implementing a decentralised Beneficial Ownership Registers Interconnection System (BORIS) to interconnect the existing beneficial ownership registers¹⁹. This will grant the competent authorities access to

¹⁶ This amendment also included cryptocurrency under the scope of the DAC.

¹⁷ In excess of EUR 1.5 million or equivalent in national currency.

¹⁸ In cases where the reporting obligation is shifted to the taxpayer.

¹⁹ The ultimate beneficial owner (UBO) register was introduced by the 4th Anti-Money Laundering Directive (AMLD). Ultimate beneficial owners are natural persons who ultimately own or control a legal entity or arrangement.

up-to-date and accurate beneficial ownership information, crucial for the detection of tax evasion.

Empirical evidence on the effectiveness of these measures in combating tax evasion suggests that they have been largely successful, although it also points to numerous gaps and loopholes that still exist. According to estimates by Alstadsæter et al. (2023), the share of untaxed financial wealth hidden in tax havens, which had gone almost fully untaxed before the implementation of cross-border automatic exchange of information provisions, has been reduced significantly to about 25%. Boas et al. (2024) show for Denmark that 70% of the offshore tax gap could be closed following the implementation of automatic exchange of information, mainly through the repatriation of wealth held offshore. Beer et al. (2019), Menkhoff and Miethé (2019), and O'Reilly et al. (2021) find that such agreements have significantly reduced financial wealth held in the targeted tax havens. In their study on the short-term effects of DAC6, Casi et al. (2022) find a reduction in cross-border deposits in EU countries with strong enforcement. Finally, both the volume and quality of data exchanged internationally have significantly improved over the years, and CRS-reported foreign wealth accounts for around 9% of total financial wealth of households (Boas et al., 2025).

At the same time, transparency is unlikely to be complete, as it will always need to be balanced against privacy and data protection concerns, and the resulting administrative burden. In practice, certain assets (financial accounts) and financial institutions considered less risky are exempt from reporting requirements. Non-reporting financial institutions include governmental entities and their pension funds; international organisations; central banks; certain retirement funds; qualified credit card issuers; exempt collective investment vehicles; trustee-documented trusts; and other low-risk financial institutions.

Excluded accounts include retirement and pension accounts; non-retirement tax-favoured accounts; term life insurance contracts; estate accounts; escrow accounts; depositary accounts due to unreturned overpayments; and other low-risk excluded accounts (OECD, 2014). Certain financial assets also fall outside the scope of AEOI under the DAC, for example, unlisted securities (unless they are custodial securities), crowdfunding-platform-intermediated assets, asset insurance policies, gambling currencies, and prepaid cards and vouchers²⁰. Furthermore, a mapping carried out by Damir et al. (2024) shows that while nearly all EU-27 Member States maintain

²⁰ Other assets not covered include cash in hand, crypto coins, in-game assets, intellectual property, tangible assets with the exception of real estate, precious raw materials, and safe deposit boxes.

listed securities registers, none has a register for unlisted securities, and only a few have (alternative-source) registries for works of art, antiques, and jewellery²¹.

Moreover, jurisdictions have the ability to provide their own lists of low-risk financial accounts and institutions, subject to assessment. Currently the CRS only covers certain financial assets, namely depository accounts (e.g. savings and checking accounts); custodial accounts (e.g. brokerage accounts holding shares, bonds); equity and debt interests in certain investment entities; cash value insurance contracts; and annuity contracts (OECD, 2014). More recently, the CRS was updated to include crypto-assets (OECD, 2023).

This incomplete coverage of assets, along with existing loopholes, leaves multiple pathways for individuals to hide their wealth. Indeed, Boas et al. (2025) find that the amount of household wealth held in financial centres and reported under the CRS is still at least 30% lower than existing estimates of household offshore financial wealth. Evaders can circumvent AEOI provisions by switching to uncovered assets (e.g. real estate or art) or jurisdictions (see e.g. Alstadsæter et al., 2022; Caruana-Galizia & Caruana-Galizia, 2016; Casi et al., 2022; D'Avino, 2023; De Simone et al., 2020; Bomare & Le Guern Herry, 2025). Casi et al. (2022) find evidence suggesting that tax evaders withdraw and move funds from countries where compliance under DAC6 is expected to be higher (e.g. due to higher penalties or broader definitions of who can enjoy legal professional privilege with respect to the reporting duty). Alstadsæter et al. (2024) find that although CRS implementation led to significant cash repatriation, this was only the case for cash from countries with high enforcement levels (e.g. tax authorities with high capacity, for instance thanks to digitization).

Bomare and Le Guern Herry (2025), for instance, find evidence of a noticeable response to the increased transparency, with investors shifting their offshore investments to real estate. This asset rebalancing accounted for 2% of all UK real estate transactions following the introduction of AEOI²². Other loopholes include the use of complex company structures (Bénétrix et al., 2024), participation in citizenship-by-investment programmes to escape reporting (Casi et al., 2022; Langenmayr & Zyska, 2023), and insufficient reporting (obligations) for certain

²¹ Only eight Member States record all three.

²² It is impossible to isolate reallocation responses driven by tax incentives (as opposed to other secrecy motives). However, the fact that the effect was large for commercial real estate indicates that the desire to evade taxes constitutes a strong motive.

financial institutions that may lead to significant underreporting (Bomare & Collin, 2025).

The findings discussed above highlight that AEOI provisions serve as a powerful tool to combat tax evasion, but concerted efforts are needed to close the gaps and improve data quality and processing. Furthermore, transparency is only the first step. Without the addition of proper enforcement, it will not combat tax evasion effectively (Gronwald, 2025). Tax authorities also need the resources, appropriate tools, and skills to take advantage of the exchanged information.

Real behavioural responses

According to Slemrod's (1992) hierarchy of behavioural responses, taxpayers engage in real behavioural responses only when they are unable to engage in tax avoidance or evasion instead. Indeed, empirical literature on the subject would suggest that avoidance responses are far more common and are responsible for the largest share of the responsiveness of taxable wealth to changes in the tax rate. That said, the theoretical literature and several empirical studies also delve into the behavioural effects that net wealth taxes may have. The primary behavioural responses discussed in this section are taxpayer migration and distortions in entrepreneurial activity and saving.

It is difficult to measure migration responses to a net wealth tax, given that migration can arise from an interplay of factors, such as other changes in the tax system, anticipating future wealth tax burdens, or factors entirely unrelated to increases in tax liability. Empirical evidence on migration responses to net wealth taxes is still scarce and mostly focuses on intra-national migration.

Brülhart et al. (2022) find that net taxpayer migration was the primary reason, after avoidance responses, for changes in taxable wealth following the tax cut in another canton in Switzerland. However, it is important to keep in mind that the inter-cantonal differences mean taxpayers can significantly lower their tax burden through intra-national migration rather than expatriation. In Spain, five years after a reform that decentralised the wealth tax system and established Madrid as a tax haven, the stock of wealthy individuals in the region of Madrid increased by 10% relative to other regions (Agrawal et al., 2020). In France, the Comité d'évaluation des réformes de la fiscalité du capital measured net migration and found that even at its peak in 2013, the departures net of returns represented only 0.2% of all taxpayers subject to the net wealth tax (France Stratégie, 2019). While it is not possible to establish a causal relationship, this indicates that migration responses to the tax may be negligible –

especially considering the fact that they did not prevent the revenues from the tax from rising. Empirical evidence from Denmark suggests that a 1 percentage point increase in the top wealth tax rate reduces the stock of liable taxpayers by less than 2% in the long run, and that the consequences of this migration (in terms of a fall in aggregate employment, investment and value added) are very modest (Bach et al., 2020; Jakobsen et al., 2024).

Taking the example of one Norwegian municipality unilaterally reducing its marginal tax rate, Iacono and Smedsvik (2024) find a 60% increase in average taxable wealth in response to a 1 percentage point drop in the wealth tax rate. This elasticity is even higher for wealthy taxpayers. Moreover, the results indicate an intra-national mobility response that is significant relative to the municipality's population, but very limited from a national perspective. The change resulted in a 3.1% likelihood of individuals with a net worth of more than 10 million NOK moving to the municipality in question. Additionally, wealthy taxpayers are under-represented among out-movers, which suggests the absence of large-scale international migration. Existing qualitative evidence also appears to support the conclusion that taxes are not the central driving force behind decisions to move abroad (Friedman et al., 2025).

Finally, taking advantage of the abolition of a preferential tax scheme for high-net-worth foreigners in certain Swiss cantons, Baselgia and Martínez (2025) find that the location choices of this group are sensitive to the change. The abolition of this preferential tax treatment in a canton reduces its stock of HNWI's by 40-45%, suggesting an implied elasticity of the stock of superrich taxpayers with respect to the total net-of-tax rate on wealth ranging between 28.4 and 32.2, equivalent to a 1.4 to 1.5 elasticity with respect to the net-of-income-tax rate. Crucially, the authors consider not only outflows of HNWI's, but also changes in the inflows, finding that newly settled super-rich foreigners are significantly more likely to reside in cantons with the preferential tax treatment in place, compared to cantons which had abolished it. Advani and Tarrant (2021) find that, with sufficiently strong incentives, individuals will change their place of residence within a country (in the case of regional differences), but there is little evidence of international migration²³. That said, existing empirical evidence is always country-specific or limited to certain groups, making it difficult to draw decisive conclusions (Kleven et al., 2020). What is more, the magnitude of mobility responses to a net wealth tax depends on a number

²³ Here it is important to note that their work focused on being applicable to the UK context and the behavioural responses triggered by a net wealth tax are highly dependent on numerous factors other than the basic design features (tax rates and thresholds).

of factors. For instance, certain measures to limit tax avoidance and evasion could push taxpayers towards real behavioural responses, including migration.

Beyond migration responses, wealth taxation can also potentially affect entrepreneurial activity and risk-taking and push entrepreneurs to reduce their ownership in companies whose valuation increases over time – as both the financial loss and the anticipated dilution of control rights could discourage entrepreneurial activity (Scheuer and Slemrod, 2021). This is because, unlike a capital income tax, the tax liability remains even if the business generates low or negative profits – typical of new businesses. Moreover, as has been stressed earlier, higher returns do not necessarily translate to higher productivity.

Finally, a net wealth tax is equivalent to taxing a presumptive return (excluding returns exceeding it); setting the rate close to the normal return on savings would make it akin to a tax on that normal return. As a result, it could lead to taxpayers reducing their saving, as it would effectively offset the return that compensates for the postponement of consumption (OECD, 2018a). If a net wealth tax is ‘stacked’ on top of other taxes on savings, the high marginal effective tax rates and overall tax burden could mean that saving reduces – rather than increases – the real value of one’s wealth.

Empirical studies indicate that changes in saving behaviour are very limited (Brühlhart et al., 2022; Seim, 2017). However, given that in practice net wealth taxes do not have a perfectly broad base, they leave ample opportunity to avoid taxation by using savings vehicles that are exempt or carry reliefs. On the assumption that taxpayers are more likely to use avoidance strategies than opt for real behavioural responses, a net wealth tax would be more likely to distort the choice of savings vehicles than the decision to save.

Legal and political concerns

Every tax must comply with the conditions and requirements of the jurisdiction’s legal system, and its success depends on public perception and the political narrative. It is particularly important to bear this in mind in the case of a net wealth tax, which continues to be the subject of political debate and whose legal configuration may give rise to cases that challenge general legal principles.

The latter may, in turn, become grounds for the repeal of the tax. Such was the case in Germany, where the Constitutional Court declared the net wealth tax then in force

unconstitutional²⁴, since it entailed unequal treatment of different types of wealth. Certain assets and rights were valued according to their market price, while others were assessed using different valuation methods, which could result in assessed values diverging significantly from fair market value. Another example comes from Sweden, where the net wealth tax was repealed due to the special treatment of business equity, which taxed assets held by the middle class but exempted assets of the wealthiest individuals, such as large, closely held firms (Scheuer and Slemrod, 2021). On the other hand, France's wealth tax (ISF) was able to withstand such challenges before the French Constitutional Court. This was due to the existence of a cap mechanism preventing a confiscatory effect, and a different approach to determining ability to pay, based on wealth ownership rather than income flows²⁵.

Another issue is that the tax is paid in addition to income tax, and some countries therefore introduced a joint limit to avoid the combined tax payments becoming confiscatory relative to the taxpayer's income. In Spain, for instance, this is a constitutional principle that must be followed by any wealth tax legislation.

Finally, there is the concern that net wealth taxes will lead to double taxation, although this is not unique to net wealth taxes. The risk of double taxation arises when net wealth taxes are levied on the worldwide net wealth of residents but limited to assets located within that jurisdiction in the case of non-residents. This means that if a taxpayer is tax resident in one country levying a net wealth tax while, for example, also holding real estate in another jurisdiction with a net wealth tax, the taxes from the two countries on those real-estate assets would overlap. Nevertheless, applying the tax to worldwide assets (for residents) is justified, because it diminishes the incentive for capital flight and ensures that the ultimate liability reflects the taxpayer's actual ability to pay the tax, as determined by their worldwide wealth.

It is important to stress that the extent to which this double (or even triple) taxation occurs is negatively correlated with the level of wealth held. More precisely, wealth accumulated for later consumption, having been taxed as earned income and remaining subject to consumption taxes in the future, is more likely to be held by those at lower wealth levels (OECD, 2018a). At higher levels of wealth, on the other hand, a larger part of wealth derives from capital income, which often faces low effective tax rates and will not necessarily be used for consumption, thereby making

²⁴ Decision from 22 June 1995, 93/121.

²⁵ Constitutional Council Decision No. 2019-769 QPC of 22 March 2019.

the risk of double taxation much smaller in practice. Not safeguarding against double taxation therefore has implications for vertical equity.

1.3. Net wealth taxes around the world

This section has several aims. First, it provides an overview of past and existing net wealth taxes around the world. Second, recent moves and initiatives to (re-)introduce net wealth taxes are reviewed. Third, recent proposals at the global level to introduce net wealth taxes and taxes focusing on HNWIs are discussed.

1.3.1. Overview of historical and existing wealth taxes

The findings of a review of past and existing net wealth taxes with a global scope are presented in Table 17. To our knowledge, this overview is the most comprehensive to date and, insofar as relevant data and information are available, features:

- the year of introduction for all wealth taxes ever implemented, as well as the year of repeal where applicable;
- top tax rates in the year of introduction as well as current tax rates for net wealth taxes still in force, and tax rates in the year of repeal for abolished wealth taxes;
- the reasons for the introduction and repeal of past wealth taxes;
- revenue as a percentage of GDP and total taxation in the last available year (2023) for net wealth taxes still in force, and in the final year of application for those that have been abolished.

The review builds on past overviews covering net wealth taxes (formerly) in place (particularly Tanabe, 1967; Drometer et al., 2018; OECD, 2018a; Perret, 2021; Krenek & Schratzenstaller, 2022; Limberg & Seelkopf, 2022; Hebous et al., 2024; Ola, 2024). These are complemented by the following: our own desk research to validate, to the extent possible, the information found in the literature, and to close gaps; a database assembled by Limberg and Seelkopf (2022), containing the years of introduction and repeal of wealth taxes worldwide, and the top tax rates at those points; and the OECD Revenue Statistics. However, some gaps and uncertainties remain, particularly for the historical wealth taxes in Asia and Latin America, for which information is scarce, scattered, incomplete, and sometimes contradictory.

Table 17 (Annex A) shows that, in modern times, 27 countries worldwide have adopted a net wealth tax for individuals. Of these, 18 have repealed their net wealth taxes since the middle of the last century, which leaves only nine countries with a wealth tax. Three wealth-tax countries are in Europe, six in Latin America and one in Africa, whereas no country in Asia still has a wealth tax. Thus, compared to other taxes common to most tax systems around the world (particularly taxes on personal and corporate incomes and consumption, but also taxes on inheritances and gifts, which are still quite widespread – and particularly in Europe (see Chapter 4 of the study), but not uncommon either in other world regions (EY, 2024)), wealth taxes have always been fairly uncommon and have become even more so in recent years.

It is also interesting that of the 13 historical and past European wealth taxes, nine were implemented before World War II. In contrast, of the nine current and former Latin American wealth taxes only two date back to the 1930s, whereas the others were implemented after World War II. Bolivia and Venezuela adopted a permanent wealth tax for large fortunes in 2020, and Ecuador adopted a temporary one in 2021, in the wake of the pandemic, thus corroborating the finding of Limberg and Seelkopf (2022) that wealth taxes historically have mostly been adopted in times of crisis. The four Asian wealth taxes were implemented between 1950 and 1967 and repealed between 1953 and 2015. With the exception of Algeria, which adopted a wealth tax in 2020 to cope with pandemic-related fiscal challenges, wealth taxes are otherwise unknown in Africa.

Several countries introduced a wealth tax only temporarily to address budgetary challenges (for example, Iceland and Spain during the debt crisis following the financial and economic crises, and Ecuador in response to the pandemic); sometimes, however, these taxes remained in place for a longer period than originally envisaged (Iceland) or were eventually made permanent (Colombia and Spain). Top wealth tax rates are moderate on average, and the patchy data available suggests that several countries began with rather high top tax rates, which were then lowered over time towards the modest rates applied in most countries. Typically, wealth taxes are, or have mostly been, levied at the national level, although it is remarkable that taxing powers for the three wealth taxes still existing in Europe are completely (Switzerland) or partially (Norway, Spain) assigned to subnational levels.

1.3.2. Recent debates and initiatives to strengthen wealth taxation

1.3.2.1. Selected national initiatives for the introduction of wealth taxes

In the last few years, wealth taxes have drawn renewed attention both in academia and among policymakers and supranational institutions such as the IMF, the OECD, the United Nations, the World Bank, and the G20. One obvious reason is the long-term increase in wealth inequality and wealth concentration, which can be observed in a growing number of countries thanks to the recent considerable improvement in data availability²⁶. A more acute reason is the recent multiple crises that have burdened public budgets worldwide and have often affected the wealthy considerably less than the lower and middle sections of the income and wealth distribution. Particularly in the aftermath of the COVID-19 pandemic, the implementation of wealth taxes or their re-introduction (albeit with better design than that formerly applied) has been intensely discussed and advocated in a number of countries around the world. Against this backdrop, it is remarkable that in response to the recent crises, only three countries, namely Algeria, Bolivia, and Venezuela, have indeed adopted a net wealth tax (all three in 2020) to cope with the budgetary costs of the pandemic-induced crisis.

It would go beyond the scope of this study to provide a comprehensive overview of all national initiatives and proposals that have been put forward and debated worldwide in the last few years. All the more so as such an overview would have to distinguish between proposals from academics and interest groups or non-governmental organisations that have no backing among policymakers; proposals floated by political parties and candidates during election campaigns; proposals advocated by political opposition parties during the legislative period; and concrete legislative initiatives by policymakers in power. Therefore, this section focuses on two proposals that have also gained some attention worldwide in academia – one for an industrialised country, the United States, and the other for a developing country, South Africa. However, a thorough online investigation has revealed that proposals for wealth taxes have been abundant in the last few years, both in the developed world and in developing and emerging countries.

²⁶ One important achievement in that regard is the World Inequality Database (<https://wid.world/>), which features worldwide data for within wealth inequality.

Recent wealth tax proposals for the United States

The United States, which has never adopted a broad-based net wealth tax²⁷, has been experiencing intense debate regarding the introduction of a net wealth tax, starting in 2019 with wealth tax proposals launched by two major presidential candidates²⁸. These were triggered by the rapidly growing concentration of wealth in the United States. According to Zucman (2019), the share of wealth held by the top 0.1% of the wealth distribution has doubled since 1980, to almost 20%, and the share of the top 400 on the Forbes list has grown from 0.9% in 1982 to 3.3% in 2018. In January 2019, Elizabeth Warren put forward a progressive wealth tax proposal anticipating a tax rate of 2% for net wealth above USD 50 million, and of 3% on net wealth above USD 1 billion. Bernie Sanders followed suit in September 2019, proposing a progressive wealth tax schedule with a tax rate of 1% above USD 32 million, to as much as 8% on wealth exceeding USD 10 billion (with the brackets applied to married couples and halved for singles).

Due to the extremely high tax exemption thresholds compared with existing wealth taxes, fewer than 0.1% of US families would be affected by both proposals (see Table 1 for an overview). Saez and Zucman (2019b) estimate that 75 000 American households would be affected by the wealth tax proposed by Warren, and that its revenue would amount to about 1% of GDP per year. Under Sanders' proposal, about 180 000 American households would be liable to wealth tax (Saez & Zucman, 2019a), with annual revenue estimated at 1.6% of GDP. These estimates assume that no exemptions are granted and the tax is fully enforced.

²⁷ Saez and Zucman (2019c) point out that the Northern American Colonies already taxed wealth before 1776.

²⁸ This section draws on Saez and Zucman (2019a).

Table 1 – Marginal tax rates of the Warren and Sanders wealth tax proposals

Number of households affected (share in total number of households)	Wealth threshold (in USD)	Tax rates in %	Annual revenue potential in % of GDP
Warren proposal			
75 000 (< 0.1%)	50 million	2	1
	1 billion	3	
Sanders proposal			
180 000 (< 0.1%)	32 to 50 million	1	1.6
	50 million to 250 million	2	
	250 million to 500 million	3	
	500 million to 1 billion	4	
	1 billion to 2.5 billion	5	
	2.5 billion to 5 billion	6	
	5 billion to 10 billion	7	
	above 10 billion	8	

Source: Saez and Zucman (2019a, 2019b, 2019c); own representation.

Obviously, the estimates of the potential yields of the wealth tax proposals by Warren and Sanders need to be interpreted as the upper bounds for the revenue potential of a wealth tax on the (very) rich that would not elicit any evasion or avoidance. Nonetheless, the estimates are instructive insofar as they demonstrate that given the considerable extent of wealth concentration in the United States, a broad-based net wealth tax focusing on the (very) rich by setting very high tax exemption thresholds could yield substantial revenue without affecting the middle class and causing liquidity problems. Compared with historical and existing net wealth taxes, which are riddled with exemptions and feature rather moderate exemption thresholds compared to Warren's and Sanders' proposals, the potential revenue would be substantial and often markedly higher.

Estimates by Saez and Zucman (2019a) of the revenue potential and the effects of a net wealth tax on the very wealthy are also interesting. They suggest a trade-off between revenue potential and wealth concentration. A high tax rate (significantly above 3%) would quickly deconcentrate wealth, but would also erode revenue potential accordingly. Conversely, a low tax rate of 1% would do little to deconcentrate wealth, but would yield stable long-term revenue.

A wealth tax for South Africa

In 2021, in the wake of the COVID-19 pandemic, an independent group of researchers proposed a net wealth tax for South Africa, with the aim of generating

revenue and decreasing wealth inequality, which in South Africa is extraordinarily high compared with other countries for which data is available (Chatterjee et al., 2021)²⁹. The revenue potential is estimated for various wealth tax scenarios focusing on the top 1% of South Africans. These 350 000 individuals own 55% of overall personal wealth.

Table 2 – Marginal tax rates in proposed wealth tax schedules

Wealth group	Number of adults	Wealth threshold (in Rand)	Low tax scenario		Moderate tax scenario		High tax scenario	
			Tax rates in %	Revenue potential in % of GDP	Tax rates in %	Revenue potential in % of GDP	Tax rates in %	Revenue potential in % of GDP
Top 1%	356 000	3 820 000	1	1.5	3	2.8	3	3.5
Top 0.1%	35 600	30 350 000	2		5		7	
Top 0.01%	3 560	146 890 000	3		7		9	

Source: Chatterjee et al. (2021); own representation. Benchmark scenario assuming an evasion rate of 30%.

Chatterjee et al. (2021) estimate the potential wealth tax revenue for three different wealth tax schedules (see Table 2). By contrast with Saez and Zucman (2019a, 2019b, 2019c), they consider three different tax evasion scenarios: a benchmark scenario with a tax evasion rate of 30%, and two additional scenarios with rates of 10% and 50%. Estimated wealth tax revenue ranges from 1.5% of GDP in the low tax scenario to 3.5% of GDP in the high tax scenario, assuming the benchmark tax evasion rate of 30%. Thus, even under conservative assumptions for the extent of tax evasion, wealth tax revenue could be substantial in a low tax scenario (with a top marginal wealth tax rate of 3%, lower than Spain's current rate) focusing on the very rich by setting a very high tax exemption threshold rather than granting various asset-specific exemptions.

Chatterjee et al. (2021) have also developed an online wealth tax simulator that enables estimation of how much revenue could be collected from a progressive wealth tax on the richest 1% in South Africa under different tax scenarios (<https://wid.world/south-africa-wealth-tax-simulator/>).

²⁹ This section draws on Chatterjee et al. (2021).

1.3.2.2. EU-wide wealth taxes

Since the start of this decade, several studies have explored the revenue potential of EU-wide wealth taxes. These analyses start from the presumption that, in Europe in particular, one of the factors behind the almost complete disappearance of wealth taxes is the fear of tax flight and migration. This is supported by the case studies presented in volume two of the report and the overview of existing and historical wealth taxes in Section 1.3, which demonstrate the disappearance of the majority of wealth taxes in the long run and in some cases also a decrease in tax rates.

Table 3 presents the key features of three recent proposals for EU-wide net wealth taxes. While not being very specific on the tax base on which the proposed net wealth taxes would be levied, the proposals aim at taxing a broad tax base. All types of assets would be taxed. The data for net wealth that would be taxed stems from surveys and rich lists, which implies that the tax base would rest on market values. Except a tax exemption threshold, no further exemptions would be granted. The estimates suggest that a coordinated introduction of EU-wide net wealth taxes would have considerable revenue potential, even with high tax exemption thresholds and moderate tax rates. Moreover, due to these high thresholds, the share of households subject to the wealth tax is quite small in most scenarios. While none of the three studies analyses in detail the distributional consequences of the proposals, they should be rather progressive as they focus on high net wealth.

Table 3 – Revenue potential of EU-wide net wealth taxes

Authors	Countries involved	Tax schedule	Revenue potential in % of GDP	Share of households affected in %
Saez et al. (2020)	19 EU Member States	1% above EUR 2 million 2% above EUR 8 million 3% above EUR 1 billion	1.05	4
Krenek & Schratzenstaller (2022)	19 EU Member States	1% above EUR 1 million 1.5% above EUR 5 million	1.4 to 1.5	4
Kapeller et al. (2023)	22 EU Member States	Four tax scenarios	1.4 to 9.1	1 to 41

Source: Own elaboration.

1.3.2.3. The debate on one-off capital levies

Although this chapter considers recurrent net wealth taxes, a further review of one-off capital levies may also be useful. One-off capital levies have been debated and proposed in a number of countries, their aim being to cover the budgetary costs of recent crises. They often feature relatively high tax rates and longer payment periods, as well as a one-off valuation of taxable wealth (see O'Donovan, 2021, for a more detailed comparison of recurrent net wealth taxes and one-off capital levies). If they are indeed one-off and not anticipated by taxpayers, they are, in principle, non-distortionary, in the sense that they do not induce current or future responses to avoid tax liability (Klemm et al., 2024). In practice, however, these conditions are hard to fulfil, so some distortions can be expected (Keen, 2013).

Table 4 gives an overview of historical one-off capital levies. Several countries introduced such levies in the first half of the twentieth century, in most cases brought about by major crises, in particular the two world wars. The success of interwar levies in achieving their stated objectives was rather limited due to practical implementation problems (Eichengreen, 1989). O'Donovan (2021) stresses that one-off capital levies after World War II were altogether more successful, although there were also country-specific differences in overall success in this group of countries.

Despite a great deal of discussion in the wake of the global financial and economic crisis and the COVID-19 pandemic (O'Donovan, 2021), no countries applied one-off capital levies in their aftermath. The wealth taxes recently adopted in several Latin American countries are either permanent or, in the case of Ecuador's temporary wealth tax, feature low rates, qualifying the tax as a temporary net wealth tax rather than a one-off capital levy.

Table 4 – Historical one-off capital levies

State and period	Tax type and size	Objective	Outcome
Germany, 1913 (Defense contribution, 'Wehrbeitrag')	One-off levy on higher wealth (and income), collected over three years. Assets above 10 000 marks taxed progressively at 0.15% to 1.5%.	To finance high military spending	Yielded 1.7% of GDP in 1913.

Wealth Taxation, Including Net Wealth, Capital and Exit Taxes

State and period	Tax type and size	Objective	Outcome
Austria, 1920	Progressive capital levy on owners of monetary and real assets at 3% to 65%. Flat rate for companies at 15%. Payment terms depending on liquidity of assets.	To fund post-war reconstruction	Introduction delayed by long debate, allowing significant avoidance. The resulting capital flight contributed to macroeconomic instability.
Italy, 1920	Levy on capital stock at 4.5% to 50%, payable over 20 years.	To alleviate debt burden following extraordinary wartime spending. To finance new social programmes.	Contributed to public sector revenue. Non-transparent, with temporary increase in rates in 1921.
Germany, 1919 (National emergency levy, 'Reichsnotopfer')	Progressive capital levy on net assets at rates of 10% to 65% above a threshold, payable over 30 years.	To rein in gross national debt (at 180% of GDP at the time)	Eaten up by hyperinflation (not indexed). Replaced by a permanent levy on wealth in 1923.
Czechoslovakia, 1920	Three tax types adopted, collected over a three-year period: (1) progressive capital levy on property values at 3% to 30%, (2) surcharge on property value increments at 0% to 40%, and (3) capital levy on corporate property at 3% to 20%.	To cover special expenditures of building the newly-independent Czechoslovak State.	Significant revenue in 1922 and 1923 (majority of direct tax revenue) then declining; only half of expected revenue materialised. Minimal capital flight in the immediate aftermath of the war.
Belgium, 1945	5% above a threshold, payable over 7 years.	To finance reconstruction after World War II	N/A
Finland, 1945	2.4% to 21% above a threshold, payable over 5 years.	To finance reconstruction after World War II	N/A
France, 1945	3% to 20% above a threshold, payable over 4 years,	To finance reconstruction after World War II	N/A
Denmark, 1946	Up to 10% above a threshold, payable over 1 year.	To finance reconstruction after World War II	N/A
Japan, 1946	Progressive levy on property values, from 10% to 90%, with threshold allowance.	To reduce debt burden, provide finance for economic revival initiatives, and reduce income inequality.	Limited evasion in the aftermath of war. Rapid and effective implementation under Allied occupation. Total revenue 10% of GDP.

State and period	Tax type and size	Objective	Outcome
Austria, 1947	1.5% per year above a threshold, payable over 8 to 22 years.	To finance reconstruction after World War II	N/A
Italy, 1947	6% to 60% above a threshold, payable over 7 years.	To finance reconstruction after World War II	N/A
Netherlands, 1947	4% to 20% above a threshold, payable over 2 years.	To finance reconstruction after World War II	N/A
Germany (West), 1949	Capital levy of 50% on property and business assets, with significant threshold for financial assets, payable over 30 years.	To mobilise resources for reconstruction and integration of misplaced persons and refugees.	Total revenue equivalent to 60% of 1952 GDP.

Sources: Klemm et al. (2021); O'Donovan (2021); own representation. Due to missing information, this overview is not complete.

1.3.2.4. International debate on strengthening the wealth taxation of HNWI

As has been highlighted throughout this chapter, effectively taxing the wealth of high-net-worth individuals³⁰ (HNWIs), and in particular ultra-high-net-worth individuals (UHNWIs), poses unique challenges. This group has greater access to resources enabling tax avoidance, tax evasion, and aggressive tax planning. Likewise, they are able to structure their wealth in ways that minimise their liability for other taxes. Mounting evidence shows that this ultimately results in lower effective tax rates for the wealthiest. Dalle Luche et al. (2024) find that capital income, which is concentrated at the top of the income distribution, is taxed insufficiently in Italy, increasing returns to wealth at the top. In the Netherlands, the effective personal income and wealth tax rate at the very top of the income distribution is nearly zero (Bruil et al., 2025).

Evidence of ineffective taxation, combined with the growing awareness of wealth inequality, and with budgetary needs, has contributed to growing supranational

³⁰ These are understood to be individuals at the top of the wealth scale. Although there is no universal definition of the threshold, they are most commonly defined as those whose financial or investable assets are worth above USD 1 mln (European Commission, 2025).

pressure to ensure that UHNWIs pay their fair share in taxes. As has already been mentioned in the introduction to this chapter, a proposal for an internationally coordinated global minimum tax on the net wealth of UHNWIs was put forward by Gabriel Zucman and was placed on the G20 agenda under the Brazilian Presidency. In many ways, the proposal has become the starting point for discussions on the desirability, feasibility and design of such a tax. Table 5 presents potential revenue estimates for an EU-wide tax following this proposal, calculated by Parrinello et al. (2025).

Table 5 – Estimated revenue from an EU-wide net wealth tax on UHNWIs

	Number of billionaires ³¹	Billionaire wealth (€B)	Revenue, 2% rate (€B)		Revenue, 3% rate (€B)	
			On centi-millionaires ³²	Of which billionaires	On centi-millionaires	Of which billionaires
France	147	695.2	19.4	12.5	34.8	19.5
Germany	128	606.7	16.9	10.9	30.4	17
Italy	71	299	8.3	5.4	15	8.4
Spain	27	185.7	5.2	3.3	9.3	5.2
Sweden	43	165.7	4.6	3	8.3	4.6
Austria	10	68.6	1.9	1.2	3.4	1.9
Czech Republic	11	61	1.7	1.1	3.1	1.7
Ireland	11	51.4	1.4	0.9	2.6	1.4
Denmark	8	45.7	1.3	0.8	2.3	1.3
Cyprus	10	42.9	1.2	0.8	2.1	1.2
Greece	13	37.1	1	0.7	1.9	1
Belgium	10	36.2	1	0.7	1.8	1
Netherlands	12	34.3	1	0.6	1.7	1
Poland	9	26.7	0.7	0.5	1.3	0.7
Finland	7	14.3	0.4	0.3	0.7	0.4
Romania	6	11.4	0.3	0.2	0.6	0.3
Hungary	5	8.6	0.2	0.2	0.4	0.2

³¹ People owning more than EUR 1 bn.

³² People owning more than EUR 100 m.

			Revenue, 2% rate (€B)		Revenue, 3% rate (€B)	
Portugal	1	5.7	0.2	0.1	0.3	0.2
Bulgaria	2	4.8	0.1	0.1	0.2	0.1
Slovakia	2	2.9	0.1	0.1	0.1	0.1
Estonia	2	2.9	0.1	0.1	0.1	0.1
Croatia	1	1.9	0.1	0	0.1	0.1
Luxembourg	1	1	0	0	0	0
EU total	537	2,410	67.2	43.4	120.8	67.5

Source: Parrinello et al. (2025). Note: the estimates are based on the Forbes Real-Time Billionaires list, retrieved on 3 March 2025. The total number of billionaires and billionaire wealth for France were taken from the 2024 Challenges ranking. The authors assumed a current effective tax rate of 0.2% of billionaire wealth in each EU country. Simple multiplicative factors of 1.55 (for the 2% rate) and 1.79 (for the 3% rate) were used to scale revenue from billionaires to centi-millionaires (factors from Zucman, 2024). The minimum tax would yield up to €17 million in Luxembourg, rounded down in the table above.

The bid to tax billionaires' wealth more effectively has also been supported by leading finance ministers and economists (Le Monde, 2025; Limb, 2024). These developments have led to the South African G20 presidency identifying 'achieving fair international taxation regimes, including taxation of the super-rich' as one of its main priorities.

Calls to strengthen the taxation of this group are also coming from within it, through initiatives such as Patriotic Millionaires. The movement originated in the US and brings together the ultra-rich from around the world who support an increase in the tax burden on the wealthy and other measures seeking to reduce economic inequality. To spur and democratise the public debate on taxing HNWI, the World Inequality Database (2025) also published a new online tool that allows users to explore and compare tax scenarios in a consistent framework for any country.

Although the discussion on optimal taxation of HNWI has implicitly been grounded in the context of higher-income countries, the potential for successful HNWI taxation is not limited to them. Occhiali et al. (2025) point out that net wealth tax proposals do not provide actionable advice for low-income countries, and would not address wealth inequality within them due to the low stock of centi-millionaires. The authors offer a number of immediate steps that low-income countries can take to strengthen their taxation of the wealthy, without the need for a slow and costly overhaul of their tax systems. These include developing tailored definitions and means of identifying wealthy taxpayers; the creation of tax units dedicated to HNWI; implementing voluntary disclosure programmes; issuing tax clearance certificates; and

strengthening data exchange. This view and these recommendations are echoed by Nair and Utama (2023) in their analysis of the measures introduced in Indonesia to increase revenue from taxing HNWI's.

1.4. Cross-cutting case study analysis

To establish a better understanding of the conditions and design features, which can contribute to the success (or failure) of net wealth taxes, the Study Team examined the experiences in seven countries as case studies: France, Germany, Austria, Norway, Switzerland, Colombia and Spain.

This selection was motivated by the intention to achieve a balanced regional coverage across Europe, while also taking into account a third country outside Europe for which information is available. It is, however, clearly limited by the fact that, across Europe, only three countries still levy a recurrent net wealth tax: Norway, Spain, and Switzerland. All three are among the countries investigated here, not only due to the European focus of the study, but also because a substantial body of empirical studies on these countries has emerged in the last few years. The inclusion of France as a case study is motivated by the fact that its broad-based wealth tax was repealed only in 2018, and has likewise been the subject of a number of empirical studies. The two remaining European countries, Austria and Germany, both abolished their net wealth taxes long ago (in 1994 and 1997, respectively). Unfortunately, empirical studies of the effects of wealth taxation there are scarce. Nevertheless, both remain of interest as they offer examples of the wide range of differing reasons for discontinuing a recurrent broad-based tax on net wealth. Finally, Colombia was identified as an interesting case of wealth taxation in an emerging non-European country, for which a number of empirical analyses have been undertaken.

Each of the selected countries has or has had a unique net wealth tax system. Taken together, the case studies provide valuable and complementary insights into the relationship between various systemic conditions and policy design features, and the outcomes of such taxes, including the resulting revenues, changes in wealth distribution, and behavioural responses. They also highlight some of the pitfalls of net wealth taxes, which can lead to their ultimate repeal.

The findings of this synthesis, complemented by those of recent analyses of experiences with net wealth taxes in the EU and OECD, constitute the input for Section 1.5., which discusses the lessons learned from these implementations. It

also provides a list of good practices for the design of net wealth taxes that fulfil revenue and distributional goals, while minimising negative economic effects.

1.4.1. Reasons for introducing a wealth tax

A key motivation for the introduction of a net wealth tax in all of the countries analysed was the desire to create a source of additional revenue. In fact, many countries have experience of one-off or temporary net wealth taxes as a transitory measure to raise revenue under extraordinary circumstances; in certain cases these morphed into a permanent recurrent net wealth tax. For instance, the reintroduction of the net wealth tax in Spain was motivated by the need to raise revenue to aid economic recovery following the Great Recession. In some cases, revenue from the tax was even explicitly earmarked for a specific purpose. In Colombia, the net wealth tax was reintroduced to fund efforts to combat drug trafficking and paramilitary activities. In France, revenues from the aptly named Solidarity Tax on Wealth were set aside to fund a minimum income for the poorest households.

This ties in with the second most commonly stated reason for introducing a wealth tax: equity concerns. The Norwegian government introduced the tax in part to make the distribution of the tax burden between the agricultural sector and the emerging industry and trading sectors more equitable. In Spain, the transformation of the tax into a permanent measure was accompanied by several objectives, two of which reflected redistributive goals: taxing the additional ability to pay derived from wealth, and complementing existing taxes serving a redistributive function (inheritance and gift taxes and personal income tax).

In several countries (such as Spain and Colombia) the tax has also been motivated by the desire to encourage a more productive use of assets.

Finally, the tax can be used to complement the existing tax system, particularly if the latter is not efficient at taxing the wealthy or lacks other taxes on assets. For instance, in Colombia it makes up for the inefficient collection of other direct taxes, particularly personal income tax. Meanwhile, in Spain the tax in its temporary form was initially introduced primarily for census and additional control purposes.

1.4.2. Tax design

The design of the wealth taxes applied in the case study countries differs considerably (see Table 6 for an overview).

Table 6 – Design features of net wealth taxes in selected countries

Country	Duration ^{a)}	Tax subjects	Tax rate(s) in % ^{b)}	Tax exemption threshold in EUR	Governmental level	Revenue in % of GDP ^{b)}
Austria	1940 to 1993	individuals legal persons	1	10,901 ^{c)}	central	0.14 0.33
Colombia	1935 to 1992 2002 to date	Individuals	0.5 to 1.5	757,564 ^{d)}	central	0.08
France	1982 to 1986 1989 to 2017	Individuals	0.5 to 1.5	1,300,000	central	0.22
Germany	1893/1923 to 1996	individuals legal persons	1 0.6	61,354	central ^{e)}	0.11 0.30
Norway	1892 to date	Individuals	Aggregate typically 1 to 1.1 (0.475 to 0.575 central level maximum 0.525 local level)	147,877	central local	0.61
Spain	1977 to 2008 2011 to date	Individuals	0.2 to 3.5 ^{f)}	700,000 ^{f)}	central regional ^{g)}	0.21
Switzerland	1840 ^{h)} to date	individuals	Different across cantons, mostly progressive rates, 0.06 ⁱ⁾ to 0.94 ^{j)}	n.a. ^{k)}	regional	1.16

Source: own elaboration. a) Includes the duration of all recurrent net wealth taxes in a given country. The remaining columns in the table refer only to the current (last) implemented net wealth tax. b) Latest available year or last year of the tax (for repealed taxes). c) Personal allowance. d) Approximation using the 21 January 2025 exchange rate (=EUR 10.52). e) Revenue accrued to the federal states. f) 2025, unless regions set different values. g) Revenue accrues to the regions. h) Basel city. i) Zug. j) Geneva. k) Different across cantons; relatively low in international comparison.

Level of government

In Austria, Colombia, France and Germany, legislative power regarding the tax design is or was assigned to the central level, resulting in uniform tax provisions. The Swiss tax system is highly decentralised and features three levels: federal, cantonal and municipal. The net wealth tax is left to the discretion of the cantons, which are free to design their own tax schedules and set their own tax rates³³ and tax exemption thresholds. In Spain, tax provisions are determined centrally, although regional governments also have some legislative power regarding certain features of the tax design (for example, tax relief). The Norwegian net wealth tax is levied at the central level, at a uniform rate, while local governments set the local tax rate up to an upper limit (which is applied by most municipalities); recently the maximum municipal tax rate was lowered, while the central rate was increased correspondingly. Tax revenue accrues mostly to the central level in the countries in question; only in Spain, Switzerland and Germany does (or did) tax revenue accrue to regional budgets³⁴. In Norway, revenue from the central wealth tax goes to the central government, while revenue from the local wealth tax accrues to municipalities.

Tax subjects

Both the net wealth taxes still in place (in Spain, Switzerland and Norway) and the recently abolished French tax are or were levied on natural persons only, while Austria's and Germany's net wealth taxes also included legal persons. The net wealth tax in Colombia is currently also only levied on natural persons, although when introduced it also covered legal entities³⁵.

Tax rate structure

Whereas Colombia, France, Norway, Spain, and most Swiss cantons (18 out of 26 in 2025) apply or have applied progressive tax schedules, Austria and Germany taxed wealth at relatively low flat rates with respect to the stock of wealth (1% for natural and legal persons in Austria; 1% for natural and 0.6% for legal persons in Germany). Switzerland, where cantons are free to set wealth tax rates, has the lowest rates in the group: progressive tax schedules start at rates between 0.06% (Zug) and 0.68%

³³ Moreover, the final burden is also determined by the cantonal and municipal multipliers (set, respectively, by the canton and municipality where the individual is tax resident).

³⁴ To curb incentives for a race-to-the-bottom among the regions, a central tax was introduced in 2022. However, the regional tax liability is fully deductible from the central tax liability. Thus, the tax should be viewed as a harmonisation mechanism across regions, rather than a true central tax.

³⁵ Legal entities have also been included in some of the past iterations of the net wealth tax in Colombia.

(Neuchâtel), while top rates lie between 0.12% (Nidwalden) and 0.94% (Geneva). Tax rates have ranged from 0.5% to 1.5% in Colombia and France, and from 1% to 1.1% (aggregate rate for the central and the typical local levels) in Norway. The highest top rate is in Spain, where the tax schedule starts at 0.2% and increases in several steps to a top rate of 3.5%. While the top wealth tax rate has increased recently in Norway, after having been markedly reduced in 2013, it has not followed a clear trend in Colombia, and has remained stable in Spain. In contrast, there is a long-term downward trends in top wealth tax rates in Swiss cantons (Marti et al., 2023), and the top wealth tax rate in France was lower in 2017 than at the beginning of the 2000s (Perret, 2021).

Tax base and valuation

Tax exemption thresholds vary greatly across the countries covered. Swiss cantons typically offer rather low exemption thresholds in international comparisons (OECD, 2018a; Brülhart et al., 2022), thus combining rather low rates with low exemption thresholds. The tax exemption threshold was low in Austria and moderate in Germany, and it is also moderate in Norway. By contrast, Colombia, Spain, and France have or had high exemption thresholds. The tax exemption thresholds are or were not always adjusted in line with the rate of inflation, giving rise to ‘bracket creep’ in times of asset inflation. However, over the last 15 years, France, Spain, and Norway have significantly increased their tax exemption thresholds, motivated inter alia by the considerable asset value increases (particularly housing prices) (OECD, 2018a).

All the wealth taxes under consideration are or were, in principle, levied on broad tax bases, including financial wealth, real estate, and other wealth objects, particularly jewellery and artworks. However, it is important to note that the range of assets included in the base used to determine the applicable tax rate may differ from the range included under taxable wealth. For instance, in Switzerland any movable assets that are owned by a foreign resident and not attributable to a Swiss business or permanent establishment are not taxed but are nevertheless taken into account when determining the tax rate (as they reflect the individual’s ability to pay).

Although a net wealth tax is typically levied on broad bases, generous tax relief has frequently been granted for specific assets. Discounts for primary residences are commonplace, although in some cases they only apply to residences valued below a certain level or which are owner-occupied (on the other hand, some countries – for example, Norway – also discount secondary dwellings). Due to concerns about the tax discouraging entrepreneurship, exemptions or generous relief are also frequently provided for family business assets. Some countries also partially exempt jewellery and artworks, as well as statutory and voluntary social insurance. Depending on the country, some types of foreign assets can be entirely exempt or exempt for a certain period (for example in France they are excluded from the tax for the first five years of residence, see Chamberlain, 2021).

Various approaches are also taken to discount or exempt shares, usually under a given set of conditions. For example, Austria and Norway exempted shares entirely, and in Colombia shares in Colombian companies are exempt. Often the exemption also depends on the percentage of shares owned, and on whether the individual plays a managerial role in the company or derives a specified share of total income from the company's activities. France also had two mechanisms in place to reduce the taxation of equity assets: a scheme granting a tax credit upon subscription to an SME's newly issued equity (ISF-PME scheme) and an exemption for long-term shareholders (the so-called Dutreil pact). Moreover, certain assets are or were also subject to favourable valuation rules in some countries.

In principle, to ensure equitable taxation it is recommended that assets be valued annually and at market values (OECD, 2018a). This guideline has generally been followed across countries with regard to easily valued assets. However, there have been many different approaches to assets that are difficult to value or are infrequently traded.

One example is real estate. Norway distinguishes between how primary and other dwellings are valued: for primary dwellings, hedonic pricing is applied, while for others it is based on construction costs. Spain uses either the acquisition price or the cadastral value of the real estate (whichever is higher). In Switzerland, cantons have free rein over their valuation approaches, although some examples include valuation by property experts and formulaic valuation of investment properties (based on rental income and a capitalisation rate). On the other hand, real estate in Austria and Germany was valued using increasingly outdated assessments, leading to significant undervaluation relative to other assets, with unit values corresponding to a small and decreasing fraction of market values.

Business assets and shares are another group of assets that are challenging to value. In Norway, unlisted firms are valued at book value (excluding intangible assets from the valuation). In Switzerland, business assets are valued according to tax book values. Moreover, the value of private companies is calculated annually, based on an inter-cantonal administrative guideline. Where it is difficult to estimate fair market value, a formulaic method is used. Spain typically bases the valuation of shares in privately held companies on the company's balance sheet, applying accounting criteria. Listed shares are valued according to the average quoted price during the fourth quarter. In Germany, the valuation of businesses and unlisted corporate shares employed simplified income and cost approaches, which often led to undervaluation.

Where it is not covered by exemptions, artwork may be valued using insurance values (e.g. Switzerland), although this is known to carry the risk of overvaluation.

Three of the selected countries have or had caps on the total tax burden on taxpayers' income. France applied a wealth tax cap that limited the total tax burden

to 75% of total income³⁶, and tax liabilities exceeding this upper threshold were deducted from the wealth tax payments. In addition, from 2006 to 2011 France also had a tax shield (bouclier fiscal) in place. This mechanism considered a slightly different set of taxes when determining the tax burden, was set at 60% of income, and used refunds rather than deductions. Spain applies an upper cap of 60%, allowing a reduction of the wealth tax liability accordingly. Several Swiss cantons apply similar upper ceilings.

1.4.3. Enforcement mechanisms

Enforcement mechanisms have been rather weak across the countries studied. They include all mechanisms in the existing tax system framework meant to improve taxpayer compliance, curb tax avoidance and evasion, or prevent tax base erosion (in the context of net wealth taxes). Generally, all case study countries have required the value of taxable assets to be self-reported by taxpayers. Due to strict banking secrecy laws, no effective enforcement mechanisms were in place in Austria or Germany while the net wealth taxes were in force.

Switzerland still applies strict banking secrecy; while it no longer applies to taxpayers who are tax-resident in countries with AEoI agreements with Switzerland, it is maintained for Swiss tax residents, making third-party reporting on financial assets impossible. However, the country has offered a permanent tax amnesty since 2010, and its participation in the multilateral automatic exchange of information network increased the perceived risk of detection and, in turn, improved tax compliance, particularly for taxpayers from the wealth 'middle class'³⁷ (Baselgia, 2025). In Colombia, for most assets liable for wealth taxation there is no third-party reporting (Londoño-Vélez & Avila-Mahecha, 2024). However, the country does apply third-party reporting for financial assets. Moreover, from 2015 to 2017 Colombia had a tax amnesty scheme that was successful at prompting voluntary disclosures of previously unreported wealth. In Spain, third-party reporting exists for dwellings and financial assets, but not for business assets. France lacked third-party reporting throughout its net wealth tax period (Garbinti et al., 2023). In Norway, third-party reporting is quite comprehensive.

Exit taxes levied on unrealised capital gains upon leaving a country are rare among the countries concerned. Austria did not levy an exit tax upon the migration of individuals, and the same is true for Colombia and Switzerland. In Germany an exit tax on unrealised capital gains was levied, which, however, affected only a fraction of individual wealth (substantial shares in corporations and investment shares above a

³⁶ Legal entities have also been included in some of the past iterations of the net wealth tax in Colombia.

³⁷ This is defined as those above the bottom 50% and below the top 10% of the wealth distribution (P50–P90).

certain threshold). In Norway, unrealised capital gains on shares in Norwegian or foreign companies, securities, as well as on assets held in investment and wealth management funds, are subject to an exit tax.

In France, an exit tax is applied to unrealised capital gains on shares and rights held directly by members of the tax household, under certain conditions. The shares held must be majority holdings or shares exceeding EUR 800 000 in total value, and the tax is levied only on individuals who have been tax resident in France for at least six out of the last ten years.

In Spain, an exit tax is applied to unrealised capital gains on shares and rights held directly by taxpayers, under certain conditions. The market value of shares must exceed EUR 4 million or represent at least 25% ownership with a value over EUR 1 million, and the tax is levied only on individuals who have been tax resident in Spain for at least ten out of the last fifteen years.

1.4.4. Overall system of capital taxation

Considering that, in principle, taxes on capital income and a net wealth tax are equivalent (Scheuer & Slemrod, 2021), that a net wealth tax can compensate for the absence of a tax on unrealised capital gains (Bastani & Waldenström, 2023), and that inheritance and gift taxes can complement taxes on wealth stocks and income from wealth by closing tax gaps, the design of the overall system of capital taxation in the selected countries is of interest. Nearly all countries concerned apply flat rates to capital income, including capital gains, while unrealised capital gains are generally not subject to capital income taxation. One exception is Switzerland, where capital income is taxed at the same progressive rate as other forms of income, while capital gains taxation applies only to gains realised upon the sale of Swiss real estate. Inheritance taxes exist in all countries except Austria and Norway. While they are typically levied at progressive rates, revenue is mostly modest due to numerous tax relief and exemption provisions.

The ‘ideal triptych’ of modern capital taxation put forward by Piketty et al. (2023), comprising progressive taxes on inheritances, capital income, and wealth, has not been realised in any of the case study countries. However, gaps in capital taxation in recent years differ considerably between them. Colombia, Spain, Switzerland, and Norway levy progressive wealth taxes, but only Spain and Switzerland also have a progressive inheritance tax. Colombia applies flat inheritance and gift taxes, while Norway levies neither. In these countries, the predominantly flat taxes on capital incomes, including capital gains and the absence of taxation of unrealised capital gains, are to some extent compensated by a progressive net wealth tax. This is not the case in Austria, Germany, and France, where wealth taxes have been abandoned; in Austria this is aggravated by the fact that the country has also discontinued its inheritance tax.

Table 7 – Overall systems of capital taxation in selected countries

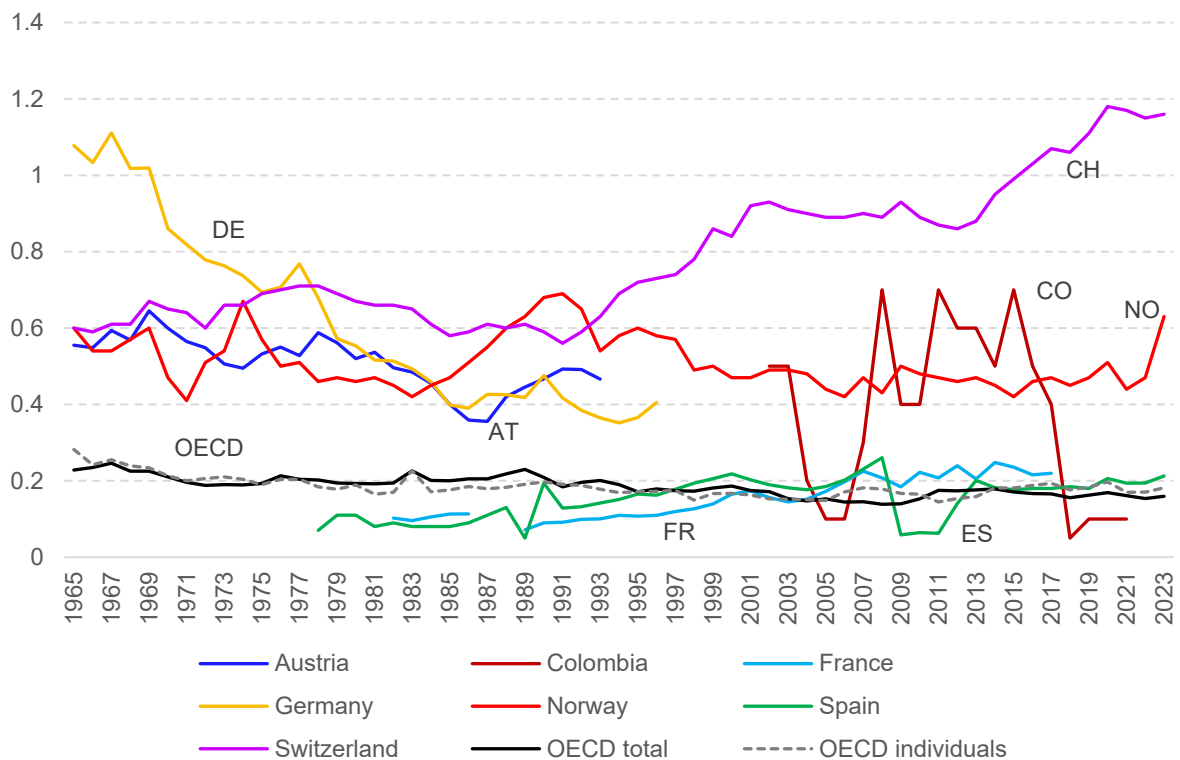
Country	Capital incomes	Realised capital gains	Unrealised capital gains	Inheritances and gifts	Net wealth
Austria	flat	Flat	-	-	-
Colombia	flat	Flat	-	flat	progressive
France	flat	Flat ^{a)}	-	progressive	-
Germany	flat	Flat	-	progressive	-
Norway	flat	Flat	-	-	progressive
Spain	progressive	progressive	-	progressive	progressive
Switzerland	progressive	progressive ^{b)}	-	progressive	progressive in most cantons

Source: Own elaboration.

a) The tax is separate for gains from securities and gains from real estate. For the former it is possible to opt for a progressive regime. b) Applies only to real estate and securities held by professional securities dealers.

1.4.5. Revenue aspects

Revenue from net wealth taxes as a percentage of GDP is or was low in all countries covered here. Moreover, in all countries it is or was rather volatile over time, although each country exhibited unique long-term trends.

Figure 9 – Net wealth tax revenue as % of GDP in the seven selected countries

Source: OECD (2024), own compilation. Austria, Germany: net wealth tax levied on individuals and legal persons.

The reasons for both low or decreasing revenues and their changes over time are varied. First, the exemption thresholds, tax schedules and exemptions of certain assets have been subject to significant changes over the years, in particular in countries where the tax has been in place for longer periods, such as Norway and Switzerland. In Colombia, the significant revenue volatility reflects the tumultuous pattern of wealth tax reforms, often introduced with successive election cycles, and involving an overhaul of the tax design. The biggest changes in revenue align with reforms that changed the tax rates and exemption thresholds, and that limited the tax to natural persons only. Another important factor relates to assets. Changes in valuation rules and asset prices, business cycle developments, and shifts in the composition of asset holdings can all have a significant impact on ultimate tax revenue. Finally, trends in wealth inequality and the stock of wealthy individuals can also play an important role in shaping revenue trends. Marti et al. (2023) suggest that this helps explain the relatively high revenues in Switzerland – which have remained high despite the trends of falling tax rates and rising exemption thresholds.

While a decreasing revenue trend can be observed in Austria, Colombia and Germany, revenue tends to increase, or at least to remain stable, in France, Norway, Spain, and Switzerland. In the last available year, or the last year before the repeal of the tax, revenue was highest in Switzerland (1.16% of GDP) and lowest in Colombia (0.08% of GDP). Saez and Zucman (2022) show with a simple calculation that actual revenue of net wealth taxes in France, Norway, Spain, and Switzerland was only a

fraction of the potential revenue of a broad-based 1% wealth tax levied on the top 1%.

There are a number of reasons for the modest revenues ultimately generated by the tax in the analysed countries³⁸. Besides the mostly moderate tax rates, tax relief and exemptions for certain assets (including, in some countries, a cap on the total tax burden resulting from the net wealth tax and other taxes), and behavioural responses (including tax evasion) that reduce taxable wealth, erode the revenue potential of net wealth taxes. For instance, as mentioned earlier, Germany and Austria used increasingly outdated values for assessing real estate, leading to a smaller tax base.

Identifying and quantifying the various determinants of low actual wealth tax revenue is difficult, which is why relevant estimates are very rare. For Spain, Durán-Cabré and Esteller-Moré (2021) estimate the gap between potential and actual wealth tax revenue at about 60%, which means that actual tax revenue represents only 40% of potential tax revenue. This tax gap is explained by tax relief and exemptions, for example on family homes and business assets, as well as the cap on the overall tax burden. Mas-Montserrat et al. (2025) estimate that the tax cap accounts for the lion's share of tax avoidance resulting from the reintroduction of the Spanish wealth tax in 2011, yielding revenue from 2012 to 2015 that was 2.75 times the wealth tax revenue estimated for 2011.

From a revenue perspective, the administrative costs of collecting and enforcing net wealth taxes are also relevant, as they affect net tax revenue. Unfortunately, estimates of the administrative costs of net wealth taxes are scarce. Older estimates point to disproportionately high costs for tax administrations to collect and enforce wealth taxes compared with other taxes. Turning to more recent work, Burgherr (2021) estimates that the cost of running a well-designed net wealth tax in the UK would be around 0.1% of taxable wealth for taxpayers and 0.05% of taxable wealth for the authorities.

It is important to note that the ultimate administrative costs (both of tax collection for tax administrations and of tax compliance for taxpayers) are highly dependent on the design of the tax and overall framework. For instance, in Germany, the administrative costs were exorbitant due to burdensome valuation procedures. Estimates of the administrative costs relative to revenue lack methodological transparency and vary significantly, ranging from 6.6% to 42.3% of revenue collected (Bach and Thiemann, 2016; Loeffelholz et al., 1988; Spengel et al., 2013). On the other hand, Burgherr (2021) asserts that the costs of administering the tax in Norway may be relatively low due to the efficiency of its tax system. Key factors that can lower the overall administrative burden of a net wealth tax include exemptions for assets that are difficult (and costly) to value, the use of formulaic valuation methods, third-party reporting on various financial assets and liabilities, and digitalisation.

³⁸ This is typical of other net wealth taxes as well (OECD, 2018a). However, it must also be kept in mind that most taxes taken individually do not contribute much to the overall national GDP.

1.4.6. Behavioural responses

Most objections against wealth taxes concern the undesirable behavioural responses that they may induce. These primarily include economically relevant responses (particularly effects on savings, investment, and entrepreneurship). Secondly, with regard to the main goals of wealth taxes – raising revenue and mitigating wealth inequality – they concern tax evasion and migration. Empirical evidence on these behavioural responses is still limited, although it has been growing recently.

Responses to net wealth taxes

Existing surveys suggest that real responses to wealth taxation are in general less pronounced than pure avoidance responses (see e.g. Advani & Tarrant, 2021; OECD, 2018a), which could be tied to the avoidance opportunities provided by the numerous exemptions included under net wealth taxes. This subsection summarises the empirical evidence available on the economic effects of wealth taxes found in the case studies. Such evidence is altogether rather scarce, and for some countries there are no empirical analyses of the economic effects of wealth taxes at all. The majority of studies investigating these effects focus on Norway.

Savings

Brühlhart et al. (2022) find that reported taxable wealth is highly responsive to changes in the tax rate: reported wealth increases by 43% when the top wealth tax rate is lowered by one percentage point. A notable tax cut implemented in 2009 in the canton of Lucerne led to a large response that included a 6% increase in savings.

For Norway, Ring (2024) shows that the wealth tax increases household saving: an additional wealth tax payment of NOK 1 elicits NOK 3.76 of additional household saving. The author explains this very large effect as saving undertaken by households to fund future wealth tax payments.

Investment and entrepreneurship

Bjørneby et al. (2023) analyse the effects of the Norwegian wealth tax on investment and employment in small and medium-sized firms, and discern no negative effects of the net wealth tax. Instead, they show that higher effective tax rates led to greater investment in productive capital and correspondingly higher employment. This result is explained by lower effective tax rates on productive capital compared to financial assets. The sample comprises small and medium-sized closely held firms, and the results may not be applicable to the economy in general.

Berzins et al. (2021) consider the effects of higher wealth taxes on Norwegian households who are owners of firms and at the same time face liquidity challenges.

In this liquidity-constrained sample, the owners react to higher wealth taxes by taking out larger dividends and reducing cash holdings and company investments. The authors conclude that the wealth tax has a detrimental effect on the overall performance of the firms in their particular sample.

Thoresen et al. (2022) provide descriptive analyses of possible liquidity constraints faced by entrepreneurs, particularly those with young and growing firms. They conclude that the liquidity effects of the Norwegian wealth tax are limited.

The overall conclusion of these studies is that the distortionary effects of the Norwegian wealth tax on investment and company performance are probably small. These results partly derive from the valuation discounts for productive capital, and the fact that intangible capital is excluded from the valuation of non-listed firms. It should also be noted that studies using microdata are typically unable to capture the general equilibrium effects of changes in the taxation of wealth.

For France, Bach et al. (2020) show that reform of the wealth tax, limiting it to immovable assets, may have led to lower reinvestment in SMEs among retiring owners. This is explained by the fact that, before the reform, business sales (upon retirement) converted previously tax-exempt business assets into taxable wealth, creating an incentive for retiring entrepreneurs to reinvest their wealth. The authors argue that a wealth tax designed with targeted rebates may be a better alternative for stimulating investment in SMEs than repealing the net wealth tax altogether. Despite concerns about the ISF negatively impacting investment and company performance by driving up dividend payouts, no such effect was found; the transition to the IFI also failed to redirect wealth away from real estate in favour of other assets (France Stratégie, 2023).

Other economic effects

A large decrease in the wealth tax rate in the canton of Lucerne in 2009 led to a 21% increase in house prices (Brülhart et al., 2022). Alstadsæter et al. (2022) find that increases in the wealth tax rate lead to an increase in households' gross debt (stock), which the authors interpret as part of a tax avoidance strategy.

Tax evasion

A long-standing argument against taxing net wealth is capital flight and tax evasion through the shifting of wealth to offshore tax havens to escape taxation. For instance, it was common knowledge – supported by anecdotal evidence – that the Austrian wealth tax was evaded to a large extent, although no attempts have been made to quantify the overall volume of tax evasion. Nevertheless, for some of the other countries empirical evidence gathered up to date indeed suggests that the introduction or increases in wealth taxes can induce higher tax evasion.

Colombia is one of the few countries for which a direct impact of the wealth tax, via tax evasion through shifting wealth offshore, was identified. A study by Londoño-Vélez and Avila-Mahecha (2024) shows that the wealthy hide their wealth in tax havens as a response to wealth tax increases. Pichet (2007) finds that the French wealth tax has induced substantial capital flight out of France. At the same time, Zucman (2008) identifies modest outward migration from France due to the wealth tax between 1995 and 2006, as well as a rather modest degree of evasion, with the revenue loss in terms of overall wealth tax revenue limited to 10%. For Catalonia, over half of the gap between potential and actual wealth tax revenue estimated by Duran-Cabré et al. (2019) could be attributed to undeclared assets located abroad. Considerable within-country tax evasion induced by interregional wealth tax rate changes is found in the Swiss institutional setting, lacking third-party reporting of financial wealth, by Brülhart et al. (2022). Baselgia (2025) also documents widespread tax evasion in Switzerland.

Based on leaked data from offshore financial institutions, together with tax amnesty data for Scandinavia (including Norway), Alstadsæter et al. (2019) find that the very wealthy, who are highly over-represented among those shifting their wealth offshore and whose likelihood of evading taxes is well above average, reduce their income and wealth tax liabilities by about 25%. Garbinti et al. (2023) show that relaxing reporting obligations for wealth holders below a certain threshold in the French wealth tax was associated with a substantial increase in tax evasion.

Given that a large share of the evidence presented here precedes the widespread introduction of the CRS, caution must be exercised when applying this evidence to the post-CRS landscape. Empirical work examining the impact of AEOI indicates, that it has led to a substantial decrease in financial assets being held in tax havens with a significant repatriation of financial assets from tax havens to non-tax havens, however there is also evidence of evaders circumventing these measures in various ways (for an overview see the section Automatic exchange of information in Chapter 1 of this report).

Tax amnesty schemes can be successful, as Colombian and Swiss experiences show. The temporary tax amnesty in place in Colombia from 2015 to 2017 resulted in two in five taxpayers in the top 0.01% disclosing wealth hidden offshore (Londoño-Vélez & Avila-Mahecha, 2021). In Switzerland, 2% of taxpayers took advantage of the temporary tax amnesty scheme (Baselgia, 2025). Another notable example is the French Régularisation Cazeneuve voluntary disclosure program. Under the program, as of mid-2017,³⁹ assets worth around EUR 32 bn had been declared to tax authorities, yielding an incremental tax revenue of around EUR 8 bn (of which overdue taxes constituted around EUR 6 bn, with the remaining EUR 2 bn resulting from penalties) (Zavatta et al., 2019). Importantly, the launch of the program

³⁹ The specially created Offshore Disclosure Unit (STDR, Service de traitement des déclarations rectificatives) was only in operation until the end of 2017, closing with the implementation of automatic bank data exchanges (Direction générale des Finances publiques, 2018).

coincided with the announcement of the implementation of the exchange of financial information under DAC2, likely spurring increased compliance. Finally, in Norway, tax authorities publish taxpayers' reported wealth and wealth tax liabilities, which too helps to limit overt underreporting of wealth (Bø et al. 2015).

Migration

Another objection to wealth taxes is their potential impact on location decisions, particularly among the very wealthy. In France, Bach et al. (2020) find that changes in the wealth tax that increased the tax burden on retiring entrepreneurs caused only small migration responses, not deviating from those of other retirees in similar income groups. The French Ministry reported that in 2014, some 915 taxpayers subject to the wealth tax left France; taking into account 311 returning taxpayers, this would imply a net outflow of wealthy taxpayers induced by the wealth tax. However, these figures are also influenced by other decisions to (re-)migrate.

There is slightly more evidence that interregional wealth tax differentials cause internal migration in the countries concerned. Quite substantial mobility responses to interregional changes in wealth tax differentials are found by Agrawal et al. (2025) for Spain, and by Brülhart et al. (2022) for Switzerland. Agrawal et al. (2025) underline that a substantial part of mobility responses could take the form of misreporting primary residences, which would then constitute tax evasion that is hard to detect due to the tax administration having insufficient resources. In Norway, almost all municipalities apply the maximum wealth tax rate. One exception is Bø municipality, which considerably reduced the tax rate from 2021; Iacono and Smedsvik (2024) find substantial migration of wealthy taxpayers to Bø in response to the lowered tax rate.

1.4.7. Distributional effects

The incidence of net wealth taxes in the countries surveyed, measured by the share of households affected by the net wealth tax, varies widely and depends crucially on tax exemption thresholds. In Germany, which employed relatively moderate tax exemption thresholds, 3.1% of households paid wealth taxes in 1995. In Norway, which features even lower tax exemption thresholds, 12% to 13% of taxpayers have been liable to such taxation since the mid-2010s, down considerably from approximately 30% in the early 2000s due to an increase in the tax exemption threshold and in valuation discounts, particularly for primary residences (Thoresen et al., 2022). In Switzerland, where tax exemption thresholds are considerably lower than in the other countries that have or have had a net wealth tax, the share of households paying wealth taxes is by far the highest: for example, from 2001 to 2011, 30% of all taxpayers and 41% of married households were liable for such taxation (Brülhart et al., 2022). In contrast, in the high-rate, high-exemption-threshold countries of Colombia, France, and Spain, the share of households or individuals, respectively, affected by the net wealth tax is or was very low: in 2016, less than 1%

of French households paid wealth taxes (OECD, 2018a), while in Colombia the share of adult taxpayers with positive tax liability is below 1% (Londoño-Vélez & Ávila-Mahecha, 2024). In Spain, the share of wealth tax filers in the total population is even lower, at 0.5%.

For Austria, Germany and Colombia, detailed quantitative analyses are missing completely. In Austria, where the lion's share of wealth tax payments were made by corporations while private households widely evaded the tax, and in Germany, where the tax rate and revenue were limited, a muted impact on wealth inequality can be assumed.

For France, estimates show that in relation to total wealth, the wealth tax was progressive up to the wealthiest 0.1% of households. Thereafter, the effective wealth tax rate remained stable up to the wealthiest 0.01%, and decreased markedly for the wealthiest 0.001%. This was a result of the cap on the wealth tax, offering extensive opportunities for tax avoidance and benefitting primarily the very rich (France Stratégie, 2023). The Norwegian net wealth tax is progressive across the total wealth distribution, representing 0.3% of total wealth for the wealthiest 10% and 0.6% for the wealthiest 1% of households (Thoresen et al., 2022). Summarising the empirical evidence, Thoresen et al. (2022) conclude that the Norwegian wealth tax redistributes wealth measured against household wealth as well as annual income. Halvorsen & Thoresen (2021) find that the households with the highest imputed lifetime income also pay the most wealth tax.

Marti et al. (2023) show an impact of the Swiss wealth taxes on wealth concentration, estimating that a decrease in the top wealth tax rate by 0.1 percentage point is associated with an increase in the top 1% (top 0.1%) wealth share by 0.9 (1.2) percentage points. The wealth tax cuts enacted during the past 50 years therefore contribute 18% (25%) to the wealth concentration in the group of the top 1% (0.1%). A simulation study by Durán-Cabré and Esteller-Moré (2021) demonstrates that the Spanish wealth tax does reduce wealth inequality (measured by the Gini coefficient) as well as the wealth share of the wealthiest in the short and long run; however, the redistributive potential of the tax is considerably mitigated by the various tax relief and exemption provisions including the wealth tax cap. The examples of Colombia and Norway also suggest that offshore tax evasion impairs the redistributive power of wealth taxes, considering that wealth hidden in offshore tax havens is disproportionately owned by the very wealthy (Londoño-Vélez & Ávila-Mahecha, 2021, for Colombia; Alstadsæter et al., 2019), and that the wealthy in particular react to wealth taxation by shifting wealth abroad to tax havens. In contrast, tax evasion is much more evenly distributed in Switzerland, since the absence of third-party reporting means that tax evasion is widespread not only among the wealthy (Baselgia, 2025).

1.4.8. Constitutional issues

The net wealth tax has faced legal challenges in several of the case study countries, in some cases leading directly to its repeal. One issue is the limits on the tax burden of individual taxpayers enshrined in the constitution. In Spain, the constitution contains an explicit provision ruling out a 'confiscatory scope' of taxation, which is reflected in a provision in the wealth tax stating that wealth tax liability cannot exceed 60% of annual income. In Germany, when scrutinising the constitutionality of the wealth tax in the mid-1990s, the Constitutional Court stated that the wealth tax could only be levied as a supplement to other taxes, and that altogether no more than half of the potential returns of taxed assets could be taxed away (so-called 'Halbteilungsgrundsatz') so as not to violate the protection of individual property rights enshrined in the German Constitution. According to the Constitutional Court, to comply with the Constitution, a net wealth tax together with other taxes should not shrink the assets themselves. In a later ruling, the Federal Constitutional Court declared the Halbteilungsgrundsatz not legally binding. The issue may resurface should a reintroduction of the wealth tax be pursued.

Austria and Germany face constitutional issues regarding the valuation of real estate. In Germany, unequal tax treatment involving massively undervalued real estate was the immediate reason for the repeal of the wealth tax by the Constitutional Court. In Austria, where the tax was discontinued by the government in 1993, there is no corresponding court ruling; however, the significant undervaluation of real estate was the reason why the Constitutional Court ruled the inheritance tax unconstitutional. A reintroduction of a net wealth tax should therefore ensure that real estate is valued at market value to avoid being declared unconstitutional as well. In Spain as well, where real estate is considerably undervalued compared to other assets (Durán-Cabré & Esteller-Moré, 2010), constitutional concerns may become an issue in the future, since there are several legal appeals pending resolution, and in the academic literature there are recent proposals calling for a ruling by the Constitutional Court (De Juan Casadevall, 2024).

Another constitutional barrier to taxing financial assets through a wealth tax in Austria arises from the so-called Final Taxation Act, which has constitutional status. Accordingly, the wealth tax on assets from which capital income subject to the final withholding tax is derived is settled by the withholding tax payment so that the financial assets concerned cannot be subject to a wealth tax.

In Colombia, one of the many laws introducing a new iteration of the net wealth tax (Law 1943 of 2018) was declared unconstitutional because it did not fulfil certain procedural requirements of the legislative process. This did not lead to a repeal of the tax itself, but necessitated the introduction of yet another net wealth tax law.

1.4.9. Reasons for repeal

The reasons for repealing the net wealth tax differ between Austria, Germany and France, but there are similarities. In Germany, constitutional issues were the immediate reason for the repeal. The Constitutional Court declared the massive undervaluation of real estate unconstitutional. Moreover, in its ruling the Constitutional Court expressed doubt as to whether levying a substantial wealth tax in addition to other taxes on assets was constitutional, insofar as it might overburden taxpayers. Although in a later ruling the Federal Constitutional Court did not give further support to such doubts, they contributed to the political decision to discontinue the wealth tax.

Fears of capital flight and migration of the very wealthy were an important motivation for discontinuing the wealth tax in Austria, France (Saez & Zucman, 2019c), and Germany. In Austria, massive wealth tax evasion on personal wealth led the government to implement a broader reform of capital taxation, which included the repeal of the wealth tax, the introduction of flat final withholding taxes on capital income, and an increase in the corporate income tax rate. However, an increase in the inheritance tax that was initially announced was not followed through. France transformed its broad-based net wealth tax into a tax on high-value real estate not susceptible to capital flight. In contrast, Germany discontinued its wealth tax without any replacement.

The high administrative costs of administration, coupled with taxpayer opposition, contributed to the decision to abandon the net wealth tax in Austria and Germany, although in Austria there were no estimates for enforcement and compliance costs, and estimates for Germany were disputed. In both countries, the high administrative costs were seen as more problematic, as wealth tax revenue was low and declining over time.

Low and shrinking revenue was another reason for the repeal of the wealth tax in Austria, Germany, and France. The failure to meet revenue and distributional goals, with the very wealthy managing increasingly well to avoid taxation, was the ultimate reason for abolishing the broad-based net wealth tax in France. Equity considerations also played a certain role in Austria: the ease with which the tax could be evaded benefitted the very wealthy in particular; the tax was also regarded as unjust, because different types of assets were treated unequally for tax purposes (real estate, for example, was undervalued).

In France, the repeal of the wealth tax was also proposed as a measure to promote the creation and growth of French businesses by avoiding an excessive tax burden potentially disincentivising investment. Similarly, the discontinuation of the Spanish wealth tax in 2008 was aimed at stimulating the economy during the crisis (Perret, 2021).

1.5. Lessons learned and good practices

Several lessons in design and implementation issues can be drawn from the case studies summarised above. This section presents both the lessons and good practices derived from them, many of which corroborate recommendations identified in recent literature.

Design tax provisions to preserve the revenue and distributional goals of a net wealth tax

Wealth taxes aiming to progressively tax net wealth should feature graduated tax schedules (Saez & Zucman, 2019c). Furthermore, tax exemptions and preferential treatment of certain assets should be minimised. This is because they create more opportunities for tax avoidance and tax planning, and mechanically decrease the tax base, reducing the revenues generated by the tax. Keeping preferential treatment of assets to a minimum would also support the intended distributional goals, as tax exemptions and relief tend to disproportionately benefit the wealthy (Durán-Cabré & Esteller Moré, 2021). Reducing tax relief and exemptions for certain assets reduces potentially inefficient distortions of saving and investment decisions, as evidenced by portfolio responses to the Spanish wealth tax identified by Alvaredo and Saez (2009) and Mas-Montserrat et al. (2025). Moreover, tax relief provisions make the tax scheme complicated and are associated with higher administrative costs for taxpayers and tax administrations. Not least, liquidity issues would be significantly less pressing if the wealth tax targeted only the wealthy part of the population (Saez & Zucman, 2022).

Tax exemption thresholds are another key feature of net wealth taxes. High tax exemption thresholds exempting the majority of wealth holders make tax exemptions and relief aiming to mitigate the tax burden for the less wealthy unnecessary (France Stratégie, 2019). High tax exemption thresholds allow the wealthy to be targeted (Saez & Zucman, 2019c) and ensure that the middle class is not affected by the wealth tax, and they can deliver a considerable degree of progressivity even at flat tax rates (OECD, 2018a). They thereby strengthen the distributional power of net wealth taxes and help to reduce administrative costs (Perret, 2021). To avoid bracket creep, the regular adjustment of tax exemption thresholds to the development of asset prices could be considered. Given heterogeneous returns across wealth classes (see e.g. Fagereng et al., 2020, for Norway), high exemption thresholds spare holders of low or medium wealth with lower returns who already pay capital income taxes, while ensuring the taxation of unrealised capital gains that are concentrated at the top of the wealth distribution. High tax exemption thresholds are particularly advisable in countries that do not apply broad-based capital income taxes and inheritance taxes, so that the wealthy can be taxed effectively (OECD, 2018a).

While tax caps limiting the overall tax burden on income and wealth can help mitigate constitutional concerns associated with broad-based wealth taxes, they imply a zero

marginal tax rate for the very wealthy and provide incentives to reduce reported taxable income (Scheuer & Slemrod, 2021; see Mas-Montserrat et al., 2025 for evidence for the Spanish case of this avoidance mechanism), as the tax caps currently in place apply to taxable income (Chamberlain, 2021). Therefore, their design should prevent avoidance and misuse, for example, by limiting opportunities to reduce taxable income or by placing an upper limit on the amount by which the wealth tax liability can be reduced (OECD, 2018a).

A broad tax base with limited preferential treatments, combined with a high stock of wealth, can generate relatively large revenues as the Swiss case shows.

Consequently, the wealth tax has an impact particularly on wealth concentration (Marti et al., 2023). In contrast with this positive assessment, the existence of exemptions and preferential regimes weakens the revenue-raising capacity and the redistributive impact of the tax in France (Bach et al., 2023b), when it was in force, and currently in Spain (Durán-Cabré and Esteller-Moré, 2021).

A further lesson to be learned is that variations in asset-valuation criteria may also lead to a reallocation of wealth composition to reduce tax liabilities, as illustrated by the Norwegian tax (Fagereng et al., 2023). A taxpayer's investment choices can have a large impact on the tax paid.

Centralise taxing power

Decentralising taxing power incentivises physical or reported internal migration and results in wealth tax revenue losses for higher-tax out-migration subnational municipalities or regions, as the examples of Norway, Spain, and Switzerland demonstrate. Spain reacted by recently introducing an additional wealth tax for the very wealthy at the central level, aiming to close tax gaps in those regions granting generous tax relief. Norway has recently slightly increased the central rate and lowered the local rate, even only one municipality had set its local tax rate below the maximum. The most effective and least complex solution to protect revenue and distributional effectiveness would be full centralisation (Advani & Tarrant, 2021; Agrawal et al., 2025). Moreover, decentralized tax enforcement creates additional challenges in combating offshore assets, due to the limited authority of regional administrations in the automatic exchange of information at the international level. In fact, for the Spanish net wealth tax, administered by the regions, offshore assets account for 84% of the gap (Durán-Cabré et al., 2019).

Implement effective enforcement mechanisms

Enforcement mechanisms are key to preserving the revenue potential and redistributive power of wealth taxes. There are several institutional provisions to improve the enforcement of wealth tax collection, both nationally and internationally, that are worth exploring and reinforcing based on the experiences of the selected case studies and other countries.

- **Third-party reporting:** Instead of relying solely on self-assessment and self-reporting from taxpayers, which offers ample opportunity for tax avoidance and evasion, comprehensive third-party reporting is required to mitigate wealth tax avoidance and evasion (Advani & Tarrant, 2021; Saez & Zucman, 2022). Such third-party reporting can involve a broad range of sources, from government agencies and financial institutions at the national level to multilateral automatic exchange of information agreements at international level (Benedek et al., 2022).
- **Multilateral automatic exchange of information agreements:** The participation of countries in multilateral automatic exchange of information agreements can reduce the shifting of wealth to offshore tax havens as a way of evading wealth tax. The proliferation of such multilateral automatic exchange of information agreements in recent years has been shown to yield initial successes, and closing loopholes still present in their geographical range and the assets they cover appears to be a crucial prerequisite for enabling the effective implementation of net wealth taxes and capital taxes in general⁴⁰.
- **Voluntary disclosure programmes:** Voluntary disclosure programmes aim to induce taxpayers to voluntarily disclose hidden assets, often within repatriation packages, so that they can be effectively subjected to wealth and other relevant taxes (Benedek et al., 2022). Incentives for taxpayers to make use of voluntary disclosure programmes include the reduction of tax liabilities, accumulated interest, and penalties. The experiences of France, Switzerland and Colombia show that such voluntary disclosure programmes can be an effective tool in fighting tax evasion. At the same time, international experience suggests that the long-term success of voluntary disclosure programmes hinges on the overall enforcement framework, which needs to include measures that do not rely on voluntary cooperation (Baer & Le Borne, 2008; Benedek et al., 2022).
- **Measures to address the suppliers of tax evasion services:** In addition to measures addressing tax evasion, Alstadsæter et al. (2019) and Saez and Zucman (2019c) suggest that substantial financial sanctions be imposed on the suppliers of tax evasion services. Brumby and Keen (2018) suggest co-opting wealth managers in efforts to address aggressive tax planning by high net worth individuals, including by becoming whistleblowers.
- **'Tail provisions':** In EU countries, tax liability, including from net wealth taxes, is linked to current residence. It can thus be escaped through a change of residence, mostly without being subjected to exit taxes or similar provisions, which makes the wealth tax prone to tax competition (Saez & Zucman, 2019c).

⁴⁰ See OECD (2025b) for an overview of recent multilateral agreements and an assessment of their impact; see also Bomare and Collin (2025) for a brief literature review and an assessment of the effectiveness of automatic exchange of information agreements.

As a countermeasure, the potential of ‘tail provisions’ for taxpayers migrating abroad, such as exit taxes or a certain period after migration during which taxpayers are still liable for taxation in their former home countries, should be explored further (Perret, 2021).

- **Digitalisation:** The potential of ongoing digitalisation of public administration and the spread of artificial intelligence should be exploited to reduce taxpayers’ opportunities for wealth tax evasion. Saez and Zucman (2019c) propose using modern information technology and having tax authorities prepopulate wealth tax returns with data on the market value of household assets, in order to reduce the possibility of tax evasion. Moreover, tax administrations should monitor technological progress that opens up new tax evasion options, for example, the use of cryptocurrencies (Hebous et al., 2024).
- **Publication of tax data:** As the example of Norway shows, tax authorities’ publication of data on household wealth and wealth tax liabilities may help reduce tax evasion (Bø et al. 2015). The periodical publication of the tax gap may also incentivise voluntary compliances as it shows the commitment of the tax administration to fight against tax fraud (Durán-Cabré, et al., 2019).
- **Resources for tax administration:** Adequate resources for the auditing of net wealth tax returns should be made available for tax administrations (Saez and Zucman, 2019c). Moreover, tax administrations should establish dedicated units to deal with aggressive tax planning undertaken specifically by high-net-worth individuals (OECD, 2009).

Address constitutional concerns

Possible constitutional concerns mainly arise from the unequal tax treatment of different assets and unreasonably high overall tax burdens.

Valuation procedures that ensure equal tax treatment of different asset categories by taxing them at market value therefore need to be established. In fact, this was the reason why the German Federal Constitutional Court ruled the tax unconstitutional – because real estate was undervalued relative to financial assets – which ultimately led to its abolishment in 1997. Hence, valuation methods – probably taking advantage of current technology that was not available in the last century – should be designed to prevent the undervaluation of real estate (OECD, 2018a).

Concerns regarding the risk of confiscatory taxation can be addressed by implementing caps on the total burden, although they must be designed in a way to minimise avoidance responses and avoid the risk of disproportionately benefitting the wealthiest taxpayers.

1.6. References

- Advani, A., & Tarrant, H. (2021). Behavioural responses to a wealth tax. *Fiscal Studies*, 42(3–4), 509–537. <https://doi.org/10.1111/1475-5890.12283>
- Agrawal, D. R., Foremny, D., & Martínez-Toledano, C. (2020). *Paraísos Fiscales, Wealth Taxation, and Mobility* (SSRN Scholarly Paper No. 3785906). Social Science Research Network. <https://doi.org/10.2139/ssrn.3785906>
- Agrawal, D. R., Foremny, D., & Martínez-Toledano, C. (2025). Wealth Tax Mobility and Tax Coordination. *American Economic Journal: Applied Economics*, 17(1), 402–430. <https://doi.org/10.1257/app.20220615>
- Akinmade, B. (2018). Rebalancing the Arguments for Taxation of Wealth: Evidence from France. *SSRN Electronic Journal*. <https://doi.org/10.2139/ssrn.3682286>
- Alstadsæter, A., Bjørneby, M., Kopczuk, W., Markussen, S., & Røed, K. (2022). Saving Effects of a Real-Life Imperfectly Implemented Wealth Tax: Evidence from Norwegian Micro Data. *AEA Papers and Proceedings*, 112, 63–67. <https://doi.org/10.1257/pandp.20221056>
- Alstadsæter, A., Casi, E., Miethe, J., & Stage, B. (2024). *Lost in Information: National Implementation of Global Tax Agreements*. Skatteforsk Working Paper No. 10, Available at SSRN: <https://ssrn.com/abstract=5603332>
- Alstadsæter, A., Godar, S., Nicoloides, P., & Zucman, G. (2023). *Global Tax Evasion Report 2024*. https://www.taxobservatory.eu/www-site/uploads/2023/10/global_tax_evasion_report_24.pdf
- Alstadsæter, A., Johannesen, N., & Zucman, G. (2018). Who owns the wealth in tax havens? Macro evidence and implications for global inequality. *Journal of Public Economics*, 162, 89–100. <https://doi.org/10.1016/j.jpubeco.2018.01.008>
- Alstadsæter, A., Johannesen, N., & Zucman, G. (2019). Tax Evasion and Inequality. *American Economic Review*, 109(6), 2073–2103. <https://doi.org/10.1257/aer.20172043>
- Alvaredo, F., & Saez, E. (2009). Income and Wealth Concentration in Spain from a Historical and Fiscal Perspective. *Journal of the European Economic Association*, 7(5), 1140–1167. <https://doi.org/10.1162/JEEA.2009.7.5.1140>
- Apostel, A., & O'Neill, D. W. (2022). A one-off wealth tax for Belgium: Revenue potential, distributional impact, and environmental effects. *Ecological Economics*, 196, 107385. <https://doi.org/10.1016/j.ecolecon.2022.107385>

Bach, L., Bozio, A., Guillouzouic, A., & Malgouyres, C. (2020). Escape or Play Again? How Retiring Entrepreneurs Respond to the Wealth Tax. *SSRN Electronic Journal*. <https://doi.org/10.2139/ssrn.3758040>

Bach, S., & Thiemann, A. (2016). Hohes Aufkommenspotential bei Wiedererhebung der Vermögensteuer. *DIW Wochenbericht*, 4, 79–89. https://www.diw.de/documents/publikationen/73/diw_01.c.525371.de/16-4.pdf.

Baer, K., & Le Borne, E. (2008). *Tax Amnesties: Theory, Trends, and Some Alternatives*. International Monetary Fund. <https://doi.org/10.5089/9781589067363.058>

Baerentzen, S. H. (2022). The effectiveness of general anti-avoidance rules: Their limits, challenges and potential in EU and international tax law. IBFD.Baselgia, E. (2025). *The Compliance Effects of the Automatic Exchange of Information: Evidence from the Swiss Tax Amnesty* (SSRN Scholarly Paper No. 5109959). Social Science Research Network. <https://doi.org/10.2139/ssrn.5109959>

Baselgia, E., and Martínez, I. Z. (2025). Mobility Responses to Special Tax Regimes for the Super-Rich: Evidence from Switzerland. *The Economic Journal*, 135(668), 1388–1409. <https://doi.org/10.1093/ej/ueae101>

Bastani, S., & Waldenström, D. (2020). How Should Capital Be Taxed? *Journal of Economic Surveys*, 34(4), 812–846. <https://doi.org/10.1111/joes.12380>

Bastani, S., & Waldenström, D. (2023). Taxing the Wealthy: The Choice Between Wealth and Capital Income Taxation. *Oxford Review of Economic Policy*, 39(3), 604–616. <https://doi.org/10.1093/oxrep/grad030>

Beer, S., Coelho, M. D., & Leduc, S. (2019). *Hidden treasure: The impact of automatic exchange of information on cross-border tax evasion*. International Monetary Fund.

Benedek, D., Waerzeggers, C., Grote, M., Markevych, M., Jackson, G., & Sofrona, L. (2022). Voluntary Disclosure Programs—Design, Principles, and Implementation Considerations. *Technical Notes and Manuals*, 2022(002), 1. <https://doi.org/10.5089/9798400206184.005>

Berzins, J., Bøhren, Ø., & Stacescu, B. (2021). *Illiquid owners and firm behavior: Financial and real effects of the personal wealth tax on private firms* (ECGI Working Paper Series in Finance No. 646/2021). European Corporate Governance Institute.

Bénétrix, A., Emter, L., & Schmitz, M. (2024). Automatic for the (tax) People: Information Sharing and Cross-Border Investment in Tax Havens. *Economic Policy*, 39(120), 853–895. <https://doi.org/10.1093/epolic/eiae041>

- Bjørneby, M., Markussen, S., & Røed, K. (2023). An imperfect wealth tax and employment in closely held firms. *Economica*, 90(358), 557–583. <https://doi.org/10.1111/ecca.12456>
- Boas, H. F., Collin, M., Godar, S., Moura, C., & Økland, A. (2025). *Assessing the coverage of the automatic exchange of information under the CRS* (Report No. 7). EU Tax Observatory. <https://www.taxobservatory.eu/www-site/uploads/2025/05/Assessing-the-coverage-of-the-automatic-exchange-of-information-under-the-CRS-2.pdf>
- Boas, H. F., Johannesen, N., Kreiner, C. T., Larsen, L. T., & Zucman, G. (2024). Taxing Capital in a Globalized World: The Effects of Automatic Information Exchange. *NBER Working Paper*, 32714.
- Bomare, J., & Collin, M. (2025). *When Bankers Become Informants: Behavioral Effects of Automatic Exchange of Information* (No. 33; EU Tax Observatory Working Paper). EU Tax Observatory. https://www.taxobservatory.eu/www-site/uploads/2025/06/WP33_When-Bankers-Become-Informants.pdf
- Bomare, J., & Le Guern Herry, S. (2025). *Avoiding Transparency through Offshore Real Estate: Evidence from the United Kingdom* (SSRN Scholarly Paper No. 5260099). Social Science Research Network. <https://doi.org/10.2139/ssrn.5260099>
- Bø, E. E., Slemrod, J., & Thoresen, T. O. (2015). Taxes on the internet: Deterrence effects of public disclosure. *American Economic Journal: Economic Policy*, 7(1), 36–62.
- Bruil, A., Van Essen, C., Leenders, W., Lejour, A., Möhlmann, J., & Rabaté, S. (2025). Inequality and Redistribution in the Netherlands.
- Brühlhart, M., Gruber, J., Krapf, M., & Schmidheiny, K. (2022). Behavioral Responses to Wealth Taxes: Evidence from Switzerland. *American Economic Journal: Economic Policy*, 14(4), 111–150. <https://doi.org/10.1257/pol.20200258>
- Brumby, J., & Keen, M. (2018, Februar 13). Game-Changers and Whistle-Blowers: Taxing Wealth. *IMF*. <https://www.imf.org/en/Blogs/Articles/2018/02/13/game-changers-and-whistle-blowers-taxing-wealth>
- Brys, B., Perret, S., Thomas, A., & O'Reilly, P. (2016). *Tax Design for Inclusive Economic Growth* (OECD Taxation Working Papers No. 26; OECD Taxation Working Papers, Vol. 26). <https://doi.org/10.1787/5jlv74ggk0g7-en>
- Burgherr, D. (2021). The costs of administering a wealth tax. *Fiscal Studies*, 42(3–4), 677–697.
- Caruana-Galizia, P., & Caruana-Galizia, M. (2016). Offshore financial activity and tax policy: evidence from a leaked data set. *Journal of Public Policy*, 36(3), 457–488.

Casi-Eberhard, E., Mardan, M., & Muddasani, R. R. (2022). *So close and yet so far: The ability of mandatory disclosure rules to crack down on offshore tax evasion* (No. 2022/116). WIDER Working Paper.

Casi, E., Spengel, C., & Stage, B. M. B. (2020). Cross-border tax evasion after the common reporting standard: Game over? *Journal of Public Economics*, 190, 1–22.

Chamberlain, E. (2021). Who Should Pay a Wealth Tax? Some Design Issues. *Fiscal Studies*, 42(3–4), 599–613. <https://doi.org/10.1111/1475-5890.12284>

Chancel, L., Bothe, P., & Voituriez, T. (2024). The potential of wealth taxation to address the triple climate inequality crisis. *Nature Climate Change*, 14(1), 5–7. <https://doi.org/10.1038/s41558-023-01891-2>

Chancel, L., Piketty, T., Saez, E., & Zucman, G. (Eds.). (2022). *World inequality report 2022*. Harvard University Press.

Chatterjee, A., Czajka, L., & Gethin, A. (2021). *A Wealth Tax for South Africa* (No. 2021/02; World Inequality Lab Working Paper). <https://wiredspace.wits.ac.za/server/api/core/bitstreams/7b3daa1a-2505-403f-b120-dcd062676081/content>

Dalle Luche, M., Guzzardi, D., Palagi, E., Roventini, A., & Santoro, A. (2024). Tackling the regressivity of the Italian tax system: An optimal taxation framework with heterogeneous returns to capital. *LEM Working Paper Series*, No. 2024/26.

Damir Gojsic, D., Akhvlediani, T., Korenblit, A., De Groen, W. P., Rzepecka, J., Paunescu, M., Inesti, A., Bakhtina, K., Fitzsimons, C., & Gorman, N. (2024). *Feasibility study for a European asset registry in the context of the fight against money laundering and tax evasion: final report*. Publications Office of the European Union. <https://data.europa.eu/doi/10.2874/904113>

D'Avino, C. (2023). Counteracting offshore tax evasion: Evidence from the foreign account tax compliance act. *International Review of Law and Economics*, 73, 106126. <https://doi.org/10.1016/j.irl.2023.106126>

De Juan Casadevall, J. (2024). Reflexiones críticas en torno al límite conjunto de imposición renta/patrimonio: la necesaria determinación de un escudo fiscal de no confiscatoriedad. *Crónica Tributaria* 193, 83-101

Delalande, N., & Spire, A. (2013). From the Île de Ré to the Île d'Arros: Stories, Symbols and Statistics in the "Tax Shield" Experiment (2005-2011). *Revue française de science politique*, 63(1), 7–27.

De Simone, L., R. Lester, & K. Markle. (2020). Transparency and Tax Evasion: Evidence from the Foreign Account Tax Compliance Act (FATCA). *Journal of Accounting Research*, 58(1). 105–53. <https://doi.org/10.1111/1475-679X.12293>

Direction générale des Finances publiques. (2018). *Annual Report 2017*. Ministère de l'Action et des Comptes publics.
https://www.economie.gouv.fr/files/files/directions_services/dgfp/Rapport/2017/RA2017_anglais.pdf?v=1750692014

Drometer, M., Frank, M., Hofbauer Pérez, M., Rhode, C., Schworm, S., & Stitteneder, T. (2018). Wealth and Inheritance Taxation: An Overview and Country Comparison. *ifo DICE Report*, 2(18). <https://www.ifo.de/DocDL/dice-report-2018-2-drometer-frank-hofbauer-p%C3%A9rez-rhode-schworm-stitteneder.pdf>

Durán-Cabré, J. M., & Esteller-Moré, A. (2010). Tax Data for Wealth Concentration Analysis: An Application to Spanish Wealth Tax. *Review of Income and Wealth*, 56(3), 620–631. <https://doi.org/10.1111/j.1475-4991.2010.00395.x>

Durán-Cabré, J. M., & Esteller Moré, A. (2021). A Quantitative Assessment of the Net Wealth Tax: The Spanish Experience. *CESifo Economic Studies*, 67(4), Article 4. <https://doi.org/10.1093/cesifo/ifab004>

Durán-Cabré, J. M., Esteller Moré, A., Mas-Montserrat, M., & Salvadori, L. (2019). The Tax Gap as a Public Management Instrument: Application to Wealth Taxes. *Applied Economic Analysis*, 27(81), 207–225. <https://doi.org/10.1108/AEA-09-2019-0028>

Eckert, J.-B., & Aebi, L. (2020). *Wealth taxation in Switzerland*. CAGE. <https://doi.org/10.47445/133>

Eichengreen, B. (1989). The Capital Levy in Theory and Practice. *NBER Working Paper*, 3096. DOI 10.3386/w3096

European Commission. (2025). *Annual report on taxation 2025: Review of taxation policies in the EU Member States*. Publications Office. <https://data.europa.eu/doi/10.2778/6367826>

EY. (2024). *Worldwide Estate and Inheritance Tax Guide 2024*. <https://www.ey.com/content/dam/ey-unified-site/ey-com/en-gl/technical/tax/documents/en-gl-worldwide-estate-inheritance-tax-guide-07-2024.pdf>

Fagereng, A., Guiso, L., Malacrino, D., & Pistaferri, L. (2020). Heterogeneity and Persistence in Returns to Wealth. *Econometrica*, 88(1), 115–170. <https://doi.org/10.3982/ECTA14835>

France Stratégie. (2019). *Comité d'évaluation des réformes de la fiscalité du capital—Premier rapport*. France Stratégie.

France Stratégie. (2023). *Committee for the evaluation of capital tax reforms—Final report—Committee's opinion*. France Stratégie. <https://www.strategie.gouv.fr/en/publications/committee-evaluation-capital-tax-reforms-final-report-committees-opinion>

- Friedman, S., Gronwald, V., Summers, A., & Taylor, E. (2025). 'But Switzerland's boring': Tax migration and the pull of place-specific cultural capital. *Socio-Economic Review*, mwaf002. <https://doi.org/10.1093/ser/mwaf002>
- Fuller, G. W., Johnston, A., & Regan, A. (2020). Housing prices and wealth inequality in Western Europe. *West European Politics*, 43(2), Article 2. <https://doi.org/10.1080/01402382.2018.1561054>
- Garbinti, B., & Goupille-Lebret, J. (2020). Income and Wealth Inequality in France: Developments and Links over the Long Term. *Economie et Statistique / Economics and Statistics*, 510-511–512, 69–87. <https://doi.org/10.24187/ecostat.2019.510t.1988>
- Garbinti, B., Goupille-Lebret, J., Munoz, M., Stantcheva, S., & Zucman, G. (2023). Tax Design, Information, and Elasticities: Evidence From the French Wealth Tax. *NBER Working Papers*, 31333. <https://doi.org/10.3386/w31333>
- Gronwald, V. (2025). *The Promises and Limits of Transparency: Anti-Tax Evasion and Anti-Money Laundering Efforts in Financial Centres* (III Working Paper No. 151). London School of Economics International Inequalities Institute.
- Guschanski, A., and Wildauer, R. (2025). *Can A Wealth Tax Reduce CO2 Emissions in Europe?* (SSRN Scholarly Paper No. 5769049). Social Science Research Network. <https://doi.org/10.2139/ssrn.5769049>
- Halvorsen, E., & Thoresen, T. O. (2021). Distributional effects of a wealth tax under lifetime-dynastic income concepts. *Scandinavian Journal of Economics*, 123(1), 184–215.
- Hebous, S., Klemm, A., Michielse, G., & Osorio-Buitron, C. O. (2024). How to Tax Wealth. *IMF How To Notes*, 2024(001). International Monetary Fund. <https://www.imf.org/en/Publications/imf-how-to-notes/Issues/2024/03/08/How-to-Tax-Wealth-544948>
- Iacono, R., & Smedsvik, B. (2024). *Behavioral Responses to Wealth Taxation: Evidence from a Norwegian Reform*. CESifo Working Paper no. 11335. CESifo. <https://www.ifo.de/en/cesifo/publications/2024/working-paper/behavioral-responses-wealth-taxation-evidence-norwegian-reform>
- Jakobsen, K., Kleven, H., Kolsrud, J., Landais, C., & Munoz, M. (2024). Taxing Top Wealth: Migration Responses and their Aggregate Economic Implications. *NBER Working Papers*, Working Paper 32153.
- Kangave, J., Nakato, S., Waiswa, R., Nalukwago, M., & Zzimbe, P. (2018). What Can We Learn From the Uganda Revenue Authority's Approach to Taxing High Net Worth Individuals? *ICTD Working Paper* 72. <http://dx.doi.org/10.2139/ssrn.3120579>

- Kapeller, J., Leitch, S., & Wildauer, R. (2023). Can a European wealth tax close the green investment gap? *Ecological Economics*, 209, 107849. <https://doi.org/10.1016/j.ecolecon.2023.107849>
- Keen, M. (2013, November 6). Once And For All—Why Capital Levies Are Not The Answer. *IMF Blog*. <https://www.imf.org/en/Blogs/Articles/2013/11/06/once-and-for-all-why-capital-levies-are-not-the-answer>
- Klemm, A., Hebous, S., Michielse, G., & Nersesyan, N. (2021). COVID-19 Recovery Contributions. *IMF Special Series on COVID-19*.
- Kleven, H., Landais, C., Muñoz, M., & Stantcheva, S. (2020). Taxation and Migration: Evidence and Policy Implications. *Journal of Economic Perspectives*, 34(2), 119–142. <https://doi.org/10.1257/jep.34.2.119>
- Krenek, A., & Schratzenstaller, M. (2022). A Harmonized Net Wealth Tax in the European Union. *Jahrbücher Für Nationalökonomie Und Statistik*, 242(5–6), 629–668. <https://doi.org/10.1515/jbnst-2021-0045>
- Landais, C., Saez, E., & Zucman, G. (2020). A progressive European wealth tax to fund the European COVID response. In A. Bénassy-Quéré & B. Weder di Mauro (Eds), *Europe in the Time of Covid-19* (pp. 113–118). Centre for Economic Policy Research. <https://econpapers.repec.org/bookchap/cprebchap/p328-17.htm>
- Langenmayr, D., & Zyska, L. (2023). Escaping the exchange of information: Tax evasion via citizenship-by-investment. *Journal of Public Economics*, 221, 104865. <https://doi.org/10.1016/j.jpubeco.2023.104865>
- Le Monde. (2025, July 7). *Tax on ultra-rich: 'France has the opportunity to lead the way,' say Nobel Prize-winning economists*. https://www.lemonde.fr/en/opinion/article/2025/07/07/tax-on-ultra-rich-france-has-the-opportunity-to-lead-the-way-say-nobel-prize-winning-economists_6743117_23.html
- Limb, L. (2024, April 25). *These three European countries are backing a billionaire wealth tax*. Euronews. <http://www.euronews.com/green/2024/04/25/a-good-start-germany-spain-and-france-propose-billionaire-tax-to-help-tackle-climate-crisi>
- Limberg, J., & Seelkopf, L. (2022). The Historical Origins of Wealth Taxation. *Journal of European Public Policy*, 29(5), 670–688. <https://doi.org/10.1080/13501763.2021.1992486>
- Loeffelholz, H. D. von, Rappen, H., & Fritzsche, B. (1988). Gesamtwirtschaftliche Kosten staatlicher Ausgabe- und Einnahmeentscheidungen – dargestellt am Beispiel der Bundesrepublik Deutschland. Gutachten im Auftrag des Bundesministers für Finanzen. Essen.

Londoño-Vélez, J., & Ávila-Mahecha, J. (2021). Enforcing Wealth Taxes in the Developing World: Quasi-Experimental Evidence from Colombia. *American Economic Review: Insights*, 3(2), 131–148. <https://doi.org/10.1257/aeri.20200319>

Londoño-Vélez, J., & Avila-Mahecha, J. (2024). *Behavioral Responses to Wealth Taxation: Evidence from Colombia* (No. w32134; S. w32134). National Bureau of Economic Research. <https://doi.org/10.3386/w32134>

Marti, S., Martínez, I. Z., & Scheuer, F. (2023). Does a progressive wealth tax reduce top wealth inequality? Evidence from Switzerland. *Oxford Review of Economic Policy*, 39(3), Article 3. <https://doi.org/10.1093/oxrep/grad025>

Mas-Montserrat, M., Durán-Cabré, J. M., & Esteller-Moré, A. (2025). Avoidance Responses to the Wealth Tax. *Journal of Public Economics*, 246, 105351. <https://doi.org/10.1016/j.jpubeco.2025.105351>

Menkhoff, L., & Miethe, J. (2019). Tax Evasion in New Disguise? Examining Tax Havens' International Bank Deposits. *Journal of Public Economics*, 176, 53–78. <https://doi.org/10.1016/j.jpubeco.2019.06.003>

Nair, V., & Utama, M. S. (2023). Taxing high-net-worth individuals: Experience from Indonesia. *Fiscal Studies*, 44(3), 243–245. <https://doi.org/10.1111/1475-5890.12345>

Occhiali, G., Mascagni, G., Prichard, W., & Hearson, M. (2025). Taxing the Wealthy in Lower-Income Countries: Why It's Important, and How to Do It. *ICTD Policy Brief*, (14). Institute of Development Studies. DOI: 10.19088/ICTD.2025.007

O'Donovan, N. (2021). One-off wealth taxes: Theory and evidence. *Fiscal Studies*, 42(3–4), 565–597. <https://doi.org/10.1111/1475-5890.12277>

OECD. (1979). *The taxation of net wealth, capital transfers, and capital gains of individuals: Report of the OECD Committee on Fiscal Affairs* (Bd. 19). OECD Publications and Information Center.

OECD. (2009). *Engaging with High Net Worth Individuals on Tax Compliance*. OECD Publishing. <https://doi.org/10.1787/9789264068872-en>

OECD. (2014). *Standard for Automatic Exchange of Financial Account Information in Tax Matters: Implementation Handbook, Second Edition*. OECD Publishing. <https://doi.org/10.1787/9789264216525-en>

OECD. (2018a). *The Role and Design of Net Wealth Taxes in the OECD* (No. 26; OECD Tax Policy Studies). OECD. <https://doi.org/10.1787/9789264290303-en>

OECD. (2018b). *Taxation of Household Savings* (No. 25; OECD Tax Policy Studies). OECD. https://www.oecd.org/en/publications/taxation-of-household-savings_9789264289536-en.html

OECD. (2021). *Inheritance Taxation in OECD Countries*. OECD.
<https://doi.org/10.1787/e2879a7d-en>

OECD. (2023). *International Standards for Automatic Exchange of Information in Tax Matters: Crypto-Asset Reporting Framework and 2023 update to the Common Reporting Standard*. OECD Publishing. <https://doi.org/10.1787/896d79d1-en>.

OECD. (2024). *Comparative tables of Revenue Statistics in OECD member countries* [Data set]. OECD Data Explorer.

OECD. (2025a). *Signatories of the multilateral competent authority agreement on automatic exchange of financial account information and Intended first information exchange date*. <https://www.oecd.org/content/dam/oecd/en/topics/policy-issues/tax-transparency-and-international-co-operation/crs-mcaa-signatories.pdf>

OECD. (2025b). *Taking Stock of Progress on Transparency and Exchange of Information for Tax Purposes: Report to G20 Finance Ministers and Central Bank Governors*. OECD Publishing. <https://doi.org/10.1787/afddc8c5-en>

Ola, M. H. (2024). Taxonomy of Wealth Taxation Literature: A Study of Implementation, Effects, Responses and Regulatory Policy Context. *Journal of Governance and Regulation*, 13(4), 117–131. <https://doi.org/10.22495/jgrv13i4art12>

O'Reilly, P., Ramírez, K. P., & Stemmer, M. A. (2021). Exchange of information and bank deposits in international financial centres. *Hacienda Publica Espanola*, (239), 27-69.

Parrinello, Q., Varaschin, G., & Zucman, G. (2025). Resources for a Safe and Resilient Europe: The Case for Minimum Taxation of Ultra-High-Net-Worth Individuals in the EU. *EU Tax Observatory Note*. <https://taxobservatory.eu/www-site/uploads/2025/03/Resources-for-a-Safe-and-Resilient-Europe-The-Case-for-Minimum-Taxation-of-Ultra-High-Net-Worth-Individuals-in-the-EU-1.pdf>

Paquier, F., & Sicsic, M. (2022). Impacts of the 2018 Household Capital Tax Reforms on Inequalities in France: A Microsimulation Evaluation. *Economie et Statistique / Economics and Statistics*, 530–31, 27.
<https://doi.org/10.24187/ecostat.2022.530.2066>

Perret, S. (2021). Why Were Most Wealth Taxes Abandoned and Is This Time Different? *Fiscal Studies*, 42(3–4), 539–563. <https://doi.org/10.1111/1475-5890.12278>

Pichet, E. (2007). The economic consequences of the French wealth tax (ISF). *La Revue de Droit Fiscal*, 14.

Piketty, T. (2014). *Capital in the Twenty-First Century*. Harvard University Press.
<https://www.jstor.org/stable/j.ctt6wpqbc>

Piketty, T., Saez, E., & Zucman, G. (2023). Rethinking capital and wealth taxation. *Oxford Review of Economic Policy*, 39(3), 575–591. <https://doi.org/10.1093/oxrep/grad026>

Regjeringen. (2025). *Skattesatser 2025 [Tax rates in 2025]*. <https://www.regjeringen.no/no/tema/okonomi-og-budsjett/skatte-og-avgifter/skattesatser-2025/id3056727/>

Ring, M. A. K. (2024). Wealth Taxation and Household Saving: Evidence from Assessment Discontinuities in Norway. *Review of Economic Studies*. <https://doi.org/10.1093/restud/rdae100>

Saez, E., & Zucman, G. (2019a). *Comment to Senator Sanders' Proposal Concerning a Wealth Tax*. <https://gabriel-zucman.eu/files/saez-zucman-wealthtax-sanders.pdf>

Saez, E., & Zucman, G. (2019b). *Letter to Senator Warren Regarding a Proposal to Impose a Progressive Annual Wealth Tax on American Households with Net Worth Above \$50 Million*. <https://gabriel-zucman.eu/files/saez-zucman-wealthtax-warren.pdf>

Saez, E., & Zucman, G. (2019c). Progressive Wealth Taxation. *Brookings Papers on Economic Activity*, 437–511. <https://doi.org/10.1353/eca.2019.0017>

Saez, E., & Zucman, G. (2022). Wealth Taxation: Lessons from History and Recent Developments. *AEA Papers and Proceedings*, 112, 58–62. <https://doi.org/10.1257/pandp.20221055>

Saez, E., Zucman, G., & Landais, C. (2020). *A Progressive European Wealth Tax to Fund the European COVID Response* (VOXEU Column). CEPR. <https://cepr.org/voxeu/columns/progressive-european-wealth-tax-fund-european-covid-response>

Scheuer, F., & Slemrod, J. (2021). Taxing Our Wealth. *Journal of Economic Perspectives*, 35(1), 207–230. <https://doi.org/10.1257/jep.35.1.207>

Seim, D. (2017). Behavioral Responses to Wealth Taxes: Evidence from Sweden. *American Economic Journal: Economic Policy*, 9(4), 395–421. <https://doi.org/10.1257/pol.20150290>

Slemrod, J. (1992). Do Taxes Matter? Lessons from the 1980's. *The American Economic Review*, 82(2), 250–256.

Spataro, L., & Crescioli, T. (2024). How much capital should be taxed? A review of the quantitative and empirical literature. *Journal of Economic Surveys*, 38(4), 1399–1436. <https://doi.org/10.1111/joes.12586>

Spengel, C., Evers, L., Evers, M. T., Scheuering, U., Streif, F., & Stiftung Familienunternehmen (Eds.) (2013). *Die Folgen von Substanzsteuern für*

Familienunternehmen, Staat und Gesellschaft. Stiftung Familienunternehmen.
https://ftp.zew.de/pub/zew-docs/gutachten/Folgen_von_Substanzsteuern_2013.pdf

Tanabe, N. (1967). *The Taxation of Net Wealth* (Bd. 1). International Monetary Fund.
<https://doi.org/10.5089/9781451956191.024>

Thoresen, T. O., Ring, M. A. K., Nygård, O. E., & Epland, J. (2022). A Wealth Tax at Work. *CESifo Economic Studies*, 68(4), 321–361.
<https://doi.org/10.1093/cesifo/ifac009>

World Bank. (2024). *Taxing Wealth for Equity and Growth*.
<https://openknowledge.worldbank.org/server/api/core/bitstreams/2368d56a-08ff-4d2b-ac29-9a7b316fe2ab/content>

World Inequality Database. (2025). New version of the Global Wealth Tax Simulator released at international Taxing Billionaires' Conference. *WID - World Inequality Database*. <https://wid.world/news-article/new-version-of-the-global-wealth-tax-simulator-released-at-international-taxing-billionaires-conference/>

Zavatta, R., Stecchi, G. M., Luchetta, G., & Genovese, N. (2019). *Evaluation of administrative cooperation in direct taxation: Final report*. Publications Office of the European Union. <https://data.europa.eu/doi/10.2778/504459>

Zucman, G. (2008). *Les hauts patrimoines fuient-ils l'ISF ?* [Mémoire de master 2]. Ecole d'Economie de Paris.

Zucman, G. (2013). The Missing Wealth of Nations: Are Europe and the U.S. net Debtors or net Creditors?*. *The Quarterly Journal of Economics*, 128(3), 1321–1364.
<https://doi.org/10.1093/qje/qjt012>

Zucman, G. (2024). *A blueprint for a coordinated minimum effective taxation standard for ultra-high-net-worth individuals*. <https://www.taxobservatory.eu/www-site/uploads/2024/06/report-g20.pdf>

Zucman, G. (2019). Global Wealth Inequality. *Annual Review of Economics*, 11(1), 109–138. <https://doi.org/10.1146/annurev-economics-080218-025852>

2. Recurrent capital taxes

Recurrent capital taxes are levied periodically – typically on an annual basis – on the value of owned capital assets or on deemed income from those assets⁴¹. Unlike net wealth taxes, which apply to an individual’s total net worth, recurrent capital taxes are generally imposed on specific categories of assets, such as buildings, land, or financial assets.

One notable form of recurrent capital taxation is the unrealised capital gains tax. Unrealised capital gains arise when the market value of an asset that has been purchased but not yet sold exceeds its original purchase price. Taxing unrealised capital gains on a recurring basis, also referred to as accrual-based or mark-to-market taxation of capital gains, means taxing asset appreciation annually. It aligns with viewing income as the sum of consumption and the change in an individual’s net wealth (Simons, 1938).

A growing interest has emerged in recurrent capital taxation in general and unrealised capital gains taxation in particular, as governments explore measures to increase revenues and enhance equity – particularly with a focus on the adequate taxation of high-net-worth individuals (HNWIs). Taxing unrealised capital gains has been proposed and debated in several countries, for example, in the US (e.g. Wyden’s 2019 proposal) and the Netherlands (the ‘Box 3’ tax system reform). In addition, some countries effectively tax unrealised capital gains on an accrual basis through annual wealth taxes using regularly updated asset values. For instance, in the Netherlands and New Zealand, there are annual taxes on deemed or presumptive returns from certain assets (Hourani & Perret, 2025).

This chapter explores the role of recurrent capital taxes with a particular focus on unrealised capital gains taxation. It examines the potential benefits and challenges of this approach, compares it to net wealth taxation and other alternative measures (Section 2.1), surveys existing and proposed implementations around the world (Section 2.2), and situates it within the broader landscape of other recurrent capital taxes (Section 2.3).

⁴¹ Deemed income on assets is the income assumed to be earned from financial or physical assets, calculated by applying a prescribed rate of return, irrespective of actual earnings.

2.1. Recurrent unrealised capital gains tax

2.1.1. Rationales and challenges

Recurrent taxation of unrealised capital gains has emerged as a tool to address inefficiencies and inequities in capital taxation. Unlike traditional capital gains taxes, which are levied only upon the sale or other realisation of an asset, unrealised capital gains taxes impose an annual levy on the increase in asset value, treating appreciation as deemed income. The literature highlights several potential advantages and practical challenges of such taxation, which are reviewed in this section.

Arguments in favour

There are several arguments in favour of taxing unrealised capital gains. The current design of capital gains taxation tends to favour capital gains over other forms of income, undermining both vertical and horizontal equity, creating lock-in effects, and encouraging tax minimisation strategies.

Vertical equity

Unrealised capital gains escaping taxation disproportionately benefits the wealthiest. Both realised and unrealised capital gains are highly concentrated at the top of the income and wealth distributions, and they are much more concentrated than income or even wealth (Hourani & Perret, 2025; Saez et al., 2021). In the United States, for example, roughly 70% of unrealised capital gains are held by the top 10% of income earners, with the concentration even higher (84%) when excluding gains on residences (Gravelle, 2022). Fagereng et al. (2019) provide indirect evidence on the distribution of unrealised capital gains in Norway, and conclude that the wealthiest households are the ones that own and hold onto assets that experience persistent capital gains. Moreover, the wealthiest derive much more of their income from capital gains. In the US, the top 0.001% of taxpayers derive 60% of their income from capital gains (IRS, 2022). In the UK, nearly 60% of individuals in the top 0.01% by income receive at least 90% of their income from capital gains (Advani & Summers, 2020).

As a result, realised and unrealised capital gains tax preferences primarily benefit wealthier households. In the US, nearly 80% of the tax expenditure from preferential capital gains rates accrues to the top 5% of earners (Joint Committee on Taxation, 2023). In Australia, 75% of capital gains tax discounts are captured by the top 10% of income earners (Treasury, 2023). Wealthier individuals not only hold appreciating assets but also tend to realise higher returns (Fagereng et al., 2020), further amplifying the benefits of tax deferral. Favourable capital gains taxation also exacerbates intergenerational wealth inequality, as wealth is increasingly

concentrated among older households (Tapper & Fenna, 2019; Federal Reserve, 2024).

In addition, wealthier individuals often have better access to sophisticated tax planning and financial advice, which allows them to exploit the preferential treatment of capital gains more effectively than ordinary taxpayers. They are also more likely to own businesses and use corporate structures to optimise tax outcomes (Zawisza et al., 2024). As a result, the wealthy can more effectively minimize or indefinitely defer taxation, deepening inequality over time.

Horizontal equity

The favourable tax treatment of capital gains leads individuals to favour growth-oriented assets over income-generating assets, and capital gains over other types of income. This differential treatment creates incentives for income shifting, where individuals convert income into capital gains to benefit from lower tax rates (Hebous et al., 2024). For instance, owner-managers of businesses might retain profits within the company rather than distributing them as wages or dividends. Several studies document such behaviour. Miller et al. (2019) find significant intertemporal income shifting through retained profits among UK owner-managed businesses. Similarly, Alstadsæter et al. (2016) report substantial income shifting through retained earnings in Norway, while Le Maire & Schjerner (2013) document similar patterns among Danish self-employed individuals.

More broadly, the preferential treatment of capital gains influences market-wide decisions beyond individual income shifting. Corporations, for instance, may increasingly favour share buybacks over dividend distributions to maximise after-tax returns for shareholders (Hourani & Perret, 2025). Investment funds may reinvest rather than distribute earnings, and bonds may be designed to increase in value rather than pay interest (Hebous et al., 2024). In the housing sector, exemptions for capital gains can inflate demand for property, contributing to market distortions and overinvestment in real estate (OECD, 2022).

While such practices are often legal and reflect rational responses to the incentives created by the tax system, they reduce the efficiency of tax systems and raise horizontal equity concerns (Zawisza et al., 2024). As individuals and firms reorganise their activities to take advantage of preferential capital gains treatment, tax burdens may differ significantly across taxpayers with equivalent total income depending on how that income is classified or realised.

Tax minimisation

Realisation-based taxation can facilitate tax minimisation. Taxpayers may deliberately time the realisation of gains – defer sales to low-income years, or realise losses to offset taxable gains, a practice commonly referred to as tax-loss harvesting

(Hourani & Perret, 2025). They may also avoid realisation entirely by borrowing against appreciated assets to finance consumption and further investment. Joulfaian (2014) uses US estate tax returns to show that higher capital gains tax rates increase leverage among wealthy individuals. At a 20 % tax rate, capital gains taxation accounts for roughly 38 % of observed leverage, implying borrowing against appreciated assets to defer and possibly even avoid tax. Another strategy involves avoiding direct sales of taxable assets. For instance, investors may trade depository receipts in offshore jurisdictions that do not tax capital gains, allowing them to realise economic gains tax-free. Alternatively, assets may be placed in foreign companies; upon sale, the owner sells shares in the foreign entity rather than the underlying asset, circumventing capital gains taxes in the source country (Hebous et al., 2024).

Certain measures that are common structural features of realisation-based systems also enable tax minimisation. One example is the step-up in basis at death⁴², which is applied in many jurisdictions worldwide. Among EU Member States, it is applied – at least for some assets classes – in Denmark, Finland, France, Hungary, Latvia, Lithuania, Portugal, Slovenia, and Spain (OECD, 2021)⁴³. This provision allows taxpayers to hold appreciated assets until death and avoid capital gains tax liability altogether. Another example is the apportionment mechanism in France, which allows taxpayers to contribute their shares to a holding company they own, rather than selling the shares directly. The capital gains tax on the contribution is deferred, enabling taxpayers to postpone capital gains taxation and avoid paying it at the time of the subsequent sale of the shares by the holding company, as long as reinvestment conditions are met.

The effectiveness of a system that relies solely on realisation-based taxation is further limited by potential political administration changes (Saez et al., 2021). For instance, an administration may impose realisation at gift and at death – treating transfers of appreciated property to heirs or charities as property sales with capital gains tax due on accrued gains, only for a subsequent administration to repeal such rules, allowing capital gains to escape taxation. Taxpayers may postpone selling assets if they expect a future government to reduce capital gains taxes, reintroduce a step-up in basis at death, or otherwise relax realisation rules. In some cases, individuals may even hold assets until death, hoping that an administration change occurs during their lifetime and that accrued gains ultimately escape taxation. By contrast, recurrent taxation of unrealised capital gains would help prevent political

⁴² Step-up in basis at death is a tax rule that adjusts the value (“basis”) of an inherited asset to its fair market value at the time of the original owner’s death. In practice, this means that the unrealised capital gains accumulated during the original owner’s life are never taxed. When the heir later sells the asset, they pay capital gains tax only on the increase in value after they inherited it, not on the gains that accumulated during the previous owner’s lifetime.

⁴³ It is important to note that the OECD (2021) report lacks data on Poland and Slovakia, as well as on non-OECD EU countries.

administration changes from undermining the taxation of capital gains and ensure more consistent revenue collection.

Lock-in effects

The realisation-based system leads to inefficient capital allocation due to the lock-in effect, where investors retain assets solely to defer taxation (Jin, 2006; Dai et al., 2008; Dowd et al., 2015). The lock-in effect acts as implicit interest-free borrowing from the government, distorting investment decisions. Investors may hold on to appreciated assets even when superior investment opportunities exist, while conversely accelerating the sale of depreciated assets to utilise loss deductions. This distortion leads to suboptimal portfolio choices and affects economic efficiency (Hourani & Perret, 2025). For example, private businesses may delay going public to avoid triggering capital gains taxes, thus possibly missing growth opportunities (Gentry, 2016). The lock-in effect may also prevent ownership transfers to more efficient managers (Cavalcanti & Erosa, 2007). In the housing sector, lock-in effects can reduce residential and labour mobility (OECD, 2022). Recurrent taxation of unrealised capital gains could prevent lock-in effects, as it would remove the tax benefit from delaying asset realisations.

Challenges

Despite the arguably growing recognition of its potential benefits, recurrent taxation of unrealised capital gains presents several practical challenges.

Valuation

Accurately valuing assets on an annual basis to assess unrealised gains poses a significant challenge. While for some assets with easily observable market prices, such as publicly traded securities or real estate subject to market-value-based property taxes, valuation challenges are relatively minor, difficulties arise for infrequently traded assets with volatile, illiquid, or subjective values (Hebous et al., 2024). For example, annually valuing private businesses can be more challenging and administratively burdensome than conducting a one-off valuation (Hourani & Perret, 2025). This is problematic as private assets is an important asset class for the wealthiest. Balloch and Richers (2023) show that, in the US, wealthier households tend to hold a larger share of alternative investments, such as private equity and hedge funds, and a smaller share of liquid assets, such as publicly traded equities. Altrata (2025) estimates that worldwide, private holdings account for approximately 30% of the assets of HNWI, whereas public holdings account for around 10% when asset allocation is expressed as a share of wealth per individual. However, the share of public holdings differs when asset allocation is expressed as a share of total HNWI wealth - it is then higher, ranging from approximately 20% to 30%, depending on the generation.

Several policy proposals attempt to address the valuation challenges by limiting the recurrent taxation of unrealised gains to certain types of assets, focusing solely on HNWIs, and offering practical valuation solutions. For example, Toder and Viard (2016) recommend taxing unrealised gains on a recurring basis only for publicly traded assets, while retaining the realisation-based system for closely-held businesses. Miller (2017) proposes recurrent taxation of publicly traded shares owned by the top 0.1% of the wealthiest and highest-earning taxpayers, with retrospective taxation applied to all non-publicly traded assets under the assumption that they appreciate at a constant rate during the holding period. Taxpayers could choose to calculate an accrual-based tax on their non-publicly traded assets and make a tax deposit based on that valuation, allowing them to spread their tax liability over time. Australia's Treasury Laws Amendment (Better Targeted Superannuation Concessions and Other Measures) Bill 2023 proposed imposing a 15% tax on the portion of superannuation earnings (including unrealised capital gains) above AUD 3 million. Saez et al. (2021) propose taxing all unrealised gains for individuals with net worth above USD 50 million through capital gains tax withholding. Specifically, taxpayers would make annual prepayments equal to one-tenth of the federal capital gains tax rate (with a proposed rate of 39.6% for those with taxable income over USD 1 million) until 90% of the total tax liability due at realisation is prepaid. These annual prepayments would act as credits against the final tax liability upon realisation. To value private businesses, the authors suggest methods such as a formula based on book value, profits, and sales, similar to methods used in Switzerland's wealth tax. For large unlisted businesses, they recommend relying on recent transactions, industry benchmarks, or valuations tied to new stock issuances.

Countries have developed a variety of approaches to address the practical challenges of regularly valuing assets. In the Netherlands, the valuation of real estate is anchored in official statutory assessments (WOZ values), while legislation sets clear rules for determining opening and closing values of other assets and handling capital deposits and withdrawals, reducing manipulation and ensuring the tax base reflects genuine economic gains. Denmark applies mark-to-market taxation to listed shares held by companies, but also recognizes that newly listed shares can be difficult to value due to price volatility and lock-up restrictions. To address this, holdings of less than 10% acquired at an IPO may be taxed on a realisation basis for seven years. By combining mark-to-market taxation for established holdings with a temporary realisation-based system for newly listed shares, Denmark's policy balances the objective of taxing accrued gains with the practical constraints of reliable valuation. Italy addresses the challenge of valuing assets for accrual-based taxation through its managed savings regime (*risparmio gestito*). Under this system, regulated intermediaries – such as banks or asset managers – take responsibility for the annual valuation of assets and the calculation of taxes. Each year, the intermediary determines the net result across the entire portfolio, offsetting gains and losses and applying its own valuation procedures. This centralised approach ensures consistency and accuracy, particularly for assets that are not frequently traded and relieves individual taxpayers from the complex task of valuing diverse financial instruments themselves. Compared with Italy's other regimes – *dichiarativo* (self-

reporting) and amministrato (administration by the intermediary without full portfolio-level accrual) – the gestito regime uniquely implements accrual-based taxation at the portfolio level, directly addressing practical challenges of annual asset measurement.

Liquidity

Taxing unrealised capital gains may create liquidity issues, as taxpayers could face tax liabilities without corresponding cash inflows. For highly liquid assets such as publicly traded securities, partial sales can typically cover tax obligations (Hebous et al., 2024). However, liquidity problems may arise for owners of high-value, illiquid assets – such as residential property or small businesses – that do not generate regular income.

To address these concerns, Saez et al. (2021) propose allowing taxpayers to access no-risk government loans backed by illiquid assets to cover accrued taxes. Other suggested solutions include permitting in-kind payments of company shares, granting tax deferrals, or allowing tax payments in instalments (Hourani & Perret, 2025). Similarly, to mitigate liquidity pressures during periods of significant asset price growth, Toder & Viard (2016) recommend taxing capital gains with provisions that allow taxpayers to smooth their tax liabilities over multiple years.

Evidence from the Netherlands suggests that liquidity issues are relatively rare and can usually be resolved through targeted measures. According to the Dutch Ministry of Finance, in 2017 and 2018 only about 1% of taxpayers with illiquid assets subject to a deemed rate of return were initially unable to pay their total income tax liabilities. Of these, 96% in 2017 and 90% in 2018 managed to pay after using a deferral scheme. Furthermore, a simulation study based on empirical data found that liquidity issues would not, on average, increase under an accrual-based tax system (Ministerie van Financiën, 2022). In Ireland, the offshore fund regime applies a deemed disposal rule every eight years, triggering a tax charge even if the investor has not sold units. To prevent liquidity problems, the tax is generally withheld and remitted by the fund itself, often through redeeming sufficient units to cover the liability, sparing the investor from providing external cash.

Volatility and losses

Another major concern with the accrual-based taxation of unrealised gains is the volatility of both taxpayer liabilities and government revenue resulting from asset price fluctuations. Without adequate measures, this volatility can exacerbate liquidity pressures for taxpayers during years of significant asset appreciation. Conversely, sharp declines in asset values pose a different policy challenge: how to treat losses? Taxing unrealised gains while denying refunds for unrealised losses may be perceived as unfair. However, providing refunds for losses or allowing unrealised losses to be deductible against all other income may be fiscally costly and could

challenge governments' ability to maintain balanced budgets during economic downturns (Hourani & Perret, 2025; Hebous et al., 2024).

To mitigate these risks, scholars have put forward the following solutions. Toder and Viard (2016) suggest allowing unrealised losses to offset unrealised gains, as well as smoothing tax liabilities across multiple years, thereby reducing volatility without governments having to pay refunds during downturns. Saez et al. (2021) propose that annual prepayments be credited against the final tax liability at realisation. Under this approach, declines in asset values reduce – or even eliminate – the final tax due, ensuring taxpayers are not ultimately taxed on gains that disappear, while avoiding the need for immediate government refunds during recessions.

Several countries have developed mechanisms to reduce volatility and address the treatment of losses. The Dutch Actual Return Tax Act for Box 3 bill allows capital gains to be offset against capital losses within the same tax year. It does not, however, allow a negative return from one year to be offset against a return from another year. In Italy, the *risparmio gestito* (managed savings) regime provides more extensive smoothing by allowing gains and losses to be offset at the portfolio level annually. Negative results can be carried forward for up to four years, aligning taxable returns more closely with economic income.

Summary

The literature identifies a range of arguments in favour of taxing unrealised capital gains, as well as several practical challenges to implementing such a system. Across categories such as vertical and horizontal equity, lock-in effects, and tax minimisation, the evidence shows that realisation-based capital gains taxation creates distortions and disproportionately benefits the wealthiest. At the same time, issues related to valuation, liquidity, and volatility present non-trivial obstacles to the adoption of accrual-based taxation, though various proposals and country experiences suggest that these challenges could be managed.

Regarding vertical equity, the literature finds that unrealised capital gains are overwhelmingly concentrated among the wealthiest households (Hourani & Perret, 2025; Saez et al., 2021; Gravelle, 2022; Fagereng et al., 2019), who also derive a disproportionately large share of their income from capital gains (IRS, 2022; Advani & Summers, 2020). Preferential realised and unrealised capital gains tax treatment therefore primarily benefits high-income and high-wealth groups. It also contributes to growing intergenerational wealth inequality (Tapper & Fenna, 2019; Federal Reserve, 2024). These findings imply that realisation-based systems amplify after-tax inequality and favour wealthy individuals who are also best positioned to exploit tax deferral and other tax planning opportunities. By taxing unrealised gains, governments could reduce these regressive effects and bring the taxation of capital income closer to the taxation of labour income.

For horizontal equity, the literature shows that preferential treatment of capital gains incentivises income shifting and alters taxpayers' choices between income forms (Miller et al., 2019; Alstadsæter et al., 2016; Le Maire & Schjerning, 2013). Moreover, preferences for capital gains influence corporate payout decisions and can cause distortions in housing markets (Hourani & Perret, 2025; OECD, 2022). These findings suggest that capital gains tax preferences weaken the fairness and neutrality of the tax systems. A tax on unrealised gains could reduce incentives to convert labour income into capital income and limit distortions arising from taxpayers' and firms' strategic responses to tax differences across income types.

On tax minimisation, the literature points to widespread opportunities for avoiding capital gains taxation under realisation-based systems. These include structural mechanisms like step-up in basis at death and behavioural responses such as tax-loss harvesting, timing of realisations, and borrowing against appreciated assets (Hourani & Perret, 2025; Joulfaian, 2014). Cross-border strategies including use of offshore holding structures and indirect transfers further erode the effectiveness of capital gains taxation. Taken together, these findings show that realisation-based taxation offers individuals substantial scope to delay or avoid taxation. A recurrent tax on unrealised gains would restrict many of these strategies, and would reduce the system's vulnerability to political shifts that periodically reopen loopholes (Saez et al., 2021).

Concerning the lock-in effect, evidence shows that realisation-based taxation discourages the sale of appreciated assets, leading to inefficient capital allocation (Jin, 2006; Dai et al., 2008; Dowd et al., 2015). Lock-in distorts portfolio rebalancing, can prevent companies from going public (Gentry, 2016), may hinder firm ownership transfers (Cavalcanti & Erosa, 2007), while also reducing housing and labour mobility (OECD, 2022). Together, these findings indicate that taxing unrealised gains could neutralise the incentive to delay realisations and promote more efficient reallocation of capital.

On valuation, research highlights the difficulty of valuing illiquid or infrequently traded assets such as private businesses (Hebous et al., 2024; Hourani & Perret, 2025). Scholars propose focusing on HNWIs, limiting accrual taxation to market-traded assets (Toder & Viard, 2016), using retrospective taxation for non-publicly traded assets (Miller, 2017), or applying formula-based valuation methods (Saez et al., 2021). International experiences – from statutory valuation rules in the Netherlands to intermediary-based valuation in Italy and hybrid systems in Denmark – demonstrate workable though administratively demanding solutions. These findings suggest that valuation is manageable for many asset classes but requires clear rules and institutional capacity, particularly when dealing with private or hard-to-value assets.

For liquidity, the literature finds that the challenges are generally limited and can be addressed through targeted policy design. Holders of liquid assets can typically sell part of their portfolio to meet tax liabilities (Hebous et al., 2024), while proposed solutions for illiquid assets include no-risk government loans (Saez et al., 2021), in-

kind payments and deferral or instalment options (Hourani & Perret, 2025), and provisions that smooth liabilities over several years (Toder & Viard, 2016). Empirical evidence from the Netherlands shows that only around 1% of affected taxpayers initially experienced liquidity problems, most of which were resolved through existing deferral schemes, with simulations indicating no significant increase in liquidity risks under an accrual-based system (Ministerie van Financiën, 2022). Ireland's offshore fund regime similarly avoids investor liquidity issues by withholding tax through unit redemptions. Overall, the findings suggest that liquidity concerns are real but possibly manageable through targeted relief mechanisms.

Finally, on volatility and losses, the literature notes that taxing annual gains introduces volatility into both taxpayer liabilities and fiscal revenues, while the treatment of unrealised losses poses fairness and budgetary challenges (Hourani & Perret, 2025; Hebous et al., 2024). Proposed solutions include allowing offsets between unrealised gains and losses, smoothing liabilities across years (Toder & Viard, 2016), and using prepayment systems credited against final realised tax (Saez et al., 2021). Country practices addressing these issues include the Netherlands' annual offsetting rules and Italy's multi-year carryforward mechanisms. These findings show that while volatility cannot be eliminated, appropriate design can substantially reduce its impact on both taxpayers and government finances.

2.1.2. Comparison with net wealth tax

Both recurrent net wealth taxes and recurrent unrealised capital gains taxes aim to address similar policy goals. Specifically, they both aim to reduce wealth inequalities, reduce tax-deferral distortions, and raise government revenues. They also face some of the same challenges regarding their implementation, e.g. valuation or liquidity challenges. Despite these similarities, there are differences between the two instruments, and there are policy contexts in which one instrument may be preferred to the other.

The main difference between the two is the tax base. A recurrent net wealth tax is levied on the total wealth that an individual holds – typically measured as the market value of all assets minus liabilities at a specific point in time. By contrast, a recurrent tax on unrealised capital gains targets the annual change in the value of assets. Instead of taxing the level of wealth, it taxes the increase in asset values. As a result, individuals whose wealth remains stable from year to year would owe tax under a wealth tax but may owe little or nothing under a tax on unrealised gains, while those with rapidly appreciating assets may face higher liabilities under the latter.

These differing tax bases have distributional implications. A net wealth tax targets the concentration of existing wealth directly, rather than just newly accrued gains. Although unrealised gains are also highly concentrated among the very wealthy, a wealth tax more comprehensively captures accumulated assets and therefore may be more effective at addressing long-run wealth inequality and the taxation of high-

net-worth individuals (HNWIs). By contrast, an unrealised capital gains tax focuses on taxing the flow of wealth growth, helping to address horizontal equity concerns by ensuring that individuals whose wealth grows through asset appreciation are treated similarly to those whose income comes from labour. In this sense, it promotes greater neutrality across different income sources.

Ultimately, the choice between the two instruments depends on policy priorities and economic context. A net wealth tax may be more suitable when the objective is long-term redistribution. An unrealised capital gains tax, on the other hand, may be preferable when the goal is to equalise the tax treatment of different forms of income.

2.1.3. Alternative approaches that address similar challenges

While recurrent taxation of unrealised capital gains is one way to mitigate lock-in effects, improve neutrality, and enhance equity, several countries have adopted alternative measures that pursue similar objectives without resorting to wealth or accrual-based taxes. These measures often target specific distortions in the tax system, such as income shifting, tax deferral, and preferential treatment of capital income. For example, Norway has implemented reforms to address the preferential treatment of carried interest in private equity (Zimmer, 2024). Historically, carried interest was taxed as capital gains or dividends, resulting in significantly lower effective tax rates compared to labor income. Since 2012, Norwegian tax authorities have reclassified carried interest as ordinary income for fund managers, subjecting it to marginal rates of around 50% plus payroll taxes, thereby reducing opportunities for income conversion and improving horizontal equity (Sahar, 2015).

The United States provides another example through its Accumulated Earnings Tax (AET), codified in Section 531 of the Internal Revenue Code (U.S. Government Publishing Office, 2023). The AET imposes a 20% penalty tax on corporations that retain earnings beyond the “reasonable needs of the business” with the intent to avoid shareholder-level taxation. This measure aims to prevent the use of closely held corporations as vehicles for deferring personal income tax by accumulating profits instead of distributing dividends. Although the AET does not tax wealth directly, it addresses similar concerns about neutrality and lock-in by discouraging indefinite retention of earnings and promoting timely distribution of taxable income (Kagan, 2025). Recent enforcement trends suggest renewed interest in this tool, particularly after corporate tax rate reductions increased incentives for profit retention (Brauer & Schneider, 2022).

Other jurisdictions have pursued structural reforms to reduce distortions between labor and capital income. For instance, Nordic countries have introduced systems such as the shareholder income model and shielding allowances, which aim to tax returns on equity above a normal rate as ordinary income while exempting a risk-free return. These approaches, combined with anti-avoidance provisions, limit opportunities for income shifting and reduce the tax advantage of incorporating for

tax purposes (Zimmer, 2024). Similarly, Denmark and Sweden have tightened rules on carried interest, aligning its taxation more closely with labor income to enhance neutrality (Kromann Reumert, 2024). While these measures differ from wealth or accrual-based taxes, they share the underlying goal of curbing tax arbitrage, improving fairness, and reducing distortions in capital allocation.

The inclusion of these alternative approaches underscores that recurrent taxation of unrealised capital gains is not the only instrument available to address lock-in effects, neutrality concerns, and equity issues in capital taxation. Measures such as carried interest reclassification, accumulated earnings taxes, and shareholder income models demonstrate that countries can achieve similar objectives through targeted reforms. Situating these tools alongside wealth and accrual-based taxes provides a more comprehensive understanding of the policy landscape and highlights that the choice of instrument depends on administrative feasibility, political acceptability, and the specific distortions policymakers seek to correct.

2.2. Overview of unrealised capital gains tax

The following subsection sets out, country by country, where taxes on unrealised gains currently apply and where proposals have been advanced. Several cross-cutting elements recur in country practice and proposals. Economically, reducing the lock-in effect can improve market liquidity and the allocation of capital by encouraging transactions when they are economically justified rather than tax-motivated. Politically, initiatives often face resistance from influential stakeholders and concerns about mobility, liquidity, and effects on entrepreneurship, which has led some governments to narrow or suspend proposals. Fairness considerations cut the other way, with proponents arguing that current systems under-tax large accruals at the top. Administratively, accurate and regular valuation and robust reporting are essential; implementing such taxes requires frameworks that can handle asset valuation, symmetry for gains and losses, and liquidity management for less liquid assets. Countries therefore tend to focus on assets that can be valued reliably or are held through intermediaries capable of reporting and withholding, and they often rely on thresholds, deferrals, or other design features to manage complexity and cash-flow demands.

2.2.1. Existing taxes on unrealised capital gains

Denmark

In Denmark, the net wealth tax was abolished in 1997 (Jakobsen et al., 2018). However, individuals must still submit asset declarations regarding foreign pension schemes and certain investments.

For recurrent taxes on unrealised capital gains, the gain or loss for the income year is calculated as the difference between the closing and opening values of the shares for that year.

Gains (and losses) on shares and investment certificates are, as a rule, taxed under a realisation principle (non-recurrent). However, in some cases, a mark-to-market principle (recurrent) is applied (Danish Tax Agency, n.d.). This principle applies particularly to investment certificates issued by investment companies, where gains are taxed annually based on the change in market value, regardless of whether the certificates are sold. It also applies to individuals who trade shares as part of an unincorporated business and who may opt into mark-to-market taxation on a permanent basis. Additionally, certain foreign investment assets or non-Danish custody accounts may be subject to mark-to-market taxation if the Danish Tax Agency requires annual valuation due to limited reporting integration.

For individuals, recurrent taxes on capital primarily apply to gains and losses on certain shares and investment certificates issued by investment companies. Furthermore, individuals who trade shares as part of their unincorporated business may choose to be taxed recurrently on a permanent basis. Moreover, individuals are taxed on the growth of their pension schemes at a fixed rate of 15.3%. Individuals moving abroad may apply for exemption from this tax. The tax is collected by the insurance company or pension fund, which is required to withhold and pay the tax on behalf of the plan holder (PwC, 2025).

France

France does not levy a recurrent annual tax on unrealised capital gains. However, it does apply an exit tax on unrealised gains at the time of departure for individuals moving their tax residence out of France. This exit tax is a one-off levy on the accrued but unrealised gains on certain assets, triggered by emigration. For further details, see the France section in Chapter 5.

Italy

The Italian Tax Code does not impose income tax on unrealised capital gains from financial assets directly held by individuals. Capital gains form part of the taxable base of individuals at the time of their realisation (i.e. sale or distribution). A substitute tax of 26% is usually applicable to the capital gain realised by the individual⁴⁴. However, for crypto-assets, Italy's 2025 Budget Law (Law No. 207/2024)

⁴⁴ Based on the characteristics of the underlying financial assets, in some cases the capital gains/distributions are taxed in the hands of the individuals according to the progressive direct tax rate between 23% and 43%.

sets the substitute tax on capital gains at 33% starting 1 January 2026 (26% in 2025).

Nevertheless, when opting for the ‘managed savings’ method, the taxable base of financial assets held through an intermediary corresponds to the result accrued as the difference between the value of the managed assets at the end of the fiscal year and their value at the beginning of the fiscal year (despite any distributions in favour of the individual). In any case, the following must be excluded from this difference: income subject to withholding tax; exempt income; real estate investment fund income; and income that forms part of the taxpayer’s overall income under Personal Income Tax.

Such a regime can be adopted by written notice from the taxpayer to the intermediary at the time of appointing the manager or before the beginning of the fiscal year. In this regime, the taxpayer holds their investments through an Italian financial intermediary, but does not have discretion to manage them. The intermediary manages the investments and the related tax obligations and payments. As anticipated, the payments are due on the net annual income accrued, regardless of realisation or receipt.

2.2.2. Proposals for taxes on unrealised capital gains

Australia

The Australian Government has proposed a significant reform to the taxation of superannuation through the introduction of Division 296, initially set to commence on 1 July 2025, although it has not yet been introduced. This measure would impose an additional 15% tax on earnings associated with superannuation balances exceeding AUD 3 million, effectively increasing the tax rate on those earnings to up to 30% (RSM Australia, n.d.). Notably, the tax applies to both realised and unrealised capital gains, marking a departure from Australia’s traditional tax framework stipulating that only realised gains are taxed. The rationale behind the reform is to enhance the equity and sustainability of the superannuation system by limiting generous tax concessions for high-balance accounts. However, the proposal has sparked considerable debate. The Australian Taxation Office confirms that this measure is not yet law, and that it remains under review. If implemented, Division 296 would represent a fundamental shift in Australia’s approach to capital gains taxation, and could set a precedent for future tax policy (Parliament of Australia, 2024).

Belgium

In general, the Belgian income tax code does not provide for any taxation of unrealised capital gains. However, certain forms of asset ownership may still trigger a tax even without a realised gain. For example, an annual 0.15% tax on securities

accounts applies when the average value of the assets on the account during the reference period exceeds EUR 1 million (Federal Public Service Finance, n.d.).

Such taxes apply to the holding of assets rather than to any increase in their value. Other types of assets, such as business-related or intangible assets, are also not subject to tax on unrealised gains, although they may trigger taxation upon realisation or under specific restructuring scenarios.

Nonetheless, the Belgian government has proposed a new capital gains tax on financial assets held by individual residents, intended to come into effect on 1 January 2026. The draft bill targets capital gains realised outside professional activities and outside the scope of normal private asset management, which has traditionally been exempt from taxation. The proposal introduces three categories of taxable capital gains: internal transfers within family-controlled entities, disposals of significant shareholdings (defined as ownership of 20 % or more in the preceding ten years), and other disposals of financial assets. Tax rates will vary depending on the category and transaction value, ranging from 1.25% to 10%, with a general annual exemption of EUR 10 000 (PwC Belgium, 2025).

Canada

Canada's Minister of Finance has discussed taxing unrealised gains on foreign securities and real estate. Capital gains tax in Canada traditionally applies to realised gains, with 50% of the gain being taxable (PwC, 2025). Recent discussions have considered increasing the taxable portion of capital gains (a recent proposal would raise the capital gains inclusion rate from $\frac{1}{2}$ to $\frac{2}{3}$, effective 1 January 2026), but the implementation of taxes on unrealised gains remains limited (Department of Finance Canada, 2025). The debate in Canada has focused on the fairness and efficiency of such taxes, with concerns about their impact on investment and economic growth.

Netherlands

The Dutch government has proposed an Actual Return Tax Act, which outlines a new system for taxable income from savings and investments that primarily taxes actual returns on a capital-growth basis. This system is intended to tax both realised and unrealised income from assets, allowing for the deduction of related expenses. It should be noted that these are *proposals* by the Dutch government. The exact content of the legislation and the implementation date are still unclear. The current plan is to introduce the new legislation by 2028 (de Leeuw, 2025).

The new system is intended to tax the actual return on savings and investments on a capital-growth basis, meaning that both income from assets and the increase in asset value are taxed annually. This requires an annual valuation of assets and liabilities at their fair market value. By taxing asset growth annually, the new system would prevent the long-term deferral of tax payments. It would also eliminate the need for

taxpayers and intermediaries such as banks and insurers to maintain long-term records of historic cost bases and investments. However, a disadvantage of such a system of capital-growth tax is that taxpayers would also be taxed on value developments that have not yet been realised.

To avoid taxpayers having to pay taxes on less liquid assets, such as real estate and shares in start-up companies, the intention is that the tax will only be levied when profits are realised. These assets would be valued at their acquisition price, and upon sale, tax would be payable on the difference between the acquisition price and the sale proceeds – the capital growth. Income from these assets, such as dividends, would already be taxed in the year of realisation.

The assets considered in the new system remain the same as in the current system and can be divided into two categories:

- Real estate and shares or profit certificates in start-up companies: realised income and capital gains are taxed;
- Other assets and liabilities, including bank deposits: realised income and capital growth are taxed.

The current tax-free amount would also be replaced by a tax-exempt amount of income. This means that instead of exempting a fixed amount of wealth from taxation, the new system would exempt a fixed amount of income (return) on assets, so only returns above that threshold would be taxed.

United States

The United States generally does not tax unrealised capital gains. However, there has been public debate about this issue due, for example, to wealthy individuals borrowing money against stock holdings, thereby avoiding the sale of shares and the payment of tax on appreciation. The previous Biden administration, and certain members of Congress from his party, have proposed legislation over the last few years that would tax unrealised capital gains, targeting the wealthiest individuals such as the billionaire income tax act, as explained below.

One bill introduced in 2019 by Senator Ron Wyden (D-OR) would have created a 'mark-to-market' system for taxing gains or losses in the value of stock, dividends and other tradable assets each year. This proposed Billionaire Income Tax would have applied to individuals with at least USD 1 billion in assets or USD 100 million annual income in three consecutive taxable years (United States Senate Committee on Finance, 2021). Another bill introduced by Rep. Steve Cohen (D-TN) in 2023 – the Billionaire Minimum Income Tax Act – would have imposed a 25% minimum tax on ordinary income, plus realised and unrealised gains (United States Congress, 2023). None of these bills were enacted, and there is significant uncertainty as to whether these or similar proposals may be introduced and enacted in the future.

A key question is whether realisation is required under the US Constitution for a tax on income. A recent United States Supreme Court case, *Moore v. United States*, provided an opportunity for the Court to potentially answer this question; however, it did not, and the issue remains unanswered by the Court.

In this case, the constitutionality of the Section 965 transition tax (so-called Mandatory Repatriation Tax) under the Tax Cuts and Jobs Act was upheld by the Court. The majority opinion states that there was a realisation event, and its holding is narrow and limited to pass-through entities. The opinion does not address or resolve whether realisation is a constitutional requirement for an income tax, or whether other kinds of taxes (including those on holdings, wealth, net worth, or appreciation) may raise constitutional issues (PwC, 2024).

Conclusion

A review of country practices and proposals shows that, as of today, no EU Member State applies a broad, recurrent tax on unrealised capital gains as defined in the introduction to this section, that is, an annual tax on the appreciation of asset values regardless of realisation. Instead, Member States typically rely on realisation-based capital gains taxation, with some targeted exceptions.

Where taxes on unrealised gains do exist, they are generally limited in scope and application. For example, some countries tax annual accruals within investment funds such as distribution-equivalent income or mark-to-market rules, tax growth within pension schemes via intermediaries, or apply exit-type levies on deemed gains at departure, subject to residency conditions, thresholds, and standard capital gains rates. These measures are not equivalent to a comprehensive, recurrent unrealised capital gains tax.

Several proposals for taxing unrealised gains, such as annual capital-growth systems for savings and investments, additional levies on large retirement balances, or minimum taxes that combine realised and unrealised gains, have been discussed in recent years. However, these proposals remain unimplemented or have been suspended, reflecting significant political, administrative, and technical challenges.

In summary, while the taxation of unrealised capital gains is a topic of growing debate, no EU Member State currently levies a broad, recurrent tax on unrealised capital gains. Existing practice is limited to targeted anti-deferral measures, exit taxes, or proposals that have not yet been enacted.

2.3. Other recurrent capital taxes targeting HNWIs

This section examines recurrent capital taxes that apply to ongoing asset ownership, excluding taxes on unrealised gains, with a focus on measures aimed at high-net-

worth individuals and financial assets. These include levies on securities accounts, stamp duties on the value of financial assets held with intermediaries, notional return regimes on savings and investments, domicile-based charges, and property-based surcharges with high thresholds. They are typically designed with explicit exemptions or thresholds to confine the burden to substantial holdings, and rely on assets that can be valued and reported through financial institutions or administrative registers.

This section of the study differs from Section 2.2, which addresses taxes that bring accrued returns or value increases into taxation before a sale or distribution (for example, mark-to-market, deemed disposal, fund imputation, or exit taxes). By contrast, the measures discussed below are *recurrent holding taxes* or notional income charges that do not hinge on whether gains are realised or unrealised; they tax the stock of wealth for its return, often with design features tailored to target higher-wealth taxpayers. The policy motivations overlap in terms of fairness and redistribution, but the legal bases, timing, and administrative mechanisms are distinct. For this section, some countries have been highlighted to deepen understanding of these taxes.

Austria

In Austria, there is distribution-equivalent income. This refers to income that an investor earns from investment funds without it being distributed to the investor. This income is retained, meaning that it remains in the fund's assets and is reinvested. Such income is still taxed annually in Austria, even if the investor does not receive the money directly. The basic idea is that investors should be treated equally for tax purposes, regardless of whether the income is distributed or left in the fund (Austrian Federal Ministry of Finance, 2025). Typically, distribution-equivalent income includes interest, dividends and other income that the fund has generated. In practice, the fund provides the amount of distribution-equivalent income in a tax report or income statement, which can then be used for the tax return. Austria also applies a recurrent municipal real estate tax (Grundsteuer) on the value of land and buildings, with rates set by municipalities and typically ranging from 0.1% to 0.2% of the assessed value.

Denmark

Property owners in Denmark are liable to pay two types of property tax: property value tax and land tax. Property value taxes are calculated as a percentage (tax rate) of the most recent public property assessment. However, before the taxes are calculated, a 20% deduction is granted. A so-called 'precautionary principle' has been adopted, which considers the uncertainty that will always be presented when a property is assessed. The land tax is paid through the preliminary income assessment and tax assessment notice. This means that land tax in Denmark is paid as part of the taxpayer's regular income tax process, through estimated payments during the year and a final tax notice.

Property owners are obliged to pay property value tax. Annual property value tax amounts to 0.51% of the value of a property up to DKK 9 200 000 and 1.4% of the value exceeding DKK 9 200 000. Property value tax is charged on both Danish properties and properties located in other countries. Properties that are rented out are not subject to property value tax, regardless of location. Instead, the net profit from the rental business is taxable (Danish Tax Agency, n.d.).

Germany

Germany taxes unrealised capital gains on domestic and foreign accumulating investment funds that make no, or only small, distributions. The capital gains tax rate in Germany is a flat 25% income tax, plus the solidarity surcharge (5.5% of the income tax) and, where applicable, church tax (8% or 9% of the income tax) (GermanPedia, 2025). However, the idea of extending taxation to unrealised gains has faced opposition due to its complexity and potential to distort investment decisions. The policy has been criticised for its administrative burdens and the difficulty in valuing assets accurately. As a result, Germany has not implemented a broad tax on unrealised gains, focusing instead on realised gains from the sale of assets (WTS Global, 2022). Germany also levies an annual property tax (Grundsteuer) on land and buildings, with municipal rates generally between 0.26% and 1% of the assessed value, but does not apply any recurrent tax on the value of intellectual property.

Ireland

An individual, regardless of tax residence, is subject to the domicile levy in Ireland if all the following conditions are met in the year of assessment (Revenue Commissioners, n.d.):

- (a) is domiciled in Ireland in the year of assessment;
- (b) has worldwide income in excess of EUR 1 million;
- (c) owns Irish property on 31 December in the tax year where the market value of that property is in excess of EUR 5 million;
- (d) has an Irish income tax liability of less than EUR 200 000.

The amount of the levy is EUR 200 000 and is payable annually on a self-assessment basis each year on or before 31 October in the year following the valuation date (i.e. 31 December in the tax year). Income tax paid on or before the domicile levy for that year is paid, can be used as a credit to reduce the amount of levy payable.

The domicile levy differentiates itself from being a tax as the amount of the levy is not calculated by reference to the taxpayer's income, profits, gains, property or capital,

which are key components in assessing a taxpayer's liability to income tax or other taxes. Instead, it is a fixed levy which is charged on a taxpayer who meets the qualifying criteria.

In addition, under Ireland's taxation regimes for domestic and offshore funds, individuals with investments in certain domestic and offshore funds are deemed to dispose of and immediately reacquire their interest every eight years from the date of acquisition until final disposal (Revenue Commissioners, n.d.).

Lithuania

Lithuania does not impose capital gains tax on unrealised capital gains. Tax becomes due when a taxable transaction occurs.

However, the Law on personal income tax of the Republic of Lithuania applies the concept of positive income, which in certain scenarios must be included in the individual's annual income and taxed accordingly (Ministry of Finance of the Republic of Lithuania, n.d.).

Positive income is the income or part of the income of a foreign entity controlled by a tax resident of Lithuania, which is included in the resident's taxable income for a certain period. On the last day of the controlled foreign entity's taxable period, positive income is included in the tax resident's income in proportion to the resident's shares (parts, contributions), voting rights, rights to a portion of the controlled foreign entity's distributed profit, or exclusive rights to acquire any of these. A controlled foreign taxable entity is a foreign entity in which a tax resident of Lithuania, alone or together with related persons, directly or indirectly owns more than 50% of the shares (parts, contributions), voting rights, or rights to a portion of the distributable profit, or exclusive rights to acquire them, on the last day of that entity's taxable period (Republic of Lithuania, 2018).

Positive income is taxed only if:

- (a) the controlled entity is registered or otherwise organised in a blacklisted territory;
or
- (b) the passive income of the controlled entity exceeds one third of all the income of that entity for the taxable period; and
- (c) the actual profit tax of the controlled entity, calculated from the income of that entity according to the profit tax or equivalent tax rules applicable in that foreign country, is less than 50% of the actual profit tax that would be calculated from the income of this controlled entity.

Positive income is not taxed if the controlled entity meets conditions b) and c) above and conducts genuine economic activity in a foreign country, i.e. has employees and uses assets in the country where it is registered or otherwise organised. This

exception does not apply if the entity is registered or otherwise organised in a blacklisted territory. Only the passive income of the controlled foreign entity is included in positive income.

The following are considered passive income:

- interest and other income from financial assets;
- royalties and any other income from intellectual property;
- income from distributable profit (including dividends received from other entities and dividends allocated but not paid to a tax resident of Lithuania) and income from the transfer of shares (parts, contributions), voting rights, or rights to a portion of the distributable profit or exclusive rights to acquire them;
- income from insurance and financial service activities;
- income of entities that purchase goods or services from related persons and sell them to related persons without creating added economic value, or creating only minimal added economic value.

Lithuania applies an annual real estate tax (RET) on immovable property owned by individuals. The tax applies to the value of property exceeding EUR 150,000, with progressive rates: 0.5% on the portion above EUR 150,000, 1% above EUR 300,000, and 2% above EUR 500,000. For property used for commercial purposes, municipal councils may set rates between 0.5% and 3%. Families with three or more children benefit from higher value thresholds (PwC, 2025).

Italy

For financial assets held in Italy, a stamp duty of 0.2% on their value is due and is usually applied directly and periodically by the financial institutions where the investments are held. In addition, Italy levies a Financial Transaction Tax on transfers of shares in Italian companies (generally 0.2% of the transaction value, halved if executed on regulated markets), with specific rules applying to equity-derivatives and high-frequency trading (HFT) (Agenzia delle Entrate, 2024).

In addition, Italian tax law provides for a municipal tax on real estate (buildings and land) owned in Italy (IMU), payable by both Italian and non-Italian residents. The main residence (abitazione principale) is generally exempt, except for properties classified as luxury dwellings. (Advani et al., 2021).

The IMU tax base is determined by a re-evaluation of the cadastral value of the real estate that is then multiplied by a coefficient that depends on the property's urban classification. The tax rate for the IMU is set by the municipality and may be up to 1.06% (1.14% under certain circumstances). For assets held abroad by Italian tax residents, analogous wealth taxes apply: IVIE on foreign real estate at 1.06% (from

FY 2024) and IVAFE on foreign financial assets at 0.2%—0.4% in preferential-tax jurisdiction.

Netherlands

Tax is payable on assets such as savings, second homes, and investments (excluding shareholdings of 5% or more). In the Netherlands, taxable income from savings and investments (Box 3) uses a notional return system applied to the savings and investment base. The taxable base for savings and investments is the value of assets minus liabilities minus the tax-free allowance. The reference date for the taxable base is 1 January of the calendar year for which the income tax return is filed.

The return derived from savings and investment is determined on a notional rather than actual basis. The calculation of the taxable income from savings and investments under the notional return system aligns with the distribution of three categories of assets:

- savings on the reference date of 1 January
- all other assets on 1 January
- debts on 1 January

Subsequently, notional percentages of the different returns are determined for each year. For 2025, this is 1.44% on savings, 5.88% on other assets, and 2.61% on debts. The taxable return on debts is then deducted from the calculated return on savings and other assets. The notional percentages on savings and debts are corrected on a retroactive basis by year-end.

The tax rate on taxable income from savings and investments is 36% (rate for 2025). The tax-free allowance is EUR 57 684 (Belastingdienst, 2025).

However, on 6 June 2024, the Dutch Supreme Court ruled that in no case may tax on taxable income from savings and investments be levied on more than the actual return. According to the Dutch Supreme Court, the scheme falls short in this respect. If a taxpayer's actual return is lower than the notional return determined according to the bridging scheme, the tax authorities must grant a refund.

Portugal

Besides the Annual Property Tax (IMI, due on an annual basis on the property's tax registration value), an Addition to the Annual Property Tax (AIMI) may be due if the taxpayer owns immovable properties located in Portugal with a significant aggregate of tax registration values. AIMI applies to urban buildings with residential purposes and land for construction located in Portugal. The taxable value (i.e. the value on which the tax is levied) is the sum of the tax registration value (commonly VPT) of the

residential urban buildings and the land for construction owned on 1 January of the year to which this tax refers. In the case of individuals and undivided estates, the amount of EUR 600 000 is then deducted from the taxable amount. The deduction amount is EUR 1 200 000 for married or unmarried partners or individuals in a civil partnership who opt for joint taxation. Corporate entities do not qualify for any deduction. The tax rates range from 0.7% to 1.5% depending on the overall value of the real estate and the nature of the taxpayer (corporate or individual) (Idealista, 2019).

Romania

In Romania, the taxation of existing capital gains generally occurs on transfer, that is, when shares or other assets are transferred. This includes transactions such as sale, donation (gift), exchange, and inheritance. The capital gain is typically calculated as the difference between the acquisition cost and the value at the time of transfer, regardless of whether the transfer is for consideration or not. Further information on inheritance and gift taxes in Romania can be found in Section 4.3.

From 2024, residential properties located in Romania whose taxable value exceeds RON 2.5 million and vehicles registered in Romania whose purchase price exceeds RON 375 000 are subject to an annual tax of 0.3%. The tax applies to amounts that exceed RON 2.5 million in the case of residential properties, and RON 375 000 in the case of vehicles (PwC, 2025). While the tax on residential properties is due annually, the tax on vehicles is payable for 5 years from the vehicle purchase date.

Conclusion

Across jurisdictions, recurrent capital taxes targeting high-net-worth individuals (HNWIs) and financial assets are implemented through a variety of mechanisms, including levies on securities accounts, stamp duties, notional return regimes, domicile-based charges, and property-based surcharges. These taxes are typically structured to apply only to substantial holdings, using explicit exemptions or high thresholds to focus the burden on wealthier taxpayers. Asset valuation is generally based on values reported by financial intermediaries or administrative registers, which supports administrative feasibility and compliance. Notional return systems, such as those in the Netherlands, illustrate the use of administratively set rates of return by asset category, though recent legal developments have underscored the need for tax assessments not to exceed actual returns. The collection of these taxes is often facilitated through intermediaries or integrated into the income tax assessment process, with annual reference dates for asset valuation and liability determination. While the policy motivations for these measures are rooted in fairness and redistribution, aiming to ensure that HNWIs contribute proportionally to public finances, their design also reflects a preference for administrative efficiency and targeted scope. There is significant heterogeneity in the structure, rates, and exemptions of these taxes across EU Member States, but a common trend is the use

of thresholds and exemptions to concentrate liabilities on higher-wealth individuals. Overall, the practice in this area demonstrates a balance between the goals of equity, administrative practicality, and the need to minimise compliance burdens, while ensuring that recurrent capital taxes remain focused on those with the greatest capacity to pay.

2.4. References

Advani, A., & Summers, A. (2020). Capital Gains and UK Inequality: New evidence from tax microdata. *CAGE Policy Briefing*, (19).

Advani, A., Hughson, H., & Summers, A. (2021). Italy: Wealth taxes in practice (Wealth and Policy Working Paper No. 136). Wealth Tax Commission. https://www.wealthandpolicy.com/wp/BP136_Countries_Italy.pdf

Agenzia delle Entrate. (2024, February 7). *Imposta sulle transazioni finanziarie – Che cos'è*.

<https://www.agenziaentrate.gov.it/portale/Schede/Pagamenti/Imposta+sulle+transazioni+finanziarie/InfoGen+Imposta+transazioni+finanziarie/>

Alstadsæter, A., Jacob, M., Kopczuk, W., & Telle, K. (2016). Accounting for business income in measuring top income shares: Integrated accrual approach using individual and firm data from Norway (No. w22888). National Bureau of Economic Research.

Altrata. (2025, September 30). *World Ultra Wealth Report 2025*. Altrata. <https://altrata.com/reports/world-ultra-wealth-report-2025>

Austrian Federal Ministry of Finance. (2025). Capital gains or income from realised value increases. <https://www.bmf.gv.at/en/topics/taxation/Income-Taxation-on-savings-and-investments/Capital-gains-or-income-from-realised-value-increases.html>

Baer, K., De Mooij, R., Hebous, S., & Keen, M. (2023). Taxing cryptocurrencies. *Oxford Review of Economic Policy*, 39(3), 478–497. <https://doi.org/10.1093/oxrep/grad035>

Balloch, C., & Richers, J. (2023). *Asset Allocation and Returns in the Portfolios of the Wealthy*. LSE Financial Markets Group.

Belastingdienst. (2025). Calculation of income in Box 3. <https://www.belastingdienst.nl/wps/wcm/connect/en/income-in-box-3/content/calculation-income-box-3>

Brauer, E. D., & Schneider, M. A. (2022, April 1). *A resurgence of the accumulated earnings tax?* The Tax Adviser.

<https://www.thetaxadviser.com/issues/2022/apr/resurgence-of-accumulated-earnings-tax/>

Dai, Z., Maydew, E., Shackelford, D. A., & Zhang, H. H. (2008). Capital gains taxes and asset prices: Capitalization or lock-in? *Journal of Finance*, 63(2), 709–742.

Danish Tax Agency. (n.d.). Buying and selling shares and securities. <https://skat.dk/en-us/individuals/shares-and-securities/buying-and-selling-shares-and-securities>

Danish Tax Agency. (n.d.). Introduction to property in Denmark. <https://skat.dk/en-us/individuals/property/introduction-to-property-in-denmark>

de Leeuw, J. (2025, June 6). Dutch tax on passive income and capital gains from 2028. Duijn's Tax Solutions. <https://www.duijntax.com/en/2025/06/06/dutch-tax-on-passive-income-and-capital-gains-from-2028/>

de O. Cavalcanti, R., & Erosa, A. (2007). A theory of capital gains taxation and business turnover. *Economic Theory*, 32(3), 477–496.

Department of Finance Canada. (2025, January). Government of Canada announces deferral in implementation of change to capital gains inclusion rate. Government of Canada. <https://www.canada.ca/en/department-finance/news/2025/01/government-of-canada-announces-deferral-in-implementation-of-change-to-capital-gains-inclusion-rate.html>

Dowd, T., McClelland, R., & Muthitacharoen, A. (2015). New evidence on the tax elasticity of capital gains. *National Tax Journal*, 68(3), 511–544.

Fagereng, A., Guiso, L., Malacrino, D., & Pistaferri, L. (2020). Heterogeneity and persistence in returns to wealth. *Econometrica*, 88(1), 115–170.

Fagereng, A., Holm, M. B., Moll, B., & Natvik, G. (2019). Saving behavior across the wealth distribution: The importance of capital gains (No. w26588). National Bureau of Economic Research.

Federal Public Service Finance. (n.d.). Précompte immobilier et taxe sur les comptes-titres. Government of Belgium. <https://financien.belgium.be>

Federal Reserve. (2024). Distributional financial accounts. <https://www.federalreserve.gov/releases/z1/dataviz/dfa/distribute/chart/#quarter:137;series:Net%20worth;demographic:age;population:1,3,5,7;units:shares>

Finér, L., & Pankka, N. M. (2025). Tackling tax avoidance: Reforming capital income taxation in the EU.

Gentry, W. M. (2016). Capital gains taxation and entrepreneurship. *Tax Law Review*, 69, 321.

GermanPedia. (2025, April 5). Capital gains tax in Germany [Ultimate 2025 English guide]. <https://germanpedia.com/capital-gains-tax-germany/>

Gravelle, J. (2022). Capital Gains Taxes: An Overview of the Issues. Congressional Research Service. <https://crsreports.congress.gov/product/pdf/R/R47113>

Hebous, M. S., Klemm, M. A. D., Michielse, G., & Buitron, M. C. O. (2024). How to tax wealth. International Monetary Fund.

Hourani, D., & Perret, S. (2025). Taxing capital gains: Country experiences and challenges (No. 72). OECD Publishing.

Idealista. (2019, March 26). Everything you need to know about the AIMI tax in Portugal. <https://www.idealista.pt/en/news/financial-advice-portugal/2019/03/26/313-everything-you-need-know-about-aimi-tax-portugal>

IMF, OECD, UN, & WBG. (2020). The taxation of offshore indirect transfers—A toolkit. Platform for Collaboration on Tax.

Internal Revenue Service. (2022). Statistics of income—2020 individual income tax returns (Publication 1304, Rev. 11-2022). Washington, DC.

Italia. (2024, December 30). Legge 30 dicembre 2024, n. 207: Bilancio di previsione dello Stato per l'anno finanziario 2025 e bilancio pluriennale per il triennio 2025–2027 [Law no. 207 of December 30, 2024: State budget for the 2025 financial year and multiannual budget for the 2025–2027 period]. Normattiva. <https://www.normattiva.it/eli/stato/LEGGE/2024/12/30/207/ORIGINAL>

Jakobsen, K., Jakobsen, K., Kleven, H., & Zucman, G. (2018). Wealth taxation and wealth accumulation: Theory and evidence from Denmark (NBER Working Paper No. 24371). National Bureau of Economic Research. <https://doi.org/10.3386/w24371>

Jin, L. (2006). Capital gains tax overhang and price pressure. *The Journal of Finance*, 61(3), 1399–1431.

Joint Committee on Taxation. (2023). Present law and background on the income taxation of high income and high wealth taxpayers. <https://www.jct.gov/publications/2023/jcx-51-23/>

Joulfaian, D. (2014). Household debt and capital gains taxation. https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2500993

Kagan, J. (2025, September 16). *Accumulated earnings tax: Definition and exemptions*. Investopedia. <https://www.investopedia.com/terms/a/accumulatedearningstax.asp>

Kromann Reumert. (2024, May). *Nordic Tax Views: Carried interest*.
https://kromannreumert.com/files/media/document/Nordic%20Tax%20Views%20-%20Carried%20interest_0.pdf

Le Maire, D., & Schjerning, B. (2013). Tax bunching, income shifting and self-employment. *Journal of Public Economics*, 107, 1–18.

McCaffery, E. J. (2020). The death of the income tax (or, the rise of America's universal wage tax). *Indiana Law Journal*, 95, 1233.

Miller, D. S. (2017). A Comprehensive Mark-to-Market Tax for the 0.1% Wealthiest and Highest-Earning Taxpayers. In *Proceedings. Annual Conference on Taxation and Minutes of the Annual Meeting of the National Tax Association* (Vol. 110, pp. 1-31). National Tax Association.

Miller, H., Pope, T., & Smith, K. (2019). Intertemporal income shifting and the taxation of owner-managed businesses (No. W19/25). IFS Working Papers.

Ministerie van Financiën. (2022). *Onderzoek betalingsproblemen box 3*.
<https://open.overheid.nl/documenten/ronl-28d67d8af58a3091a636066c3bf5f78bb6c0f4d6/pdf>.

Ministry of Finance of the Republic of Lithuania. (n.d.). Corporate Income Tax. Retrieved from <https://finmin.lrv.lt/en/competence-areas/taxation/main-taxes/corporate-income-tax-1/>

OECD. (2022). *Housing taxation in OECD countries* (OECD Tax Policy Studies, No. 29). OECD Publishing. <https://doi.org/10.1787/03dfe007-en>

OECD. (2021). *Inheritance Taxation in OECD Countries*. OECD.
<https://doi.org/10.1787/e2879a7d-en>

Parliament of Australia. (2024). Coalition senators' dissenting report. https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Economics/TLABBetterSuper2024/Report/Coalition_Senators_Dissenting_Report

PwC Belgium. (2025, July 8). New draft bill with respect to the taxation of capital gains realised upon the disposal of financial assets. PwC News. <https://news.pwc.be/new-draft-bill-with-respect-to-the-taxation-of-capital-gains-realised-upon-the-disposal-of-financial-assets/>

PwC. (2024, June). SC upholds constitutionality of mandatory repatriation Moore. <https://www.pwc.com/us/en/services/tax/library/sc-upholds-constitutionality-of-mandatory-repatriation-moore.html>

PwC. (2025). Canada – individual – income determination. <https://taxsummaries.pwc.com/canada/individual/income-determination>

PwC. (2025). Denmark – individual – other taxes. <https://taxsummaries.pwc.com/denmark/individual/other-taxes>

PwC. (2025). Romania – individual – other taxes. <https://taxsummaries.pwc.com/romania/individual/other-taxes>

PwC. (2025). Sweden – individual – income determination. <https://taxsummaries.pwc.com/sweden/individual/income-determination>

Republic of Lithuania. (2018, June 28). Law on Corporate Income Tax. Retrieved from <https://e-seimas.lrs.lt/portal/legalActPrint/lt?documentId=1375cd60a50f11e8aa33fe8f0fea665f&category=TAD>

Revenue Commissioners. (n.d.). Offshore funds: Taxation of income and gains from EU, EEA and OECD member states. <https://www.revenue.ie/en/tax-professionals/tdm/income-tax-capital-gains-tax-corporation-tax/part-27/27-04-01.pdf>

Revenue Commissioners. (n.d.). What is domicile and the domicile levy? <https://www.revenue.ie/en/jobs-and-pensions/tax-residence/domicile-domicile-levy.aspx>

RSM Australia. (29 July 2025). Division 296 explained: What the proposed \$3 million super tax means for you. <https://www.rsm.global/australia/insights/division-296-explained-what-proposed-3-million-super-tax-means-you>

Saez, E., Yagan, D., & Zucman, G. (2021). *Capital gains withholding*. University of California Berkeley.

Sahar. (2015, March 2). *Norway tax authorities chase carried interest payments by private equity firms*. Customs Today. <https://customstoday.media/norway-tax-authorities-chase-carried-interest-payments-by-private-equity-firms/>

Simons, H. C. (1938). *Personal Income Taxation*. University of Chicago Press.

Syntaxe Avocats. (2025). The French exit tax in a nutshell. <https://syntaxe.com/en/the-french-exit-tax-in-a-nutshell/>

Tapper, A., & Fenna, A. (2019). The relationship between income, wealth and age in Australia. *Australian Economic Review*, 52(4), 393–405.

Toder, E., & Viard, A. D. (2016). *A proposal to reform the taxation of corporate income*. Washington, DC: Tax Policy Center.

Treasury. (2023). Tax expenditures and insights statement February 2023. <https://treasury.gov.au/sites/default/files/2023-02/p2023-370286-teis.pdf>

U.S. Government Publishing Office. (2023). *26 U.S. Code § 531 - Imposition of accumulated earnings tax*. United States Code.

<https://www.govinfo.gov/content/pkg/USCODE-2023-title26/pdf/USCODE-2023-title26-subtitleA-chap1-subchapG-partI-sec531.pdf>

United States Congress. (2023, November 29). H.R. 6498 — Billionaire Minimum Income Tax Act. Congress.gov. <https://www.congress.gov/bill/118th-congress/house-bill/6498>

United States Senate Committee on Finance. (2021, October 27). Wyden unveils billionaires income tax. <https://www.finance.senate.gov/chairmans-news/wyden-unveils-billionaires-income-tax>

WTS Global. (2022). Germany: Taxation of investment funds under the Investment Tax Reform Act. <https://wts.com/global/publishing-article/2022-germany-investment-tax-reform>

Wyden, R., & Senate Finance Committee. (2019). *Treat wealth like wages*. Senate Finance Committee Democrats.

Zawisza, T., Perret, S., O'Reilly, P., & Ramm, A. (2024). Tax arbitrage through closely held businesses: Implications for OECD tax systems.

Zimmer, F. (2024). Taxing dividends in the Nordics: Norway, an oddity? *Nordic Tax Journal*, 2024(S1), 95–112. <https://doi.org/10.2478/ntaxj-2024-0003>

3. Capital taxes (non-recurrent)

The taxation of capital gains, the increase in nominal value of an asset over time, is widespread in the EU as well as in other industrialised countries. In most tax systems, capital gains are only taxed upon realisation, that is, when the appreciated asset is ultimately sold, although taxes on unrealised capital gains and on accrual basis exist (see Chapter 2). Realised capital gains can be taxed within personal income tax schedules, although in many countries they are taxed separately, either at a flat or progressive rate. Numerous further differentiations in the tax regimes exist, e.g. with respect to the treatment of specific assets, such as housing, holding periods or allowances, which are discussed in Hourani & Perret (2025) for OECD countries and in Section 3.2 for EU countries.

Cross-country data on revenue from the taxation of capital gains from the sale of assets is rather incomplete. Potential reasons for this could include tax administrations in certain countries being unable to distinguish taxes paid on capital gains from taxes paid on other capital income or even labour income, since they are collected under the same tax regime. OECD data for several EU member states suggests that revenue from taxes on private capital gains constitute a rather small share of both GDP and total revenue (see Table 8).

Table 8 – Revenue from taxes on private capital gains, data for 2022

Country	In % of GDP	In % of total government revenue
Denmark	0.01	0.03
Greece	0.06	0.14
Ireland	0.34	1.66
Lithuania	0.00	0.00
Netherlands	0.02	0.06
Slovenia	0.01	0.03
Sweden	1.58	3.73

Source: OECD Data Explorer

Despite its limited importance from a government revenue perspective, capital gains taxes have been publicly debated for a long time as a potential part of comprehensive taxation of wealthy individuals and households, and have recently gained more attention. For example, Slemrod and Chen (2023) argue that capital gains taxation might be crucial for achieving tax progressivity and taxing rich

individuals more effectively. One reason for this is that capital gains are concentrated at the top of the income distribution in many industrialised countries as documented in many recent studies (Princen et al. 2020, Hourani et al. 2023; Hourani & Perret 2025). In addition, capital gains are typically taxed at a lower effective rate than labour income. While the theoretical foundation for a low taxation of capital income in general and capital gains specifically is discussed in this chapter, questions may also be raised regarding tax fairness and equity when effective income tax rates are lower than for regular income households and individuals. Furthermore, because of the lower taxation of capital gains, there are incentives to convert income from other sources, for example by retaining earnings in closely held businesses, that again could undermine the effective taxation of wealthy individuals (Zawisza et al. 2024).

These arguments illustrate why it is worthwhile investigating the economic effects of capital gains taxation in this study. The OECD (2018) has argued in this context that a well-designed capital income taxation, including capital gains taxation and inheritance taxation (see Chapter 4), is a more efficient and less costly way to address wealth inequality than a net wealth tax. Also, Hebous et al. (2024) emphasise that, in contrast to wealth taxes, taxes on capital income effectively target returns that exceed the normal rate of return.

However, there could also be negative effects of higher capital gains taxes that are often related to their impact on investment. Regular arguments in favour of the preferential tax treatment of capital gains have been discussed on many occasions, and most recently by Hourani and Perret (2025). One main argument is that capital gains taxes could negatively impact savings and investment, as they lower net returns on the capital of investors, be it individuals or firms. Second, taxation upon realisation can make it beneficial to defer the sale of assets, since delayed tax payments can be interpreted as interest-free loans from the government. Another argument for capital gains tax reliefs is that taxing capital gains could be seen as double taxation of corporate profits. Next, capital is more mobile than labour, which makes it prone to tax planning, for example through relocating capital to other countries where capital gains are taxed at a lower rate. While this can be partially addressed by an exit tax (see Chapter 5) on the accrued capital gains, future capital gains or dividends in the new jurisdiction cannot be captured by an exit tax.

In the EU context, the latter is of specific interest due to the free movement of capital between member states guaranteed by Article 63 TFEU. It is therefore crucial to understand how these types of taxation may impact cross-border capital flows between Member States. In addition, there have been global efforts to tackle tax evasion and avoidance in recent years, with the establishment of automatic exchange of information (AEOI) through agreements such as the Common Reporting Standard (CRS). As capital gains arise from financial assets that are often held in offshore tax havens, these agreements have direct implications in potential revenue increases from the repatriation of financial wealth.

This chapter analyses the above assumptions about the economic effects of capital gains taxation by investigating academic literature on i.) incentivising investment, and ii.) on capital flight and capital outflow in general. An institutional overview is then presented of capital gains taxation in the EU to explore heterogeneities in the tax design across member states.

3.1. Literature Review

This section reviews the economic literature on the effects of capital gains taxes on investment and capital outflows. First, it discusses theoretical evidence on the economic effects of capital income taxation in general and of capital gains taxation in particular. The section then investigates whether the implications from theory are confirmed by empirical studies on capital gains taxation.

3.1.1. Theory

Optimal capital income taxation

The literature on optimal tax theory is vast and has contributed to a thorough understanding of the economic effects of different taxes. Optimal capital income taxation as a subarea is of particular interest when analysing the impact of capital gains taxation. Realised capital gains from the sale of assets are typically part of individuals' and firms' capital income in typical definitions, while unrealised gains are mostly not considered as income. Traditionally, there have been several studies that have shown that the optimal tax on capital income should be zero. While Atkinson and Stiglitz (1976) already showed that with homogeneous preferences capital income taxation distorts savings and is equivalent to a tax on future consumption, the analysis of Judd (1985) and Chamley (1986) is central for the zero-tax result. Judd (1985) examines capital tax incidence in a model with workers and capital owners, where agents have perfect foresight and capital is accumulated by utility maximisation of capital owners. He shows that if capital owners and workers have the same time preferences, taxes on capital income are undesirable for both agents in a steady state. Intuitively, workers are also against capital income taxation in the long run because taxes on capital increase the cost of capital, which leads to a lower level of investment, thus lower returns on capital and finally lower wages which are not compensated by the redistribution of the tax revenues to the workers. An important additional assumption in the model is that workers and capital owners live infinitely, an assumption that is also used by Chamley (1986) to show that the optimal tax rate on capital income is zero.

However, the result of this literature, that capital income should not be taxed, has been challenged in recent years. Among other things, this was motivated by the fact that although tax on capital income has been decreasing since the end of World War

It in many industrialised countries, it has not reached zero in most cases (Piketty & Saez, 2012). In addition, assumptions in the older studies have been restrictive and even challenged by the authors themselves by modelling capital market imperfections (Chamley, 2001) or allowing for human capital investment (Judd, 1999). Furthermore, Straub and Werning (2020) show that even when staying in the Chamley-Judd setting, the optimal capital income tax is not zero if the intertemporal substitution elasticity is below 1. Saez and Stantcheva (2018) provide a comprehensive overview of different model settings on optimal capital income taxes and show that under most specifications the zero-tax result does not hold. They emphasise the importance of a comprehensive income taxation, with labour and capital income being subject to the same tax schedule to avoid income shifting between both income bases, and derive a (sufficient statistic) formula for this tax. Further evidence for a positive capital income tax is provided by Piketty and Saez (2012), who conclude that besides inheritance taxation being optimal in efficiency and equity terms, a positive tax rate on capital income is an important component of capital taxation.

Capital gains taxation

Apart from theoretical considerations of capital income in general, there is also rich theoretical literature on capital gains taxation specifically. Auerbach (1989) describes various distortions that arise with capital gains taxation. A central distortion discussed is the 'lock-in' effect. As capital gains in practice are only taxed upon realisation, there is an incentive for the capital owner to defer the realisation to avoid paying tax and accept possibly lower gross returns than other investments might offer. This can lead to inefficient aggregate investment allocation across the economy. To prevent investment from becoming locked-in, Auerbach (1991) suggests charging interest on past gains when capital gains are realised, which can be interpreted as some form of taxation of unrealised capital gains (see Chapter 2). However, Aguiar et al. (2024) argue against the optimality of accrual-based taxation. They show that when asset prices fluctuate due to factors beyond cash flow changes, the optimal redistributive tax schedule must target realised capital gains arguing that asset-price increases redistribute wealth toward asset sellers and away from asset purchasers.

Besides the conceptual view of Auerbach (1989, 1991) on the lock-in effect and its impact on investment, more formalised theoretical studies confirm the intuition of a negative effect of capital gains taxation on (aggregate) investment. Anagnostopoulos et al. (2012) investigate the effect of capital gains and dividend tax cuts on investment, showing that the former increases and the latter decreases aggregate investment. The intuition behind the result is that capital gains tax cuts directly affect the cost of capital of an investment in contrast to dividend tax cuts. An important limitation of the model used is that capital gains are modelled as being taxed on an accrual basis and not on the basis of realisation. Weisbach (2017) also investigates both capital gains and dividend taxes' effects on investment at the firm level. He shows that in a setting where corporate investment stems from firms' retained

earnings, a capital gains tax influences investment negatively, while dividend taxation has no effect. In a study by Bösenberg et al. (2018) all kinds of capital taxation, including dividend and capital gains taxation, are investigated in a macro model. The model predicts that capital tax reductions lead to positive effects on the growth of the capital stock. However, the effects differ in strength, with corporate taxes having the highest relative effect, followed by dividend and capital gains tax rates.

With respect to household savings, Princen et. al (2020) argue that lower capital gains taxation can cause both a substitution effect with households increasing savings in exchange for consumption, as well as an income effect with households increasing consumption due to higher post-tax returns. Following Burman (1999) they state that the substitution effect might be dominant for high-income households, while for low-income households the income effect might prevail. Potential beneficial effects of capital gains taxation on investment are discussed by He et al. (2022). They argue that higher capital gains taxes on short-term investment can counteract myopic behaviour by managers who focus on the short-time success of business investments and encourage long-term and innovative investments.

Besides the theoretical effects of capital gains taxes on investment in general, it is worthwhile discussing evidence on the effects on financial investment in start-ups via venture capital. Capital gains taxation is typically the tax that venture capital investors are faced with when they sell their appreciated stocks or shares from a firm in which they invested at an early stage. Therefore, capital gains taxation may affect their investment behaviour and venture capital supply in general as Poterba (1989a) argues in an early study. Keuschnigg and Nielsen (2004) provide a more formalised approach for analysing the effects of capital gains taxation on venture capital and start-up financing. They find that a capital gains tax is particularly harmful in their baseline setting where there is inefficiently low venture capital financing in a market equilibrium with entrepreneurs and venture capital firms as agents. A central intuition in their model is that (uniform) taxes on capital gains reduce overall welfare by increasing the prices of innovative goods, which is not compensated by the redistribution of tax revenue to households.

With respect to the effects of capital gains taxation on cross-border capital outflows, there is little theoretical reasoning arising from the literature. One argument frequently put forward for why capital income taxation in general can lead to capital outflows is that capital is increasingly more mobile than labour, thus making it easier to avoid the respective taxation. Razin and Sadka (1995) argue in a similar way and explore the general effect of capital income taxation in the light of capital flight in small open economies. They show that no efficient capital income tax can be installed if capital cannot be effectively prevented from flowing to foreign economies. This stresses the difficulty of taxing capital income efficiently with the high mobility of capital income and possible cross-border shifting opportunities.

In summary, the theoretical literature offers some mechanisms through which high (non-recurrent) capital gains taxes can be detrimental to different forms of

investment, in particular when compared to other forms of capital income taxation such as dividend taxes. However, with respect to capital outflows, the literature suggests that capital income taxation in general is difficult to enforce for small open economies, as numerous possibilities for tax avoidance and evasion exist when capital income is highly mobile.

3.1.2. Empirical evidence

While the review of the theoretical literature can provide some indications on the economic effects of capital gains taxes, empirical studies are essential for drawing a fuller picture of the effects on investment and capital outflows.

Investment

To address possible heterogeneity in the effects of capital gains taxes on investment, studies of financial investment are differentiated from those of real investment.

As stated above, an important channel through which capital gains taxation might have an impact on financial investment is through venture capital. Theory predicts a hampering effect of such taxes on the provision of venture capital. Older studies, such as Da Rin et al. (2006), document a negative effect of the capital gains tax rate on venture capital investments. The authors use panel data from 1988 to 2001 on private equity investment for 14 European countries and find a significant negative effect of higher corporate capital gains tax rate on the relative volume of both early-stage and high-tech investments. The authors take this as a sign that capital gains taxes might be particularly harmful to promoting innovative firms. Bock and Watzinger (2019) analyse the effect of capital gains tax rates for 32 countries in the period between 2000 and 2012 and investigate not only the financial volume but draw a more differentiated picture by looking at the number and quality of financed firms. They find that an increase in the capital gains tax rate leads to fewer first-round financed firms and to a lower probability of follow-up investment. The effect on the number of firms is substantial: a 5 percentage points decrease in the US increases the number of start-ups by 16%. However, the authors also find evidence that if firms receive venture capital in a high tax environment, they also tend to be more successful, measured by a higher probability of follow-up investment and being sold. The authors argue that in such a situation investors might act more cautiously and select only start-ups with a high potential for success. Similar results are delivered by Dimitrova and Eswar (2023) for the US for the period between 1987 and 2014: a reduction in the capital gains tax is associated with an increase in both early-stage and high-tech venture capital investments. They explicitly exploit the capital gains tax rate in the state where the venture capital firm is located and find that an increase leads to a decrease in the number of start-ups invested in as well as less effort to support the respective start-ups. The study also analyses the effects on the entrepreneurs themselves, and find that the negative effects are higher for venture

capital firms than for entrepreneurs. These results challenge early studies, like Poterba (1989b), which argue that at least for the US capital gains taxes are less important for venture capital investment in start-ups. Further evidence on the positive effects of lower capital gains taxes on start-ups is provided by Edwards and Todtenhaupt (2020), who examine the reform of a federal tax exemption for small firms of certain sectors in the US in 2010. Start-ups that qualified for the exemption received more funding, also across several funding rounds and for start-ups with better administrative capacities. The authors argue that such start-ups are more capable of fulfilling the administrative requirements for applying for the exemption.

In summary, the literature on the effects of capital gains taxes on venture capital investment documents well the negative effects on various dimensions of the provision of venture capital under high capital gains taxes. The studies focus mainly on the statutory rates and do not investigate other design elements. However, the study by Edwards and Todtenhaupt stands out by examining a targeted capital gains exemption for specific firms. Yet, as Hourani and Perret (2025) note, the fact that many venture capital investors are exempt from capital gains taxes may limit the relevance of the findings beyond the study's context.

In addition to the impact of capital gains taxes on the provision of venture capital and start-up financing, the impact on the investment behaviour of private households and individuals is another important channel. As stated above, income from capital gains is concentrated at the top of the income and wealth distribution in advanced economies. The behavioural effects of changes in capital gains taxation of such individuals are therefore of particular interest in the context of this study. Jacob (2018) analyses the transition of a progressive tax schedule to a flat tax for capital gains from the sale of stocks and shares in Sweden and finds that individuals at the very top of the income distribution are over proportionally sensitive to tax rate changes and realise capital gains after the reform. Through this channel, high-income individuals might benefit disproportionately from tax reliefs, potentially leading to higher income and wealth inequality.

Besides the dimension of financial investment, real investment in physical assets, such as machinery and equipment, is ultimately the channel through which economic growth and the expansion of potential output materialise. Some studies have investigated channels through which capital gains taxes might impact real investment, though the evidence is sparser than for venture capital investment.

Moon (2022) analyses the impact of a capital gains tax reform in South Korea in 2014 on firm-level investment measured as capital expenditures on tangible assets. The author exploits a unique institutional setting as capital gains tax rates differ depending on the firm size in South Korea. The reduction of the capital gains tax rate increased investment for the affected firm significantly with an estimated elasticity of two with respect to the net-of-tax rate ($1 - \text{capital gains tax rate}$). In the analysed setting, a decrease in the capital gains tax rate for the affected firms from 30% to 18% would translate to an increase of capital expenditures by 34%. In the paper,

further heterogeneous effects are analysed, for example, cash-constrained companies react more strongly to the tax reduction as lowering the cost of capital has higher leverage than for cash-rich firms.

A separate aspect of the effects of capital gains taxation that is investigated by He et al. (2022) concerns the difference in taxation of short-term and long-term capital gains. The authors hypothesise that ownership of firms' shares focussing on short-term gains can have a detrimental effect on innovation investment measured as successfully granted patents, since investors might withdraw from financing the firm in order to realise short-term appreciations. To test this, the authors use changes in capital gains taxes in seven OECD countries where differentiated taxation of short-term and long-term capital gains is in place. The results suggest that an increase in the difference between short-term and long-term capital gains tax rates can indeed spur innovation output. It is important to note that this result holds for both increasing the short-term capital gains tax and decreasing the long-term capital gains rate. According to the authors, this suggests that a decrease in the cost of capital is not the only reason for higher investment as suggested in earlier studies, for example, by Huizinga et al. (2018). Implicitly, this confirms a lock-in effect of (differentiated) capital gains taxation with respect to investments.

Beyond studies on the interaction between capital gains taxes and investment, several studies have investigated the effects of dividend taxes, as a different form of capital income taxation. Yagan (2015) finds no empirical evidence for a positive relationship between a large dividend tax cut in the US in 2003 and an increase in corporate investment; this finding challenges the traditional theoretical view that reductions in capital income taxation in general decrease the cost of capital and thus incentivise investment. Further evidence that lower dividend taxes do not lead to higher overall investment is provided by Alstadsæter et al. (2017) in a study on a dividend tax cut in Sweden in 2006. However, the authors document a large effect on the allocation of investment across firms. High dividend taxes seem to lock in financial assets in cash-rich firms more than in cash-constrained firms that require more expensive external financing.

The theoretical literature on the impact of capital gains taxes on investment predicts negative effects of higher taxes as it raises the cost of capital and thus disincentivises investment. While many studies confirm this result, especially for venture capital investments, there is some evidence for heterogeneous reactions. He et al. (2022), for example, stress that the reduction of the cost of capital due to lower capital gains taxes might not be decisive for larger investments. Further empirical evidence suggests that dividend taxes, as a related form of capital income taxation, influence investment decisions less than capital gains taxes. This makes it clear that differentiating between the effects of various forms of taxing capital income is crucial for policy implications. Most of the studies focus on (statutory) tax rates and only to some extent on different institutional elements, such as Edwards and Todtenhaupt (2020).

Capital outflow

The effects of capital gains taxation on capital outflow are less studied than the effects on investment. In fact, to our knowledge there exist no studies that analyse the relationship directly. In the following, empirical evidence is therefore drawn from comparable settings.

First, the evidence on the role that capital gains tax rates play for tax avoidance and evasion is examined. The role of tax evasion and tax avoidance is of special interest in the context of this study, as evidence suggests that offshore tax evasion in particular is concentrated at the top of the wealth distribution (Alstadsæter et al., 2019). Looking at such effects can shed light on how strongly the reporting of capital gains reacts to changes in the tax rate. One potential channel through which unreported capital gains may be transferred is via cross-border capital flows to jurisdictions with comparatively lower tax rates. Poterba (1987) provides early empirical evidence that a reduction in capital gains tax rates can positively influence the reporting behaviour of realised gains indicating that lower capital gains taxes can lead to higher tax compliance, also because the reporting share of capital gains income has been low compared, for example, to labour income in the investigated period in the US. Auerbach et al. (1998) in contrast show that tax avoidance increased in the US after a reduction of capital gains taxes in the US in 1986, especially among wealthy individuals. However, the magnitude of the effect was relatively low, and tax avoidance on realised capital gains was not widespread in the US, leading to effective tax rates being similar to statutory tax rates. A study by Agarwal et al. (2020) investigates the reaction of capital gains tax increases for housing units and reports substantial evasion reactions.

As stated above, there have been international efforts in the last decade to counteract the capital flight of financial assets to tax havens by establishing the CRS. Empirical evidence on the effectiveness of these efforts suggests that the CRS has been relatively successful in repatriating financial assets⁴⁵, although it can be deduced that capital gains taxes might lose their relevance in deterring financial assets from offshore tax havens.

Another possible channel for capital outflows is relocation to low-tax countries. Kleven et al. (2020) provide an overview of evidence on the effects of taxation in general on international migration decisions, which is relatively rare for personal income taxes. They focus rather on specific groups, such as top professional football players or scientists, and state that these groups react strongly to personal income taxes. However, many of these studies deal with the immigration decision rather than the emigration decision, which is more relevant in the context of capital outflows. Advani et al. (2023), in contrast, find only modest emigration reactions of wealthy individuals following a substantial tax increase in the UK. It should be noted that the

⁴⁵ For a more detailed overview of this empirical evidence see WS1 – Automatic exchange of information

tax increase did not only comprise income from capital gains or even capital income, but global individual income. One could argue that for wealthy individuals, however, a large share of income should be capital income. Besides the relatively modest emigration reaction, reported global income in the UK grew substantially as most of the taxpayers became fully compliant in the residence country.

A paper that connects the first part of the literature, investment, with capital outflow is Liu (2020). In this paper, she analyses the impact of transitions to territorial taxation in the UK on real investment by multinational enterprises. The reform of 2009 effectively abolished dividend taxes on profit transfers from many low-tax countries. The greater the tax differential between the UK and the target country, the higher the investment in that specific country. Interestingly, there is no evidence of investment decreasing either in the UK or in other high-tax countries, which suggests that total foreign direct investment by UK multinationals increased. This suggests that higher specific capital income taxes do not necessarily endorse capital outflow, for example in the form of investment, although one could challenge this view as there might be a counterfactual situation where investment in the UK would have been higher in the absence of the tax reform.

In summary, little to no evidence on the direct effect of capital gains taxes on capital outflow can be found in the empirical literature. Under double tax treaties under the OECD model, capital gains from the sale of shares by a non-resident of a specific country are in most cases taxable only in the investor's country of residence, unless the shares are attributable to a permanent establishment or derive most of their value from immovable property in the source state (OECD, 2019). This means that when a foreign investor sells a firm with a permanent establishment, the source state typically retains the right to tax the capital gain, whereas portfolio investments are usually taxed only in the residence state, which limits the source country's taxing right and may reduce capital outflow induced by capital gains taxes. This might explain the limited empirical evidence of the effect of capital gains taxes on capital outflows. However, there is some evidence that the effects on tax evasion and avoidance due to higher capital gains taxes and other capital income taxes are rather small. One possible reason for the rather limited evidence on the connection between capital gains taxes and capital outflow is that simpler ways exist for avoiding capital gains taxes. For example, taxpayers can defer tax payments simply by postponing realisation, possibly until death as in many countries a step-up in basis is applied (Hourani & Perret, 2025). At the same time, if assets appreciated in tax havens where no capital gains tax applies, it could also contribute to capital flight.

3.1.3. Summary

The literature reviewed in this chapter provides theoretical and empirical insights into the economic effects of capital gains taxation, particularly in the contexts of investment and capital outflows. From a theoretical perspective, early models advocating zero capital income taxation have been increasingly challenged by recent

work emphasising the importance of positive taxation for equity and efficiency. The theoretical literature also highlights specific distortions related to capital gains taxation, such as the lock-in effect, and suggests that such taxes may have stronger disincentivising effects on investment compared to other forms of capital income taxation, such as dividend taxes.

Empirical evidence largely confirms the theoretical predictions with regard to venture capital. Higher capital gains taxes are associated with reductions in the number and quality of start-up investments, while targeted tax exemptions appear to support increased funding. Private investment, e.g. in publicly listed stocks, is also influenced by capital gains taxation, suggesting that more affluent individuals react decisively to tax reforms. Although real investment is less frequently studied, the available empirical findings similarly suggest that lower capital gains taxes can incentivise firm-level investment, particularly in cash-constrained companies. The design of capital gains taxation, such as distinctions between short- and long-term gains, may also influence the allocation of investment and innovation activity.

The empirical literature on the relationship between capital gains taxation and capital outflows is limited. While studies do find some tax avoidance and evasion behaviour in response to higher capital gains tax rates, the magnitude of these effects appears modest. Empirical studies that analyse the effect of the Common Reporting Standard on capital flight show that capital flight might be effectively tackled, but no direct conclusion can be drawn on capital gains taxes. Similarly, evidence on migration and relocation in response to taxation suggests only weak emigration among wealthy individuals. Overall, while high capital gains taxes may deter certain forms of investment, the concerns about substantial capital flight or tax evasion appear less substantiated by the available empirical evidence.

3.2. Institutional overview

This section provides an updated overview of capital gains taxation on disposals of assets across the 27 EU Member States, whether levied under a dedicated capital gains tax or integrated within personal income tax. For each jurisdiction, it sets out the scope, applicable rates, tax-base definition and computation rules, key exemptions, treatment of losses, and, where relevant, withholding arrangements. The focus is on realised gains from financial assets and immovable property. This mapping, under Chapter 2 – Non-recurrent taxation, is relevant because national differences in capital gains taxation may influence taxpayer behaviour and cross-border asset allocation. The overview highlights common design elements such as holding-period reliefs, exemptions for primary residences or listed securities, progressive versus flat rates, and rules on offsetting or carrying forward losses, providing a factual basis for subsequent comparative analysis within the study.

Austria

In Austria, capital gains from shares, securities, and certain financial instruments are taxed at a flat rate of 27.5%, applicable to assets acquired after 31 December 2010, or 30 March 2012, for interest-bearing securities. Assets acquired before these dates are generally tax-free unless the investor held a significant stake (at least 1%) in a company. Capital gains are calculated by subtracting acquisition costs from sale proceeds (Bundesministerium für Finanzen, 2025).

Capital gains are calculated by deducting the acquisition costs from the disposal proceeds (each inclusive of accrued interest, where applicable, but excluding transaction charges and other costs for individuals). Acquisition costs for securities with the same security identification number are derived from a moving average of the actual costs of acquisitions.

Realised capital losses on assets may be offset against capital income and gains earned within the same calendar year. The following exceptions apply (PwC, 2025):

- Capital losses not attributable to business income may only be offset against capital gains or investment income that is also subject to the 27.5% special tax rate.
- Interest expenses are not deductible if they relate to income subject to final withholding tax (e.g. most capital income).
- Capital losses arising from the disposal of 'grandfathered' assets are not taxable in Austria and cannot be offset against other realised gains.
- For private investors, a loss carry forward is not possible. If the investments are held as business assets, one half of the excess amount can be carried forward.

Capital gains from substantial shareholdings (at least 1%) held for at least one year are also subject to the 27.5% flat tax rate.

Capital gains derived from the sale of the principal residence or buildings erected by the taxpayer are exempt from capital gains tax under certain conditions (IBFD, 2025). For real estate, a flat income tax rate of 30% applies, and as of 1 July 2025, a 30% reclassification (rezoning) surcharge applies to capital gains from the disposal of land if the reclassification takes place after 1 January 2025, capped by sale proceeds (PwC, 2025; IBFD, 2025).

For non-residents, capital gains are generally taxable only if the asset from which the gain is derived is attributable to a permanent establishment in Austria. However, capital gains from Austrian-situs immovable property attributable to a non-resident individual's business assets are taxable as business income, regardless of whether or not the gains are attributable to a permanent establishment. Gains on a substantial shareholding (at least 1%) in an Austrian company are also taxable even if they are

not attributable to a permanent establishment. Capital gains on a substantial shareholding in an Austrian company are subject to a final withholding tax of 27.5% under conditions (IBFD, 2025).

Dividends and other corporate distributions paid to a non-resident are subject to a withholding tax of 27.5%. Interest payments to non-resident individuals are generally subject to a final withholding tax of 27.5% (25% on interest on cash deposits with an Austrian credit institution). Interest received by individuals resident in a state with which Austria has concluded an automatic exchange of information agreement is exempt from this tax (IBFD, 2025).

Austria has entered into double tax treaties (DTTs) with all major trading countries. Under the majority of treaties, double taxation is avoided or partially avoided by an exemption-with-saving clause as to progression. As an exception, dividends and interest are usually fully taxable with a foreign tax credit. Austria generally follows the OECD Model Tax Convention in its treaty policy (PwC, 2025; IBFD, 2025).

Austria's approach to capital gains taxation is broadly aligned with EU and OECD practices, with some unique features such as the reclassification surcharge on land and the specific treatment of 'grandfathered' assets (PwC, 2025; IBFD, 2025).

Austria's Reorganization Tax Act (Umgründungssteuergesetz) permits tax-neutral reorganizations such as mergers, contributions in kind, and spin-offs if statutory conditions are met. For high-net-worth individuals (HNWIs), contributing businesses or significant shareholdings to a corporation in exchange for shares of the acquiring company can defer capital gains taxation until the new shares are sold. This mechanism supports succession planning and asset consolidation without immediate tax costs, provided proper notifications are filed via FinanzOnline. (Austrian Ministry of Finance, 2025; Parliament Österreich, 2023).

Belgium

In Belgium, capital gains realised by private individuals are generally not subject to tax if they fall within the scope of 'normal management' of personal assets. This means that gains from the sale of assets such as shares, securities, and other investments are typically tax-free, provided the transactions are not deemed speculative or professional. Capital gains are calculated by subtracting the acquisition cost from the sale proceeds, with the definition of 'normal management' being key to determining tax liability (PwC, 2025; IBFD, 2025). However, as of 1 January 2026, capital gains realised upon the disposal of financial assets beyond the scope of a professional activity but within the scope of the normal management of the private estate will be taxed at 10% where they exceed EUR 10 000. The exempt quota of EUR 10 000 may be carried forward up to a maximum of EUR 1 000 per annum for a maximum of 5 years (so a maximum exempt quota of EUR 15 000). Financial assets include financial instruments, some insurance contracts, crypto assets and currencies (IBFD, 2025).

Capital gains realised upon a sale of shares by an individual who alone or together with close relatives controls the acquiring company will be taxed at 33% plus local taxes (“interne meerwaarde/plus-values interne”). For individuals holding at least 20% of the shares of a company, capital gains are exempt up to EUR 1 million and then taxed at graduated rates: between EUR 1 and 2.5 million: 1.25%; between EUR 2.5 and 5 million: 2.25%; between EUR 5 and 10 million: 5%; and in excess of EUR 10 million: 10%. The rule for the disposal of a substantial shareholding in a Belgian tax resident company to a non-EEA company remains in place and such capital gain remains taxable at 16.5% plus local taxes (IBFD, 2025).

Capital gains on immovable property are taxable as miscellaneous income and are subject to separate tax rates. For buildings, the rate is 16.5% if sold within 8 years after acquisition for consideration, or within 3 years after donation if the property was acquired by the donor for consideration no more than 8 years before the sale. Otherwise, the sale is exempt. For land, the rate is 33% if sold within 5 years of acquisition, 16.5% if sold between 5 and 8 years, and exempt if sold after 8 years (PwC, 2025; IBFD, 2025).

For business assets, capital gains are generally included in earned income and taxed at progressive rates, but a favourable tax treatment applies if these assets have been held for more than five years. In such cases, a separate tax rate of 16.5% may apply, and a regime of postponed taxation is available if the gain is reinvested in similar assets within the EEA (IBFD, 2025).

There are no specific tax expenditure regimes or preferential policies benefiting HNWI in the area of capital gains taxation. The rules apply uniformly to all taxpayers, and there are no special deferral or reduction mechanisms (IBFD, 2025; PwC, 2025).

For residents, Belgium taxes worldwide income, but foreign-source income is generally exempted with progression if it is taxable, taxed, or effectively taxed in another country according to the applicable DTT. Non-residents are only taxable on Belgian-source income. Capital gains and foreign-source investment income cashed outside the country are not taxable for non-residents working in Belgium (PwC, 2025; IBFD, 2025).

Dividends and interest paid out and collected via a Belgian financial institution are, in principle, subject to a flat-rate tax of 30%. The first EUR 859 of dividends and the first EUR 1 050 of interest on savings accounts are exempt. For non-residents, a final withholding tax of 30% applies to dividends and interest, subject to treaty reductions (PwC, 2025; IBFD, 2025).

Belgium has an extensive network of tax treaties, generally based on the OECD Model. Under all tax treaties concluded by Belgium, double taxation of dividends, interest and royalties is avoided by the credit method, while business income derived through a permanent establishment in the other contracting state is normally exempt

in Belgium. Belgium generally follows the OECD Model in its treaty policy (IBFD, 2025; PwC, 2025).

Belgium's approach to capital gains taxation is broadly aligned with EU and OECD practices, with some unique features such as the exemption for normal management of private assets and the introduction of a capital gains tax on financial assets as of 2026 (IBFD, 2025; PwC, 2025).

Bulgaria

In Bulgaria, realised capital gains from the disposal of property (real estate, vehicles, works of art) and financial assets such as shares, cryptocurrencies and other types of financial assets are generally subject to a flat 10% tax, reported with the annual personal income tax return. Bulgarian tax residents are subject to taxation of their realised worldwide capital gains (unless exempt on the basis of an applicable tax treaty and after-tax credit for any foreign tax paid – up to the amount of the Bulgarian tax due on the gain).

The taxable base is generally the difference between the sale (or other disposal) proceeds and the acquisition cost (historical cost). A statutory deduction of 10% of the gain is allowed in the case of disposal of real estate and financial assets before the tax is calculated. For financial assets, the taxable base is the total net gain for the year, i.e., the sum of gains and losses realised on disposal of assets, reduced by a fixed deduction of 10% (PwC, 2025; IBFD, 2025). Capital losses from the disposal of financial assets during the year can be offset against capital gains from financial assets during the same year. Capital losses from the disposal of property cannot be offset against any capital gains (Ministry of Finance of the Republic of Bulgaria, n.d.).

Tax exemptions for Bulgarian tax residents include the following cases of capital gains from the sale of:

- up to one residential real estate property during the year if held for more than 3 years;
- up to any two real estate properties during the year if held for more than 5 years;
- vehicles held for more than 1 year;
- financial assets traded on a stock exchange in the European Union or European Economic Area, and certain other cases.
- Gains on quoted shares sold through a stock exchange of Bulgaria or another EEA country are exempt. For a limited period from 1 January 2021 to 31 December 2025, gains derived on disposal of financial instruments traded on a growth market in Bulgaria are also tax exempt (IBFD, 2025).

Foreign tax residents are subject to a 10% Bulgarian withholding tax on realised capital gains from the disposal of Bulgarian real estate and financial assets issued by Bulgarian entities (unless exempt on the basis of an applicable tax treaty). A statutory deduction of 10% of the gain is allowed in the case of disposal of real estate before the tax is calculated. Capital losses cannot be offset against any capital gains. European Union and European Economic Area tax residents benefit from the same tax exemptions as Bulgarian tax residents (see above) (PwC, 2025; IBFD, 2025).

There are no specific tax expenditure policies or regimes in Bulgaria that provide preferential treatment for HNWI's in the area of capital gains taxation. The rules apply uniformly to all taxpayers, and there are no special deferral or reduction mechanisms (IBFD, 2025; PwC, 2025).

Dividends and liquidation proceeds paid by Bulgarian and foreign entities are subject to a 5% final withholding tax at source. Interest income from bank accounts in the EU/EEA is tax free; other interest income is taxed at 10%. Rental income is subject to a 10% tax, with a 10% statutory deduction (PwC, 2025; IBFD, 2025).

Bulgaria has entered into DTTs with many countries. Where a DTT is in place, the tax residency status and taxation rights are determined in accordance with the treaty, which prevails over domestic legislation. Bulgaria generally follows the OECD Model Tax Convention in its treaty policy (PwC, 2025; IBFD, 2025).

Bulgaria's approach to capital gains taxation is broadly aligned with EU and OECD practices, with features such as the 10% flat tax rate and exemptions for certain long-held real estate and publicly traded securities (PwC, 2025; IBFD, 2025).

Croatia

In Croatia, gains generated from the disposal of financial assets are taxable unless specific exemptions apply. Capital gains are not subject to tax when the disposal is executed between spouses, first-degree relatives and other members of the immediate family; between divorced spouses where the disposal is directly connected with the divorce; when the disposal relates to inheritance; or when financial assets are disposed of two years or more after their acquisition (PwC, 2025; IBFD, 2025).

For tax purposes, certain transactions are not regarded as a disposal. These include the transfer of shares from one voluntary pension fund to another; the replacement of securities with equivalent securities of the same issuer where the relations between members and the issuer's capital do not change; the replacement of securities or shares in company capital, or of financial instruments with other securities or financial instruments; and the acquisition of securities or financial instruments in the context of status changes, provided in all such cases that there is no cash flow and the order of acquisition of financial assets has been ensured. A division of shares of the same issuer is also not a disposal where it involves no change to share capital or cash

flows. Likewise, exchanges of shares between investment sub-funds within the same umbrella fund, or between investment funds managed by the same management company, are not treated as disposals when the order of acquisition has been ensured. Finally, the purchase of shares in the Fund for Croatian Homeland War Veterans and Members of their Families and the alienation of debt securities and money market instruments issued by the Republic of Croatia or by local and regional self-government units are not considered disposals (IBFD, 2025; PwC, 2025).

Capital gains are subject to taxation at a flat rate of 12% and are not subject to social security contributions (PwC, 2025; IBFD, 2025).

The taxable value is the difference between market value of a financial instrument at the time of disposal and its market value at acquisition. This amount is calculated using records of equivalent financial assets that are kept according to the method of consecutive prices (FIFO – ‘first in, first out’). The taxable base is calculated by reducing the amount of the taxable income (i.e. taxable capital gains – eligible capital losses) for associated incurred costs (e.g. costs of a broker, etc.) (PwC, 2025; IBFD, 2025).

Capital gains from the sale of immovable property and proprietary rights are taxed at a rate of 24% by way of final withholding. However, such gains are not taxable if the sale takes place after two years of ownership, if the taxpayer or their dependants lived on the property before the sale, or if the sale is directly connected with a divorce or with an inheritance (IBFD, 2025; PwC, 2025).

There are no specific tax deferral or reduction regimes for capital gains in Croatia (IBFD, 2025; PwC, 2025).

There are no special tax expenditure policies or regimes in Croatia that provide preferential treatment for HNWI in the area of capital gains taxation. The rules apply uniformly to all taxpayers (IBFD, 2025; PwC, 2025).

For residents, capital gains from the disposal of financial assets are taxable at 12% unless exempt. Residents are taxable on their worldwide income, including capital gains. For non-residents, only Croatian-source income is taxable, including capital gains from Croatian assets. Non-residents are subject to the same withholding tax rates as residents on dividends (12%), interest (12%), and royalties (24%). Capital gains from the sale of immovable property and proprietary rights by non-residents are also subject to a final 24% withholding tax (IBFD, 2025; PwC, 2025).

Croatia has concluded DTTs with many countries. In the absence of a tax treaty, unilateral relief is granted in the form of an ordinary tax credit for income taxes paid abroad. Croatia generally follows the OECD Model Tax Convention in its treaty policy (IBFD, 2025; PwC, 2025).

Croatia's approach to capital gains taxation is broadly aligned with EU and OECD practices, with the two-year holding period exemption and the uniform flat rate being notable features (IBFD, 2025; PwC, 2025).

Cyprus

Capital Gains Tax (CGT) in Cyprus is applicable exclusively to gains derived from the disposal of immovable property located in Cyprus, provided that the disposal is not subject to income tax.

The CGT rate is set at 20% and is levied on gains from the disposal of immovable property located in Cyprus or from the disposal of shares in companies that directly own such property. CGT also applies to the disposal of shares in companies that indirectly own immovable property in Cyprus, provided that at least 50% of the market value of these shares is derived from Cyprus-situated immovable property. Shares listed on recognised stock exchanges are exempt from CGT (IBFD, 2025; PwC, 2025).

For company shares, the taxable gain is calculated based solely on the gain attributable to the Cyprus-located immovable property. The market value of the property at the time of share disposal is used for this calculation. The taxable gain is generally the difference between the disposal proceeds and the original cost of the property, adjusted for inflation based on the Cyprus consumer price index. For properties acquired before 1 January 1980, the original cost is deemed to be the value as of that date, according to the Land Registry Office's general valuation.

Expenses related to the acquisition and disposal of immovable property, such as interest on related loans, transfer fees and legal expenses, can be deducted from the gain, subject to certain conditions. A 0.4% levy is imposed on the sale proceeds from all disposals of immovable property and disposals of shares of a company that, directly or indirectly, holds immovable property, with certain exemptions (PwC, 2025). Notably, land and land with buildings acquired at market value from unrelated parties between 16 July 2015, and 31 December 2016, are exempt from CGT upon future disposal, provided specific conditions are met (IBFD, 2025; PwC, 2025).

Individuals are entitled to lifetime exemptions on taxable capital gains, which include:

- EUR 85 430 for the disposal of a private principal residence (subject to conditions)
- EUR 25 629 for the disposal of agricultural land by a farmer
- EUR 17 086 for any other disposal

These exemptions are subject to an overall lifetime maximum of EUR 85 430. Additional exemptions are available under certain conditions, such as gifts between spouses, children (including foster children), and third-degree relatives, gifts to family

companies, gifts to charities, property exchanges, and donations to political parties (IBFD, 2025; PwC, 2025).

On transactions involving the exchange of immovable property, the payment of capital gains tax can be deferred and paid on the disposal of the new property. The capital gains tax is effectively imposed through a reduction of the base cost of the new property by the amount of the gain rolled over (IBFD, 2025).

Capital gains, other than those relating to Cyprus-located immovable property, are generally not taxed in Cyprus. Profits from the sale of securities, including shares in companies and units in mutual funds, are exempt from income tax (IBFD, 2025; PwC, 2025).

There are no specific tax expenditure policies or regimes in Cyprus that provide preferential treatment for HNWI's in the area of capital gains taxation. The rules apply uniformly to all taxpayers, and there are no special deferral or reduction mechanisms (IBFD, 2025; PwC, 2025).

For residents, capital gains from the disposal of immovable property located abroad are not subject to capital gains tax. For non-residents, capital gains tax applies only to gains from the disposal of immovable property located in Cyprus or shares in companies holding such property (IBFD, 2025).

There is no withholding tax on dividends or interest paid to non-residents. Royalties derived from sources in Cyprus and paid to non-residents who are not engaged in any business activity in Cyprus are subject to a final 10% withholding tax (5% for film rentals), unless reduced or eliminated by a double tax treaty (IBFD, 2025).

Cyprus has an extensive network of DTTs and generally follows the OECD Model Tax Convention. DTTs typically provide relief from double taxation by way of credit for foreign tax paid, not exemption. Cyprus does not generally include limitation of benefits clauses in its treaties (IBFD, 2025; PwC, 2025).

Cyprus's approach to capital gains taxation is broadly aligned with EU and OECD practices, with the unique feature that only gains from Cyprus-situated immovable property (or shares in companies holding such property) are subject to CGT, while other capital gains are exempt (IBFD, 2025; PwC, 2025).

Czechia

In Czechia, capital gains are not taxed separately but are included in the overall personal income tax base. The initial portion of taxable income up to CZK 1 676 052 is taxed at 15%, while any income exceeding this amount is taxed at 23% for 2025. From 2025, the exemption for capital gains from the sale of securities is limited to gross proceeds of CZK 40 million per year; proceeds above this threshold are subject to standard progressive taxation. Gains from the sale of securities are tax exempt if

the securities have been held for at least three years, or if the total income from sold securities does not exceed CZK 100 000 per tax period. For shares in companies not represented by a security (i.e. limited liability company), the exemption period is five years. From 2026, the CZK 40 million threshold for exemption will be abolished (IBFD, 2025; PwC, 2025).

Capital gains on the sale of immovable property are exempt if the taxpayer has held the property for at least 10 years prior to the sale, or if the property was used as the taxpayer's main residence for at least two years. If the main residence was used for less than two years, the exemption applies if the gains are used for meeting the taxpayer's housing needs. Otherwise, capital gains on the sale of immovable property are included in the aggregate income subject to income tax (IBFD, 2025; PwC, 2025).

There is generally no rollover relief for capital gains, except for cases envisaged by the EU Merger Directive. No indexation relief is available; inflationary gains are fully taxable. There are no specific tax deferral or reduction regimes.

Capital losses are not deductible (IBFD, 2025).

For residents, worldwide income is taxable, including capital gains. For non-residents, capital gains are generally taxable if the asset giving rise to the gain is attributable to a permanent establishment or fixed base in Czechia, or if the gain is derived from the sale of immovable property located in Czechia or shares in Czech companies. The same rules as for residents apply to non-residents (IBFD, 2025).

Dividends and certain interest income are subject to a final withholding tax of 15% for residents of EU/EEA countries or countries with which Czechia has a DTT or tax information exchange agreement. For other non-residents, the rate is 35%. Withholding tax may be reduced under the applicable DTT (PwC, 2025; IBFD, 2025).

Czechia has an extensive network of DTTs, generally following the OECD Model. Double taxation is typically eliminated by way of the ordinary tax credit method, and treaties usually provide for exemption with progression. Czechia's approach to capital gains taxation is broadly aligned with EU and OECD practices, with the recent introduction of a cap on exempt capital gains from securities being a notable feature (IBFD, 2025; PwC, 2025).

There are no specific tax expenditure policies or regimes in Czechia that provide preferential treatment for HNWIs in the area of capital gains taxation. The rules apply uniformly to all taxpayers (IBFD, 2025; PwC, 2025).

Denmark

For individuals, gains and losses on assets, including shares and investments certificates, are, as a rule, taxed under a realisation principle (non-recurrent). Capital

gains from the sale of financial assets such as stocks, bonds, and other securities are taxed as part of the individual's personal income. The tax rate on capital gains depends on the total income and the type of asset. For shares, the gains are taxed at progressive rates, starting at 27% up to a threshold of DKK 67 500 (in 2025), and at 42% on share income exceeding DKK 67 500. For married couples, the thresholds are doubled (PwC, 2025; IBFD, 2025). All gains originating from shares, including dividend and recurrent taxes, are included in the calculation. The gains from the sale of assets are calculated by subtracting the acquisition cost from the sale proceeds. Capital gains on quoted shares acquired before 1 January 2006 may be tax exempt under certain conditions (IBFD, 2025).

Capital gains not originating from shares are taxed at up to 42%. This includes, for example, interest and other gains on loans, capital gains on the sale of bonds and certain securities, and gains from the sale of real estate (PwC, 2025; IBFD, 2025). Gains from the sale of immovable property depend on whether an individual conducts business (non-incorporated) on sales of immovable property or if the individual has lived in the property (PwC, 2025). A capital gain made on the sale of a house or apartment which has served as a home for the owner for a short period and which is situated on land with an area of less than 1,400 m² is exempt. A similar exemption applies to summer houses used for private purposes, subject to conditions (IBFD, 2025; PwC, 2025). Capital gains on other immovable property are taxable as income from capital. Capital losses are only deductible against other capital gains on immovable property, and net losses may be carried forward (IBFD, 2025). For individuals subject to full tax liability (resident and tax treaty resident in Denmark), foreign properties owned are subject to special exit tax rules. Under these rules, an unrealised gain due to increase in the property value (of a property located outside of Denmark) will be subject to exit tax upon departure from Denmark (PwC, 2025). For certain investment funds and ETFs, a mark-to-market taxation applies, requiring annual declaration of gains/losses even if no sale has occurred (PwC, 2025).

Residents are subject to tax on their worldwide income, including capital gains. Non-residents are taxed only on certain Danish-sourced income, including gains from Danish immovable property and certain business assets (PwC, 2025; IBFD, 2025). Non-residents are subject to a final withholding tax of 27% on dividends, which may be reduced to 15% under a double tax treaty (PwC, 2025; IBFD, 2025). There is no withholding tax on interest paid to non-residents. Royalties paid to non-residents are subject to a 22% withholding tax, subject to treaty reductions (PwC, 2025; IBFD, 2025).

Denmark has an extensive network of double tax treaties, generally based on the OECD Model. Treaties typically allocate taxing rights on capital gains from immovable property to the source state, while gains from shares are usually taxable in the state of residence, unless the shares derive their value principally from immovable property in Denmark (IBFD, 2025; PwC, 2025). Denmark follows the OECD Model in most respects, including the treatment of dividends, interest, and royalties, with treaty rates often lower than domestic rates (IBFD, 2025; PwC, 2025).

Denmark's approach to capital gains taxation, withholding taxes, and DTTs is broadly aligned with EU and OECD practices, with some unique features such as the mark-to-market regime for certain investment funds and the detailed exit tax rules (IBFD, 2025; PwC, 2025).

There are no specific tax expenditure regimes or preferential policies targeting HNWIs in Denmark. However, the special expatriate tax regime allows qualifying inbound expatriates to be taxed at a flat rate of 27% (plus 8% labour market contribution) for up to 84 months, subject to conditions (PwC, 2025; IBFD, 2025). No net wealth tax is levied in Denmark (PwC, 2025; IBFD, 2025).

Estonia

In Estonia, there is no distinct capital gains tax. Instead, capital gains are treated as regular income and are subject to a flat income tax rate of 22% (Estonian Tax and Customs Board, n.d.) (rising to 24% from 1 January 2026) (PwC, 2025). This applies to gains from the sale of financial assets such as stocks, bonds, and other securities. Capital gains are calculated by subtracting the acquisition cost from the sale proceeds.

Capital gains are generally included in taxable income and taxed at the general rate. However, certain gains are exempt, such as gains from the sale of the taxpayer's own dwelling (restricted to one sale during a two-year period), gains from the sale of a summer cottage or garden house (if owned for more than two years and the land plot does not exceed 0.25 hectare), and gains from the sale of movable property in personal use. Gains from the exchange of shares in the course of mergers, divisions, or other reorganizations are also exempt (IBFD, 2025).

A special investment account regime allows for tax deferral: capital gains derived from the disposal of financial assets (e.g., shares and securities traded publicly in EEA or OECD countries, certain investment fund units, life insurance products, investment deposits, bonds, regulated crowdfunding instruments, and crypto-assets) are not taxable if these assets were acquired using funds deposited on an investment account in an EEA or OECD credit institution, and the sales proceeds are transferred back to the investment account. Taxation is triggered only when funds are withdrawn from the investment account in excess of contributions (IBFD, 2025).

Estonia's Investment Account regime allows HNWIs to defer income tax on investment income and capital gains by keeping proceeds in a declared investment account and reinvesting them. Tax is triggered only when withdrawals exceed contributions. From 2025, the regime includes broker accounts, regulated crowdfunding platforms, and licensed cryptocurrency providers, offering flexibility for affluent investors managing large portfolios (Estonian Tax and Customs Board, 2025).

For residents, worldwide income (including capital gains, dividends, interest, and royalties) is taxable. Non-residents are taxed only on Estonian-source income. Capital gains derived by non-residents on the sale of shares in resident companies are generally not taxable in Estonia, unless the shares derive more than 50% of their value from Estonian immovable property and the non-resident held at least 10% at the time of sale, or the gain is from the sale of Estonian-situs immovable property or certain movable property registered in Estonia. In such cases, the standard income tax rate applies (IBFD, 2025; PwC, 2025).

There is no withholding tax on dividends paid to non-residents; dividends are subject to a distribution tax at the company level. Interest paid to non-residents is generally not taxable. Royalties paid to non-residents are subject to a 10% withholding tax. Rental income paid to non-residents is subject to withholding tax at 22% (IBFD, 2025; PwC, 2025).

Estonia has an extensive network of DTTs, which generally follow the OECD Model Convention. Under these treaties, double taxation relief is typically provided by way of an ordinary tax credit, and treaty provisions prevail over domestic law. Estonia's approach to cross-border taxation is broadly aligned with EU and OECD standards, with no significant unique features (IBFD, 2025).

Finland

In Finland, capital gains from the sale of financial assets such as stocks and bonds are taxed as part of the individual's capital income. The tax rate on capital gains is 30% for gains up to EUR 30 000 and 34% for gains exceeding this amount (Finnish Tax Administration, n.d.). Capital gains are calculated by subtracting the acquisition cost from the sale proceeds. Taxpayers may alternatively use a presumed acquisition cost of 20% of the sale price (or 40% if the asset was held for at least 10 years) instead of the actual acquisition cost (IBFD, 2025).

There is no separate capital gains tax; capital gains are included in capital income and taxed at the same rates as other capital income (IBFD, 2025; PwC, 2025). Certain capital gains are exempt, such as gains from the sale of a dwelling used as the taxpayer's or their family's permanent home for at least two years, and gains from the sale of household effects if the total sales price does not exceed EUR 5 000 per year. Capital gains are also tax exempt if the total amount of sales prices of all taxable asset transfers during a tax year does not exceed EUR 1 000 (IBFD, 2025; PwC, 2025).

Finland offers a special "share investment account" regime, which allows individuals to defer taxation of capital gains and dividends on listed shares until assets are withdrawn from the account. The maximum deposit is EUR 100 000. Capital losses are deductible only when the account is closed (IBFD, 2025).

There are no specific tax expenditure policies or regimes that target or benefit HNWLs in Finland (IBFD, 2025; PwC, 2025).

For residents, worldwide income (including capital gains, dividends, interest, and royalties) is taxable. Non-residents are taxed only on Finnish-source income. Capital gains derived by non-residents are taxable as income from capital at a flat rate of 30%. However, capital gains from the sale of shares in Finnish companies are generally exempt, unless the shares derive more than 50% of their value from Finnish real estate, or the gain is from the sale of Finnish real estate or certain rights related to Finnish real estate. In such cases, the standard capital income tax rate applies (IBFD, 2025; PwC, 2025).

Dividends paid to non-residents are subject to a 30% withholding tax, or 35% if paid on nominee-registered shares where the beneficial owner is not reported. Interest paid to non-residents is generally exempt from withholding tax, except for certain thin capitalization interest. Royalties paid to non-residents are subject to a 30% withholding tax. Rental income paid to non-residents is taxed by assessment at 30% or 34% (IBFD, 2025; PwC, 2025).

Finland has an extensive network of DTTs, which generally follow the OECD Model Convention. Under these treaties, double taxation relief is typically provided by way of an ordinary tax credit, and treaty provisions prevail over domestic law. Finland's approach to cross-border taxation is broadly aligned with EU and OECD standards, with no significant unique features (IBFD, 2025; PwC, 2025).

France

Assuming the French shareholders have invested at fair market value, the capital gains realised by a French tax resident shareholder are subject to a maximum combined rate of 30% on the total gain, broken down as follows: 12.8% income tax and 17.2% social surtaxes. There is also a 3-4% high-earner surtax, where applicable, depending on the taxpayer's annual reference tax income, at the following rates: 3% on the portion of income between EUR 250 000 and EUR 500 000 for single taxpayers or between EUR 500 000 and EUR 1 000 000 for married or partnered taxpayers; and 4% on the portion exceeding EUR 500 000 for single taxpayers or EUR 1 000 000 for married or partnered taxpayers. In addition, as of 2025, a new differential contribution on high incomes (CDHR) ensures a minimum effective tax rate of 20% for high earners (PwC, 2025; IBFD, 2025).

Capital gains derived from the sale of securities are subject to the flat tax rate (PFU) of 30% (12.8% income tax, plus social levies at a rate of 17.2%). Taxpayers with low income may opt to tax the capital gains at the progressive income tax rates, in which case, for shares acquired before 1 January 2018, a rebate for length of holding may apply: 50% for holding between two and eight years, and 65% after eight years. For certain shares in small and medium companies (PMEs) created less than ten years ago, the rebate is 50% for holding between one and four years, 65% for holding

between four and eight years, and 85% after eight years. A preliminary fixed tax allowance of EUR 500 000 applies for PME executives upon retirement, applicable for sales until 31 December 2031. These rebates only apply to income tax and not to social surtaxes, which remain due at the rate of 17.2% (PwC, 2025; IBFD, 2025).

Capital gains on the sale of real estate are taxed at a flat rate of 19%, plus social surtaxes of 17.2%, for a total of 36.2%. An additional tax applies to real estate capital gains exceeding EUR 50 000, ranging from 2% to 6%. Exemptions apply for the sale of the principal residence, for sales below EUR 15 000, and under certain conditions for non-residents and for reinvestment in a new principal residence. For real estate held for more than five years, a rebate is applied on the taxable basis: 6% for each year of holding after the fifth year, and 4% for the 22nd year, leading to a full income tax exemption after 22 years. For social surtaxes, the full exemption is obtained after 30 years (PwC, 2025; IBFD, 2025).

France offers several tax deferral and reduction regimes. Notably, the “apport-cession” mechanism allows a shareholder to defer capital gains tax by contributing shares to a company in exchange for shares in that company, provided certain reinvestment conditions are met. The capital gain is not immediately taxed if the shares received are not sold, and the proceeds are reinvested in eligible activities within a specified period (IBFD, 2025).

There are no specific tax expenditure policies or regimes that target or benefit HNWLs in France. However, certain investment incentives, such as tax reductions for investments in small and medium-sized companies, research venture capital funds, and overseas investments, are available to all qualifying taxpayers (IBFD, 2025; PwC, 2025).

For residents, worldwide income (including capital gains, dividends, interest, and royalties) is taxable. Non-residents are taxed only on French-source income. Capital gains realised by non-residents on a substantial participation (25% or more of the shares) in a resident company are subject to a withholding tax of 12.8%, unless otherwise provided by applicable tax treaties. Gains on immovable property or shares in unquoted entities whose assets consist for 50% or more of immovable property located in France are subject to a withholding tax of 19%. Non-resident individuals are also subject to social contributions on gains realised from the alienation of immovable property at the rate of 17.2%. The exemption for the sale of a former principal residence may apply under certain conditions for non-residents (IBFD, 2025; PwC, 2025).

Dividends paid to non-residents are subject to a withholding tax of 12.8%, unless a reduced rate applies under a double tax treaty. Interest paid to non-residents is generally exempt from withholding tax, except for payments to residents of non-cooperative states or territories, where a 75% rate applies. Royalties paid to non-residents are subject to a withholding tax of 25%, often reduced by treaty. Rental income paid to non-residents is taxed in the same manner as for residents, and non-

residents are also subject to social contributions on income from immovable property situated in France (IBFD, 2025; PwC, 2025).

France has an extensive network of DTTs, which generally follow the OECD Model Convention. Under these treaties, double taxation relief is typically provided by way of a tax credit or exemption with progression, and treaty provisions prevail over domestic law. France's approach to cross-border taxation is broadly aligned with EU and OECD standards, with no significant unique features (IBFD, 2025; PwC, 2025).

Germany

In Germany, capital gains from the sale of financial assets such as stocks (investment amount less than 1%) and bonds are subject to a flat tax rate of 25% income tax (Federal Ministry of Labour and Social Affairs, n.d.), plus a solidarity surcharge of 5.5% thereon, bringing the total to 26.375%. Additionally, if applicable, a church tax of 8-9% on income tax may be added. Capital gains are calculated by subtracting the acquisition cost from the sale proceeds (PwC, 2025).

Capital gains from the sale of shares where the taxpayer holds at least 1% of the share capital at any time during the preceding five years are treated differently: 60% of the gain is taxable at the individual's progressive income tax rate, and 40% is tax-exempt. Related expenses are only 60% deductible, and capital losses are generally not deductible against other income (IBFD, 2025).

Capital gains from the sale of privately held shares and other financial instruments (e.g., bonds, derivatives) are generally subject to the flat tax rate of 25% plus solidarity surcharge (26.375% in total), which is usually withheld at source. The annual investor's allowance of EUR 1 000 per taxpayer (EUR 2 000 for jointly assessed spouses) applies to the total of all financial investment income, including capital gains, dividends, and interest (PwC, 2025; IBFD, 2025).

Other capital gains (e.g., from the sale of real property) are taxable at progressive rates only if the sale occurs within ten years of acquisition. Since 2024, these capital gains are only taxable if the profit exceeds EUR 1 000 per year in total. Gains from the sale of real property used as the taxpayer's own residence are tax-exempt (PwC, 2025; IBFD, 2025).

Germany provides for rollover relief on capital gains from the sale of business assets, allowing deferral of tax if the gain is reinvested in qualifying replacement assets. There is also an exit tax regime: if an individual who has held at least 1% in a corporation as a private asset relocates abroad, unrealised capital gains are taxed as if the shares were sold at market value (PwC, 2025; IBFD, 2025).

Germany's §6b EStG provision allows HNWIs to defer capital gains tax on the sale of business property or certain business shares if the proceeds are reinvested in new fixed assets within four years. This is particularly useful for wealthy business owners

and real estate investors who wish to modernize or expand their asset base without immediate tax consequences (BDO, n.d.)

For residents, worldwide income (including capital gains, dividends, interest, and royalties) is taxable. Non-residents are taxed only on German-source income. Capital gains realised by non-residents from the sale of shares in a German company are taxable if the seller has held at least 1% of the share capital at any time during the preceding five years. Non-residents are also subject to tax on capital gains from the sale of shares in a company (resident or non-resident) if, at any time during the 365 days preceding the sale, the shares derived more than 50% of their value from immovable property situated in Germany. Capital gains from the sale of other private assets are generally not taxable for non-residents unless the asset is German real estate or certain rights registered in Germany (IBFD, 2025).

Dividends paid to non-residents are subject to a withholding tax of 25%, increased to 26.375% by the solidarity surcharge. Interest paid to non-residents is generally not subject to withholding tax, except for certain types of interest (e.g., from convertible bonds, profit-sharing bonds, participating loans), which are subject to the same rate. Royalties paid to non-residents are subject to a withholding tax of 15% (15.825% including the solidarity surcharge). These rates may be reduced under an applicable double tax treaty (PwC, 2025; IBFD, 2025).

Germany has an extensive network of DTTs, which generally follow the OECD Model Convention. Under these treaties, double taxation relief is typically provided by way of an exemption or credit method, and treaty provisions prevail over domestic law. Germany's approach to cross-border taxation is broadly aligned with EU and OECD standards, with no significant unique features (PwC, 2025; IBFD, 2025).

Greece

In Greece, capital gains from the sale of financial assets such as shares and bonds are generally taxable at a rate of 15%. Capital gains are calculated by subtracting the acquisition cost from the sale proceeds.

For listed shares, there is generally no capital gains tax if the investor owns less than 0.5% of the company. However, a 0.2% financial transaction tax applies to the total transaction value (IBFD, 2025; PwC, 2025).

For non-listed shares, the capital gains tax rate is also 15%. Profits from non-UCITS funds or those registered outside the EU/EEA are subject to a 15% capital gains tax (IBFD, 2025).

When shares are sold for a profit in a UCITS-type exchange-traded fund (ETF) or mutual fund listed either in Greece or the EU/EEA, no capital gains tax applies (IBFD, 2025).

Capital gains derived from stock options granted to employees, shareholders or partners of a legal entity, upon the transfer of the shares, are taxed at a flat rate of 5% if certain conditions are met (IBFD, 2025; PwC, 2025).

The taxation of capital gains realised on the disposal of real estate is deferred until 31 December 2026 (IBFD, 2025).

For real estate, capital gains tax is 15%, but transfers of immovable property that take place up to 31 December 2026 are not subject to capital gains tax (IBFD, 2025).

An exemption is granted on the amount adjusted for inflation and not exceeding EUR 25 000, provided the taxpayer has held the property for at least 5 years. Excess amounts are taxable (IBFD, 2025).

Losses from the sale of real estate are considered zero (IBFD, 2025). Losses from the transfer of shares may be carried forward for 5 years and set off against future capital gains (IBFD, 2025).

Income from dividends is subject to a 5% withholding tax, which exhausts the tax liability for individuals (IBFD, 2025; PwC, 2025). Interest income is subject to a 15% withholding tax (IBFD, 2025; PwC, 2025). Royalties are subject to a 20% withholding tax (IBFD, 2025).

Non-resident individuals are taxed on Greek-source income at the same rates as residents but are not entitled to most credits unless they are EEA residents and derive at least 90% of their worldwide income from Greek sources (IBFD, 2025; PwC, 2025).

Non-residents are subject to a 5% withholding tax on dividends, 15% on interest, and 20% on royalties, unless a DTT provides for a lower rate (IBFD, 2025). Non-residents selling shares (listed or unlisted) or other securities are subject to a 15% tax but may be exempt if resident in a DTT country and provide proof of residence (IBFD, 2025).

Greece has an extensive network of DTTs, generally following the OECD Model, which may reduce or eliminate withholding taxes and provide for tax credits or exemptions (IBFD, 2025; PwC, 2025).

Greece's approach to capital gains taxation and withholding taxes is broadly aligned with EU and OECD practices, with some unique features such as the non-dom regime and specific exemptions for listed shares below the 0.5% threshold (IBFD, 2025; PwC, 2025).

There are no specific tax expenditure policies or regimes that provide preferential treatment for HNWIs in the area of capital gains, other than the non-dom regime, which allows new tax residents to pay a lump-sum tax of EUR 100 000 per year on foreign income, subject to investment and residency conditions (IBFD, 2025; PwC, 2025).

Hungary

In Hungary, capital gains from the sale of financial assets such as stocks, bonds, and other securities are taxed at a flat rate of 15%. This applies to both residents and non-residents. Capital gains are generally subject to a 15% personal income tax (PIT) rate, and, if certain conditions are not met, an additional 13% social tax may also be payable. The income from capital gains should be reported in the annual tax return, and the taxes on capital gains income have to be paid when the annual tax returns are filed (PwC, 2025; IBFD, 2025). Capital gains are calculated by subtracting the acquisition cost from the sale proceeds (PwC, 2025).

For capital gains realised on long-term investment accounts, a preferential 10% PIT rate applies if the account is terminated in the fourth or fifth year, and no PIT is due if the account is maintained for at least five years. However, if the account is terminated within the first three years, the standard 15% PIT applies, and a 13% social tax is also due. For withdrawals in the fourth or fifth year, an 8% social tax applies (PwC, 2025; IBFD, 2025).

Hungary does not have a regime that allows for tax deferral or reduction on capital gains. However, there are preferential regimes for long-term investment accounts, as described above (IBFD, 2025).

For residents, capital gains from the sale of securities and other financial assets are taxable in Hungary on a worldwide basis. Non-residents are generally not taxed on capital gains from the sale of securities unless the gains are derived from the disposal of Hungarian real estate or shares in a real estate holding company. In such cases, non-residents are subject to a 15% tax on capital gains (IBFD, 2025).

There is no withholding tax on capital gains for non-residents, except in the case of gains from the transfer of interests in qualifying real estate holding companies. Dividends paid to non-residents are subject to a 15% withholding tax, unless reduced by an applicable DTT (IBFD, 2025; PwC, 2025).

Hungary has an extensive network of DTTs, which generally follow the OECD Model Convention. Under most treaties, capital gains from the sale of shares are taxable only in the country of residence of the seller, except for gains from the sale of real estate or shares in real estate holding companies, which may be taxed in Hungary (IBFD, 2025; PwC, 2025).

Hungary's approach to capital gains taxation is broadly aligned with common EU and OECD practices, applying a flat tax rate and providing for treaty relief in accordance with international standards. There are no unique features that significantly depart from the general EU/OECD approach (IBFD, 2025; PwC, 2025).

Ireland

In Ireland, capital gains from the disposal of chargeable assets may be subject to CGT. The current rate of CGT is 33% on most disposals. However, there are specific rates for certain disposals, at 40% on gains from certain foreign life policies and certain foreign investment products and 15% on gains from certain venture capital funds. Furthermore, the disposal of certain offshore funds is not subject to CGT as these are taxed under the domestic and offshore funds regime and subject to income tax at 38% (with respect to disposals occurring from 1 January 2026) (Revenue, 2025).

Capital gains are calculated by subtracting the acquisition cost from the sale proceeds. Allowable expenses such as the cost of acquiring and disposing of the asset can also be deducted. The first EUR 1 270 of taxable gains accruing to an individual in a tax year are exempt from CGT. This exemption is not transferable between spouses or civil partners (IBFD, 2025; PwC, 2025).

Liability to Irish CGT depends on the residence, ordinary residence and domicile status of the individual making the disposal and the nature of the asset being disposed of. Individuals who are resident; or ordinarily resident and domiciled in Ireland are liable to CGT on their worldwide gains. If an individual is resident or ordinarily resident but not domiciled in Ireland, they are liable to CGT on all Irish gains and on other gains only to the extent that the proceeds are remitted to Ireland. Those who are neither resident nor ordinarily resident are liable only to CGT on Irish specified assets, regardless of their domicile status (Revenue Commissioners, 2025).

Anti-avoidance legislation applies to Irish-domiciled individuals who temporarily cease to be resident: assets disposed of during a period of temporary non-residence may be brought within the charge to CGT in Ireland if the individual resumes residence within five years (IBFD, 2025).

There are several reliefs available that should be considered on a case-by-case basis. Examples include retirement relief, rollover relief, relief for the disposal of agricultural property or business property which has been used for trading purposes, and entrepreneur relief. Entrepreneur relief provides for a reduced 10% CGT rate on disposals of qualifying business assets up to a lifetime limit of EUR 1 million, subject to specific conditions (IBFD, 2025; PwC, 2025).

Ireland's Angel Investor Relief (effective March 2025) offers HNWIs a 16% CGT rate (18% for partnerships) on gains from qualifying investments in innovative SMEs, subject to a three-year holding period and a lifetime cap of €10 million. Combined with Entrepreneur Relief and Retirement Relief, Ireland remains attractive for wealthy individuals reinvesting in the local economy (Government of Ireland, 2025; Irish Revenue, 2025).

For residents, worldwide gains are taxable, subject to the remittance basis for non-domiciled individuals. Non-residents are generally only liable to CGT on gains from

the disposal of Irish land, buildings, mineral rights, exploration rights, unquoted shares deriving their value from such assets, and assets used in an Irish branch or agency. Non-residents are not entitled to the annual exemption or most reliefs unless they are EU/EEA residents and meet certain conditions (IBFD, 2025; PwC, 2025).

There is a 15% withholding tax on the gross proceeds from the disposal of Irish land, buildings, and certain shares by non-residents, unless a clearance certificate is obtained. Dividends paid to non-residents are subject to a 25% withholding tax, but exemptions may apply for residents of EU or treaty countries. Interest paid to non-residents is generally subject to a 20% withholding tax, with exemptions for certain types of interest and for residents of EU or treaty countries. Royalties paid to non-residents are subject to a 20% withholding tax on Irish patents; other royalties are generally paid gross (IBFD, 2025; PwC, 2025).

Ireland has an extensive network of DTTs, which generally follow the OECD Model Convention. Under most treaties, relief is provided by way of credit for foreign tax, and treaty provisions prevail over domestic law. Ireland's approach to cross-border taxation is broadly aligned with EU and OECD standards, with no significant unique features (IBFD, 2025; PwC, 2025).

There are no specific tax expenditure policies or regimes that target or benefit HNWLs in the area of capital gains taxation. However, a domicile levy of EUR 200 000 applies to Irish-domiciled individuals with worldwide income exceeding EUR 1 million, Irish property exceeding EUR 5 million, and Irish income tax liability less than EUR 200 000 (IBFD, 2025; PwC, 2025).

Italy

In Italy, income is classified into six categories. For the purposes of this document, the relevant income categories are:

- (a) **capital income**, such as interest on cash accounts and bonds, dividends, income from investment funds, income realised by a transparent trust and taxed in the hands of the beneficiary, capital gains realised on the sale of a participation in an investment fund;
- (b) **other income**, such as capital gains and losses realised from the sale of bonds or stocks or cryptocurrencies, capital gains realised on the sale of real estate or metals, capital gains and losses realised on the sale of foreign currencies.

Determination of the taxable base differs between the two income categories:

- (a) for **capital income**, the taxable base is, generally speaking, equal to the amount received by the taxpayer (that is not a capital repayment), with no possibility of deducting costs;

- (b) for **other income (from financial investments)**, the taxable base is usually determined as the difference between received income and sustained costs. Moreover, realised capital losses can be offset against realised other income (but not against capital income) belonging to the same category and may be carried forward up to four years.

Both income categories are taxed on a cash basis.

The substitute tax rate that applies to both capital income and other income realised in connection with the management of financial assets is 26%, although in some cases this income is included in the general tax base and is therefore taxed at progressive rates between 23% and 43%. For capital gains from the sale of cryptocurrencies, the rate is 26% for 2025, increasing to 33% from 2026. For government bonds, a reduced rate of 12.5% applies (IBFD, 2025; PwC, 2025).

Capital gains realised from the sale of a real estate property that has been owned by the taxpayer for longer than 5 years are exempt from taxation. Capital gains on the sale of a principal residence are also exempt, even if held for less than five years, provided it was used as the main residence for most of the period of ownership. (IBFD, 2025; PwC, 2025).

Non-Italian resident individuals who transfer their tax residence to Italy and apply the EUR 200 000 lump-sum tax regime (pursuant to article 24-bis of the Italian Tax Code) are exempt from the taxation of any capital income or other income realised from assets held outside of Italy, with the exception of capital gains derived from qualified shareholdings (defined as participations exceeding certain thresholds), which remain subject to ordinary taxation at the standard rate specified in the above-mentioned rules (IBFD, 2025; PwC, 2025). Note that the Annual Budget Law for 2026 is currently under discussion and may modify the lump-sum regime. Pending formal enactment and publication, the above rules continue to apply.

With reference to other incomes specifically arising from financial investments, under Legislative Decree 461/1997, there are three optional regimes based on which those incomes can be taxed: (i) the income tax return method (art.5); (ii) the administered savings method (art.6); (iii) the managed savings method (art.7). All three regimes can be adopted by Italian individuals (outside a business activity) and non-commercial entities, as well as by non-Italian persons for other income and capital income realised in Italy. They differ in various aspects such as the subjective and objective field of application, the timing of taxation, the specific rules for determining the taxable base, the relevance of income production costs and the role of financial intermediaries (IBFD, 2025; PwC, 2025).

The income tax return method is the ordinary regime and applies by default unless the individual opts for regimes (ii) or (iii). It involves the obligation to indicate realised capital gains, capital losses and other miscellaneous income of a financial nature in the annual income tax return and to pay the relevant substitute tax (26%). The administered savings method can be adopted by written notice from the taxpayer to

the intermediary at any time but with effects from the beginning of the subsequent fiscal year. In this regime, the taxpayer holds investments through an Italian financial intermediary but has full freedom to manage them. The intermediary is limited to managing tax obligations and payments. The payments are due when incomes are realised, and for each single operation (i.e. for each single realised capital gain). Capital losses realised are deducted up to the amount of the capital gains realised in the subsequent transactions carried out in the context of (i) the same relationship with the intermediary, and (ii) the same tax period. Capital losses realised by the taxpayer and not offset in the same tax period, insofar as they exceed the capital gains realised, may be carried forward for deduction from the capital gains realised in subsequent tax periods, but not beyond the fourth.

Lastly, the managed savings method can be adopted by written notice from the taxpayer to the intermediary at the moment of appointing the latter for the management, or before the beginning of the fiscal year. In this regime, the taxpayer holds their investments through a financial intermediary but does not have the freedom to manage them. The intermediary in turn manages the investments as well as the tax obligations and payments. The payments are due on the net annual income accrued, regardless of their realisation or receipt. The result accrued by the individual management is determined as the difference between the value of the managed assets at the end of the fiscal year and the value of the same managed assets at the beginning of the fiscal year. In any case, income subject to withholding tax, exempt income, real estate investment fund income and income that contributes to forming the taxpayer's overall income must be excluded from this difference (IBFD, 2025; PwC, 2025).

For residents, worldwide income (including capital gains, dividends, interest, and royalties) is taxable. Non-residents are taxed only on Italian-source income. Capital gains realised by non-residents from the sale of participations in Italian companies are subject to a 26% substitute tax, unless an exemption applies under a double tax treaty or EU/EEA rules. Dividends paid to non-residents are subject to a 26% withholding tax, with possible reductions under a DTT. Interest paid to non-residents is generally subject to a 26% withholding tax, with exemptions for certain types of bonds and for residents of white-list countries. Royalties paid to non-residents are subject to a 30% withholding tax on 75% of the gross amount (effective rate 22.5%), unless reduced by a DTT (IBFD, 2025; PwC, 2025).

Italy has an extensive network of DTTs, which generally follow the OECD Model Convention. Under most treaties, relief is provided by way of credit for foreign tax, and treaty provisions prevail over domestic law. Italy's approach to cross-border taxation is broadly aligned with EU and OECD standards, with no significant unique features (IBFD, 2025; PwC, 2025).

Italy's Decree-Law 73/2021 provides HNWI's a full exemption from capital gains tax for reinvestment of proceeds from the sale of shareholdings into innovative startups or SMEs within one year, holding the new shares for at least three years. This

incentive applies to qualifying investments made until 31 December 2025, encouraging wealthy investors to support Italy's innovation sector (Ministero Economia e Finanze, 2024).

Latvia

In Latvia, capital gains from the sale of financial assets such as shares and securities are taxed at a flat rate of 25.5% from 1 January 2025 (previously 20%) (IBFD, 2025; PwC, 2025). This rate applies to both residents and non-residents. Capital gains are calculated by subtracting the acquisition cost from the sale proceeds. Capital assets include shares, partnership interests, financial instruments, investment fund certificates, debt instruments, immovable property, intellectual property, investment gold, other precious metals, and crypto assets (IBFD, 2025; PwC, 2025). Starting in 2025, an additional 3% tax applies to the portion of an individual's total annual income exceeding EUR 200 000, which includes capital gains, dividends, and other income (IBFD, 2025; PwC, 2025). There are exemptions for certain asset types, such as real estate, where gains are exempt if the property has been owned for more than 60 months and, for at least 12 months during that period, was the individual's registered principal place of abode, or if it has been the only immovable property for the last 60 months. There is also an exemption if the proceeds are reinvested in another property of the same function within 12 months (IBFD, 2025; PwC, 2025).

Latvia's Investment Account system allows HNWI's to defer capital gains tax by keeping proceeds from asset sales in a designated account and reinvesting them. Tax is only due when funds are withdrawn for personal use, enabling indefinite deferral and facilitating active investment strategies for affluent individuals (Ministry of Finance Republic of Latvia, 2025).

For residents, capital gains are taxed on a worldwide basis. For non-residents, only Latvian-source capital gains are taxable. Non-residents are generally taxed at the same 25.5% rate on capital gains, except for gains from the disposal of publicly traded financial instruments regulated by the Financial Instruments Market Law, which are exempt. Gains from the disposal of Latvian immovable property by non-residents are taxable, including indirect transfers where more than 50% of the entity's assets consist of Latvian real estate. If the purchaser is a Latvian resident business, a 3% withholding tax on the purchase price applies; otherwise, the non-resident must file a return and pay 25.5% on the gain (IBFD, 2025; PwC, 2025). From 1 January 2025 to 31 December 2027, non-residents are exempt from tax on capital gains from the disposal of publicly traded crypto-assets (PwC, 2025).

Dividends paid to residents and non-residents are generally exempt from personal income tax if corporate income tax has been paid at the distributing company level. Otherwise, a 25.5% withholding tax applies. Dividends from tax havens are always subject to 25.5% tax (IBFD, 2025; PwC, 2025). Interest income is also taxed at 25.5%, with certain exemptions for government and EEA bonds (IBFD, 2025; PwC, 2025).

Latvia has an extensive network of DTTs, most of which follow the OECD Model. Relief from double taxation is provided by way of a foreign tax credit, limited to the lower of the foreign tax paid and the Latvian tax attributable to the foreign income. The treaty provisions generally prevail over domestic law, unless unilateral relief is more beneficial (IBFD, 2025; PwC, 2025).

Latvia's approach to capital gains taxation is broadly aligned with EU and OECD practices, with no unique features for HNWI or special deferral regimes. The treatment of residents and non-residents is consistent with international standards, and the DTT network ensures cross-border uniformity (IBFD, 2025; PwC, 2025).

Lithuania

In Lithuania, realised capital gains from the disposal of property (real estate, vehicles) and financial instruments (shares, bonds, securities, crypto currencies), taxed at a rate of 15% in the case of income from sale minus acquisition costs of property or financial instruments is up to EUR 253 065 (120 average salaries) per calendar year (the threshold only applies for 2025 and is likely to change in subsequent years). The excess of the threshold is taxed at 20% personal income tax (PwC, 2025; IBFD, 2025). From 2026, the threshold will be based on 12 average statutory monthly salaries (ASMS), and capital gains from the sale of shares held for more than 5 years will be taxed at 15% regardless of the threshold (IBFD, 2025).

These rates applies to both residents and non-residents. Capital gains are calculated by subtracting the acquisition cost from the sale proceeds, and allowable expenses such as brokerage fees and legal fees can be deducted (IBFD, 2025; State Tax Inspectorate of the Republic of Lithuania, n.d.).

There are exemptions for the sale of certain types of asset:

- If a real estate is held by an individual for more than 10 years, capital gains from the sale of such property are not taxed; from 2026, this holding period will be reduced to 5 years (IBFD, 2025)
- Income received from the sale or other transfer of ownership of a residential property (including assigned land) located in a state of the European Economic Area, if it was the resident's place of residence up to 2 years before the sale or other transfer of ownership, is not subject to capital gains tax;
- Income from the sale of ownership of a residential dwelling (including assigned land) located in a state of the European Economic Area, in which the individual had declared their place of residence for less than two years, provided that within one year of the sale or other transfer of ownership of such dwelling the income is used to acquire another residential dwelling located in the EEA state in which the resident declares their residence, is not subject to capital gains tax;

- Income from sale of vehicles that were held for more than 3 years is not subject to capital gains tax;
- Income (sale income minus acquisition costs) from the sale of financial instruments that does not exceed EUR 500 per calendar year is not subject to capital gains tax. This provision applies only if the following two criteria are met (and does not apply to crypto currencies):
 - the company whose financial instruments are being traded is not registered in a blacklisted territory;
 - the financial instruments are not being sold back to the entity that issued them;
- Income from crypto currencies (sale income minus acquisition costs) up to EUR 2 500 per calendar year is not subject to capital gains tax. Gains from the disposal of any other property, except waste, are exempt if they do not exceed EUR 2 500 during the tax year (IBFD, 2025; PwC, 2025).

Lithuania introduced an Investment Account (IA) regime from 2025, allowing Lithuanian tax residents to defer taxation on eligible investment income until funds are withdrawn for non-investment purposes. The IA regime applies only to accounts opened in the EEA, OECD member states, or countries with which Lithuania has a DTT. The tax relief of EUR 500 is not applicable in the IA, and only the final investment result is taxed when withdrawn. Losses from one year can be offset against profits of other years within the IA. The IA regime does not apply to direct investments into start-ups or cryptocurrencies (PwC, 2025; IBFD, 2025).

Lithuania's Investment Account regime introduced in 2025 enables HNWIs to defer tax on gains until withdrawals exceed contributions. Multiple accounts are allowed, and reinvestment within the account avoids annual taxation. Additionally, incorporation of a sole proprietorship into a company can roll over gains without immediate tax, supporting wealthy entrepreneurs (IBFD, 2025; PwC, 2025).

For residents, capital gains are taxed on a worldwide basis. Non-residents are taxed only on gains from the disposal of movable property subject to legal registration in Lithuania and from the disposal of immovable property located in Lithuania. Gains derived by non-residents from the sale of shares in Lithuanian companies are not taxable in Lithuania (IBFD, 2025).

Non-residents are subject to withholding tax on dividends at a flat rate of 15%, unless reduced by a DTT. Interest and royalties paid to non-residents are also subject to a 15% withholding tax, with the excess over EUR 253 065 taxed at 20% (IBFD, 2025; PwC, 2025).

Lithuania has an extensive network of DTTs, most of which follow the OECD Model Convention. Under these treaties, relief from double taxation is generally provided by

the exemption or credit method, and treaty law prevails over domestic law if more beneficial (IBFD, 2025).

Lithuania's approach to capital gains taxation and cross-border relief is broadly aligned with EU and OECD standards, with no unique features that significantly diverge from common practices (IBFD, 2025).

Luxembourg

In Luxembourg, capital gains from the sale of financial assets such as shares and securities are taxed as follows:

- If the shares have been held for less than six months and to the extent that the total capital gains exceed EUR 500, the gains are taxed at progressive income tax rates, which can range from 0% to 42% (plus a 7% or 9% employment fund contribution, depending on income level and tax class) and are subject to a 1.4% dependency contribution (IBFD, 2025; PwC, 2025).
- For shares held for more than six months, capital gains are not taxable unless the individual holds a substantial shareholding. A shareholding qualifies as substantial where the seller, alone or together with their spouse or partner and underage children, holds or has held, directly or indirectly, more than 10% of the share capital of the company at any time during the five years preceding the disposal (IBFD, 2025; PwC, 2025).
- For shares held for more than six months, and when the individual holds a substantial shareholding, capital gains are taxed as extraordinary income at half of the individual's overall income tax rate (i.e. max. 21.78%), plus the employment fund contribution and the 1.4% dependency contribution (IBFD, 2025; PwC, 2025).
- Speculative gains (i.e. gains on shares held for less than six months or when the sale precedes the purchase) are taxed at the full marginal rate if they exceed EUR 500 per year. Only incidental costs (commissions, fees to notaries, surveyors, advisers, etc.) may be added or deducted to the purchase price and sale proceeds (IBFD, 2025).

Capital gains on the sale of the taxpayer's main residence are tax-exempt. Capital gains on other real estate properties are subject to progressive income tax rates if the disposal takes place within five years of acquisition. If the disposal takes place more than five years after acquisition, the gain is taxed at half the marginal tax rate. For transactions up to 30 September 2025, the gain may be temporarily subject to a quarter of the marginal tax rate under certain conditions (PwC, 2025; IBFD, 2025).

A tax deduction of up to EUR 50 000 (doubled for married taxpayers and civil partners filing together) valid every ten years may be claimed on the capital gain. In

addition, a deduction up to EUR 75 000 for inherited property (through the direct line of descent) may apply (PwC, 2025; IBFD, 2025).

Under specific conditions, taxation of capital gains from the disposal of property can be deferred if it is used to fund the acquisition of a new property located in Luxembourg that the owner intends to rent out (PwC, 2025; IBFD, 2025).

Under Article 22bis ITL, Luxembourg permits HNWIs to execute tax-neutral share-for-share exchanges if the acquiring company obtains or increases majority control and other conditions are met. Latent gains are deferred until the new shares are disposed of, making this a key tool for succession planning and wealth structuring (Luxembourg Tax Authority, 2021).

Luxembourg does not have a regime for tax deferral or reduction on capital gains. However, rollover relief may apply to certain business assets under specific conditions (IBFD, 2025).

For residents, worldwide income (including capital gains, dividends, interest, and royalties) is taxable. Non-residents are taxed only on Luxembourg-source income. For non-residents, taxable capital gains include gains made on the sale of immovable property located in Luxembourg or gains derived from the sale of a direct or indirect participation of more than 10% in a Luxembourg company within six months after the purchase of the shares, or when the sale precedes the purchase. Non-residents may also be taxed on gains from the sale of a substantial participation if they were resident in Luxembourg for more than 15 years and became non-resident less than five years before the sale (IBFD, 2025).

Dividends paid to non-residents are subject to a 15% withholding tax, unless reduced by an applicable DTT. Interest and royalties paid to non-residents are generally not subject to withholding tax. There is no withholding tax on capital gains for non-residents (IBFD, 2025; PwC, 2025).

Luxembourg has an extensive network of DTTs, which generally follow the OECD Model Convention. Under most treaties, relief is provided by way of exemption with progression or credit for foreign tax, and treaty provisions prevail over domestic law. Luxembourg's approach to cross-border taxation is broadly aligned with EU and OECD standards, with no significant unique features (IBFD, 2025; PwC, 2025).

Malta

Malta imposes income tax on specific capital gains, including capital gains arising on the sale of certain stocks and shares, sale of immovable property, and on the transfer of certain ownership rights and intellectual property in the hands of tax residents and domiciled individuals. Non-Maltese residents and individuals who are Maltese tax resident but not domiciled are charged income tax on certain Maltese sourced capital gains, tax treaty considerations aside. Stamp duty considerations also apply.

Individuals are typically charged income tax on such capital gains at the progressive rates of tax, which vary from 0% to 35%, depending on the level of income of the individual (Malta Tax and Customs Administration, n.d.).

The taxation mechanism would not apply in the case of capital gains arising on the transfer of immovable property situated in Malta by Maltese resident individuals – as such a transfer is taxed on the selling price or transfer value (whichever is higher), typically at a rate of 8% (Government of Malta, n.d.). This rate may vary in certain circumstances, depending on the property's location.

For transfers of immovable property acquired prior to 1 January 2004, a final withholding tax of 10% applies. A final withholding tax of 5% may apply in certain cases, such as for restored property or property transferred within five years of acquisition, subject to specific conditions. Transfers made after 1 January 2022 of property that has been leased at affordable rates are exempt on the first EUR 200 000 of the transfer value if the transfer is made to that tenant, provided the property was leased for a period of 10 years under a Housing Authority scheme (IBFD, 2025; PwC, 2025).

Transfers of qualifying immovable property that take place between 12 October 2021 and 31 December 2025 may benefit from an exemption from income tax on capital gains on the first EUR 750 000 of the higher of its market value or consideration, if the property is vacant for at least 7 years, is situated in an Urban Conservation Area, or has traditional Maltese features (PwC, 2025).

One should also keep in mind that with respect to certain capital gains a number of exemptions may also be availed of; this would be dealt with on a case-by-case basis.

Capital gains are also imposed on the transfer of business goodwill, business permits, copyrights, patents, trademarks, trade names, and any other intellectual property, ordinary shares, units in collective investment schemes, the maturity or surrender of linked long-term insurance policies, beneficial interest in a trust, as well as transfers of any interest in a partnership (IBFD, 2025).

No capital gains tax is imposed on the transfer of immovable property consisting of a dwelling house which has both been owned and occupied as the transferor's own residence for a period of at least 3 years immediately preceding the transfer, provided that the property is disposed of within 12 months from vacating the premises (IBFD, 2025).

Capital gains realised on the disposal of shares or units in a Maltese-licensed collective investment scheme investing more than 15% of its total investments in foreign-based securities may be subject to a withholding tax of 15%, in which case the income will not be reported in the tax return. Alternatively, the recipient of the capital gain may opt to receive the gain without deduction of tax, but then the gain has to be declared in the tax return and is subject to income tax under the general rules (IBFD, 2025).

Subject to certain conditions, capital gains on securities listed on a stock exchange recognized by the Commissioner for Tax and Customs, or in consequence of a listing on a stock exchange, are also tax exempt (IBFD, 2025; PwC, 2025).

Gains or profits arising from the transfer of ownership or usufruct or from the assignment or cession of any rights over any interest in a partnership (whether incorporated in Malta or not), are taxable with effect from 1 January 2011 (IBFD, 2025).

For both resident and non-resident individuals, the deduction of expenses related to income from capital (except from immovable property) or from employment is generally not permitted under Maltese tax law. Only business income and income from self-employment are computed net of deductible expenses (IBFD, 2025).

Capital losses may be set off only against capital gains, and the set-off is allowed against capital gains of the current and subsequent years (IBFD, 2025).

There is no net wealth tax, real estate tax, or inheritance tax in Malta, except for stamp duty of 2–5% on certain assets, primarily immovable property situated in Malta and shares held in Maltese companies, which is based on the consideration value or market value of the assets, depending on whichever is higher. There are no gift taxes (IBFD, 2025; PwC, 2025).

Malta offers several special regimes for individuals, including the Global Residence Programme, the Residence Programme Rules, and the Malta Retirement Programme. These regimes provide for a flat tax rate of 15% on foreign income remitted to Malta, subject to minimum tax thresholds, and are aimed at attracting HNWIs and pensioners. The Highly Qualified Persons Rules also provide for a flat 15% tax rate on qualifying employment income for expatriates in certain sectors, subject to conditions and time limits (IBFD, 2025; PwC, 2025).

There are no specific tax deferral or reduction regimes for capital gains, but rollover relief may be granted in respect of the replacement of business assets in certain intra-group transfers (IBFD, 2025).

Residents and domiciled individuals are taxed on worldwide income and certain capital gains. Individuals who are resident but not domiciled are taxed on Maltese-source income and capital gains, and on foreign income remitted to Malta, but not on foreign capital gains, even if remitted. Non-residents are taxed only on Maltese-source income and capital gains. Non-residents are generally exempt from tax on capital gains derived from the disposal of shares in a Maltese resident company or partnership, provided it is not classified as a property company or property partnership (IBFD, 2025; PwC, 2025).

There is no withholding tax on dividends paid to non-resident individuals. Interest and royalties paid to non-residents are exempt from tax in Malta if they are not effectively connected to a permanent establishment in Malta. Where taxable income (e.g. rents

and income of a permanent establishment), other than dividends, interest and royalties, is paid to non-resident individuals, tax is deducted at source at 25%, but this is not final and may be credited or refunded (IBFD, 2025).

Malta has an extensive network of DTTs, most of which follow the OECD Model Tax Convention. Malta is classified as a credit country, providing relief for double taxation under its tax treaties in the form of an ordinary tax credit, subject to per-country and per-income limitations. The credit is the lower of the Maltese tax effectively imposed on the given income and the foreign tax imposed on the same item of foreign income (IBFD, 2025).

Malta's approach to capital gains taxation and the treatment of residents and non-residents is broadly in line with EU and OECD practices, with some unique features such as the full imputation system for dividends and the remittance basis for non-domiciled residents (IBFD, 2025; PwC, 2025).

Netherlands

A substantial interest exists if the shareholder, alone or together with their partner, owns 5% or more of a company's issued share capital. This includes holdings through profit-sharing certificates, stock options and usufruct rights, and applies not only to capital companies, but also to legal entities such as funds and cooperatives. Box 2 of the Dutch Personal Income Tax Act taxes income from substantial interest. In 2025, Box 2 income is taxed at a rate of 24.5% up to an income of EUR 67 804 and 31% above that amount (IBFD, 2025; PwC, 2025) All benefits obtained from the share package are included in the tax assessment. Both periodic returns (regular gains such as dividends) and incidental disposal results (capital gains) on the shares that are part of the substantial interest are included in the taxable income from substantial interest. Capital gains from the disposal of shares are only taxable if the shareholding constitutes a substantial interest. The law treats as a disposal not only the sale, exchange or gift of the shares, but also other cases such as the purchase of shares by the capital company, the receipt of a liquidation distribution, a transfer due to a legal division or merger, a transfer under universal title, ceasing to have a substantial interest, or the emigration of the taxpayer holding a substantial interest (Belastingdienst, n.d.; IBFD, 2025).

Losses from substantial interest can be offset against income from substantial interest for the previous and the following six calendar years. If a substantial interest ceases to exist, the loss can be converted into a tax credit at 24.5% (for income up to EUR 67 804) or 31% (for income above that amount), to be set off against Box 1 income (IBFD, 2025).

It should be noted that the Netherlands does not have a general capital gains tax regime. Realised capital gains are only taxed under the substantial interest regime in Box 2. There is no taxation of other realised capital gains for individuals. Capital gains from the disposal of business assets are categorized as business income (Box

1), and gains from activities exceeding normal wealth management may also be taxed in Box 1. For portfolio investments (less than 5%), capital gains are not taxed; instead, a deemed return on the value of the assets is taxed in Box 3 at a flat rate of 36% (IBFD, 2025; PwC, 2025).

The Netherlands does not have a regime for tax deferral or reduction of capital gains tax. However, a step-up in basis is granted to immigrant substantial shareholders of non-resident companies, and tax deferral may apply in certain cases of gifts or inheritances of substantial shareholdings, as well as in the case of emigration (exit tax), where a preservative tax assessment is imposed but payment may be deferred under certain conditions (IBFD, 2025).

The Netherlands allows entrepreneurs, including HNWI, to transfer a business into a BV (company) without immediate capital gains tax, deferring the gain into the shares of the new company. Share mergers and legal mergers can also be executed tax-neutrally if certain conditions are met, supporting business succession and restructuring for wealthy individuals (Belastingdienst, 2025; Rijksoverheid.nl, 2025).

For residents, worldwide income (including capital gains from substantial interests) is taxable. Non-residents are taxed only on Dutch-source income, including income from substantial interests in Dutch resident companies. Non-residents are subject to a 15% dividend withholding tax on dividends, unless reduced by an applicable DTT. As of 2024, a 25.8% withholding tax applies to dividends, interest, and royalties paid to low-tax jurisdictions and in abusive situations. There is no withholding tax on capital gains for non-residents, except for gains from substantial interests in Dutch companies (IBFD, 2025; PwC, 2025).

The Netherlands has an extensive network of DTTs, which generally follow the OECD Model Convention. Under most treaties, relief is provided by way of exemption or credit, and treaty provisions prevail over domestic law. The Netherlands' approach to cross-border taxation is broadly aligned with EU and OECD standards, with no significant unique features (IBFD, 2025; PwC, 2025).

Poland

The capital gains tax is a flat rate personal income tax introduced in 2002. Initially, it applied only to interest from bank deposits and savings accounts. Since 2004, it has also covered all income related to capital investments.

This tax is levied on the profit realised from the sale of an asset or investment, such as stocks, bonds, real estate, or mutual funds. It applies to both residents and non-residents. The tax-free amount does not apply to capital gains, meaning all gains are subject to the 19% rate (PwC, 2025; IBFD, 2025).

For individuals, capital gains are calculated based on the difference between the selling price and the purchase cost of the asset, adjusted for any associated

transaction expenses. These allowable expenses might include brokerage fees, legal fees for transactions, and any other necessary costs incurred during the buying or selling process (IBFD, 2025).

Individuals in Poland can offset losses from the sale of assets against their capital gains. Capital losses can be carried forward for five years, but not more than 50% of the loss can be utilized in one year (IBFD, 2025).

Certain exemptions apply, such as gains from the sale of personal belongings if the sale occurs at least six months after purchase. Individuals can also deduct costs related to the acquisition and sale of the asset, such as transaction fees, which can potentially reduce the taxable amount (IBFD, 2025).

The possibility of avoiding capital gains tax is limited only to schemes under the third pillar of the pension system, in which individuals can participate voluntarily by opening an IKE (Individual Retirement Account) or IKZE (Individual Retirement Security Account). Account holders are guaranteed non-payment of tax on these accounts. However, there are some limitations. To avoid the tax, savings must be kept in an IKE until the age of 55, and in an IKZE until the age of 65. Any withdrawal of funds from these accounts before then will necessitate the payment of tax. Additionally, there is an annual contribution limit. In 2025, it is set at PLN 26 019 for IKE and PLN 10 407.60 for IKZE (IBFD, 2025; PwC, 2025).

For real estate, a 19% tax is levied on profits made by selling properties owned for less than five years (calculated at the end of the calendar year in which the property was acquired). If the property is sold after this period, the gain is tax-free for individuals. However, if the proceeds from the sale are used within three years for the acquisition, renovation, or reconstruction of a dwelling in Poland, another EU/EEA country, or Switzerland, or for the repayment of a mortgage, the gain may also be exempt (IBFD, 2025; PwC, 2025).

From 2023, private rental income is only taxed as a lump-sum tax on recorded revenues (8.5% rate for revenues below PLN 100 000 per year and 12.5% on the surplus over PLN 100,000). Costs are not deductible under this regime. If the rental is part of a business activity, general rules, flat-tax, or lump-sum rental settlement may apply (PwC, 2025).

Individuals must report capital gains in their annual tax returns. Failure to report capital gains income can result in tax penalties (IBFD, 2025).

There are no specific tax expenditure policies in Poland that target HNWI for preferential treatment. However, a lump-sum tax regime on foreign income is available for individuals transferring their tax residence to Poland, subject to a fixed tax of PLN 200 000 per year and certain investment requirements (PwC, 2025).

There are no regimes that allow for tax deferral or reduction on capital gains in Poland (IBFD, 2025).

For residents, capital gains from the sale of securities and real estate are taxed at 19%. Non-residents are taxed on Polish-source capital gains under the same rules as residents. However, non-residents may be subject to a final withholding tax of 19% on dividends and 20% on interest and royalties, subject to reduction under an applicable double tax treaty (IBFD, 2025; PwC, 2025).

Poland has an extensive network of DTTs, which generally follow the OECD Model. Under most treaties, capital gains from the sale of shares are taxable in the country of residence, except for shares in companies whose assets consist mainly of Polish real estate, which may be taxed in Poland (IBFD, 2025).

Poland's approach to capital gains taxation is broadly aligned with EU and OECD practices, with no unique features that significantly diverge from international norms (IBFD, 2025).

Portugal

In Portugal, the capital gains tax system is integrated into the broader personal income tax framework, with specific rules depending on the type of asset. The method for determining taxable income is the FIFO (First In, First Out) method for securities and crypto-assets (IBFD, 2025; PwC, 2025). In general terms, taxable capital gains correspond to the positive difference between the sale value and the acquisition value, less (for some assets, not all) the costs incurred with the acquisition and disposal of those assets (e.g. bank charges). In the case of shares, an inflation factor (indexation) is applicable to the acquisition cost, provided that more than 24 months have elapsed between the acquisition and the sale date (IBFD, 2025).

Capital gains from the sale of securities, from the redemption or liquidation of participation units in investment funds, and from the sale or repayment of bonds, are generally taxed (for individual taxpayers) at a flat rate of 28%. This applies to both domestic and foreign securities. If the assets are sourced in a tax haven (as per the 'blacklist' published by the Portuguese authorities), an aggravated rate of 35% will apply instead (IBFD, 2025; PwC, 2025). However, taxation will be due at progressive tax rates in the case of short-term capital gains (assets held for less than 365 days), provided that the overall taxable income subject to progressive rates (including the balance of capital gains) exceeds EUR 83 696 (for 2025) – structured products excluded. These rules also apply to the balance between capital gains and capital losses subject to the aggravated 35% tax rate (tax havens) (IBFD, 2025).

Gains or losses resulting from the disposal of securities admitted to trading or participation units in investment funds or open collective investment undertakings may benefit from an exclusion from taxation of: 10% of the gain, if resulting from assets held for a period of more than 2 years and less than 5 years; 20% of the gain, if resulting from assets held for a period equal to or greater than 5 years and less than 8 years; 30% of the gain, if resulting from assets held for a period equal to or

greater than 8 years (IBFD, 2025; PwC, 2025). In addition, only 50% of capital gains on the sale of shares held in micro and small companies not listed on the stock exchange will be subject to taxation (PwC, 2025).

Some operations involving crypto-assets are also included in the scope of capital gains. Gains from the sale of crypto-assets that are not securities, calculated as sale proceeds minus acquisition cost, are taxed as capital gains at 28%. The annual balance of these disposals is excluded from the mandatory aggregation that applies to short-term gains on securities and other financial assets held for less than 365 days. A relief from taxation applies to crypto-assets held for 365 days or more. Moreover, no tax arises on disposals of crypto-assets held for less than 365 days where the consideration on disposal consists of other crypto-assets (IBFD, 2025; PwC, 2025).

Losses may be carried forward for up to five years, provided the taxpayer opts for progressive taxation (instead of the 28% flat rate) both in the year the loss arises and in the year it is utilised. Offset between long-term and short-term gains or losses should only be possible in the case of opting for the taxation of long-term gains and losses at progressive rates (IBFD, 2025; PwC, 2025).

Real estate transactions are treated differently. Tax treatment is the same for residents and non-residents: only 50% of the capital gains on the sale of real estate are subject to tax in Portugal at progressive tax rates (12.5% to 48%, plus a solidarity rate of 2.5% or 5%, for 2025). In the case of non-tax residents, in order to determine the tax rate applicable to those capital gains, worldwide received income is taken into consideration (even if not taxed in Portugal) (IBFD, 2025; PwC, 2025). Taxable capital gains on the sale of immovable property in Portugal are the positive difference between the sale price and acquisition price, minus acquisition and sale costs and eligible improvement expenses incurred in the 12 years before sale. The acquisition cost is indexed if more than 24 months have passed between purchase and sale. A reinvestment relief may grant full or partial exemption when the property is the taxpayer's or household's primary residence and the proceeds are reinvested in the acquisition, improvement or construction of another primary residence in Portugal or the EU/EEA within 36 months after the sale or 24 months before it. The exemption may also apply if the proceeds are reinvested in certain financial products, under specific conditions (IBFD, 2025; PwC, 2025). Properties (construction land excluded) and assets acquired prior to 1 January 1989 are exempt from personal income tax.

Amounts received as a result of the liquidation, revocation or termination of 'fiduciary structures' are: taxable as capital gains when the recipients are the settlors of the trust; the tax rate is either 28% or 35%, the latter if the structure is considered 'domiciled' in a jurisdiction that is on the 'blacklist' of tax havens published by the Portuguese authorities. If the recipients are not the settlors, the amounts are subject to stamp duty at a flat rate of 10% (IBFD, 2025; PwC, 2025). The transfer for consideration of rights on trusts, including the transfer for consideration of the beneficiary position, qualifies as a capital gain subject to taxation. The rate is 35% in

case of trusts domiciled in countries, territories, or regions subject to more favourable tax regimes.

Portugal exempts capital gains on the sale of a principal residence if the proceeds are reinvested in another home within a specified period (36 months before or 24 months after the sale). This rollover relief is particularly beneficial for HNWIs relocating or restructuring their real estate holdings, allowing them to optimize their property portfolios without immediate tax costs (Portuguese Tax and Customs Authority, 2025; Assembleia da República, 2024).

For residents, worldwide capital gains are taxable under the above rules. Non-residents are taxed only on Portuguese-source capital gains, including gains from the sale of Portuguese shares and real estate. Non-residents are subject to a 28% withholding tax on capital gains, or 35% if the gains are from assets located in a tax haven. Dividends and interest paid to non-residents are subject to a 28% withholding tax, unless reduced by an applicable double tax treaty (IBFD, 2025; PwC, 2025).

Portugal has an extensive network of DTTs, which generally follow the OECD Model Convention. Under most treaties, relief is provided by way of credit for foreign tax, and treaty provisions prevail over domestic law. Portugal's approach to cross-border taxation is broadly aligned with EU and OECD standards, with no significant unique features (IBFD, 2025; PwC, 2025).

Romania

In Romania, capital gains from the sale of financial assets such as shares and securities are taxed at a flat rate of 10% for individuals. This rate applies to both residents and non-residents. Capital gains are calculated by subtracting the acquisition cost from the sale proceeds. Broker/transaction fees in connection with the acquisition or sale are tax deductible (PwC, 2025). Losses may be offset over the next five years against gains from the same source country and the same type of income and within the limit of 70% of the annual gain.

For transactions made through intermediaries resident in Romania, such as investment management companies or brokers, the income tax is withheld at the time of transfer. The withholding tax rates are 1% for securities held for at least 365 days and 3% for those held for less than 365 days (The Romanian Lawyers, n.d). Losses on the transfer of securities through resident intermediaries cannot be carried forward and offset, as these are considered final losses (IBFD, 2025). Additionally, investment income (i.e. capital gains, interest, dividends) derived from Romania or abroad is subject to health insurance contributions if the annual investment income alone or cumulated with other non-salary income derived by the individual (e.g. rental income, intellectual property rights) is equal to at least six minimum gross salaries (currently RON 4 050*6 = RON 24 300). Should an individual reach the threshold, they are required to declare and pay a health insurance contribution of 10%, applicable on the following threshold:

- 6 minimum gross salaries if the individual's annual non-salary income is between 6-12 minimum gross salaries;
- 12 minimum gross salaries if the individual's annual non-salary income is between 12-24 gross salaries;
- 24 minimum gross salaries if the individual's annual non-salary income is equal to or exceeds 24 minimum gross salaries.

Income from the transfer of the real estate ownership right, its dismemberments, or of the bare ownership is subject to income tax at 3% if the respective real estate was held by the individual for up to 3 years (inclusive), and at 1% if held for more than 3 years (Expat Center Romania, n.d.). The income tax rate generally applies to the value of the transaction declared by the parties in the deed transferring the ownership right, its dismemberments, or the bare ownership. If the respective values are lower than the minimum values established by the market study carried out by the chambers of public notaries, then the tax base is:

- (a) the minimum value established by the market study for transfers of the ownership right;
- (b) 20% of the minimum value established by the market study, where the value declared by the parties on the establishment or transfer of the dismemberments of the ownership right is lower than that value;
- (c) 80% of the minimum value established by the market study, where the value declared by the parties on the transfer of the bare ownership is lower than that value.

The income tax is calculated and cashed by the public notary before the authentication of the property transfer deed (PwC, 2025).

There are no specific tax expenditure sources or preferential regimes in Romania that target HNWI's. The Romanian tax system does not provide special tax benefits or regimes for HNWI's, and there are no lump-sum or remittance-based regimes (IBFD, 2025; PwC, 2025).

Capital gains tax (CGT) for individuals is generally aligned with EU/OECD practices, applying a flat rate and allowing for loss carry-forward in certain cases. There are no special deferral or reduction regimes for capital gains (IBFD, 2025).

For residents, capital gains from both Romanian and foreign sources are taxable in Romania. Non-residents are taxed only on Romanian-source capital gains, and the same rates apply as for residents. Non-residents may benefit from reduced rates or exemptions under an applicable DTT, provided a valid tax residency certificate is supplied (IBFD, 2025; PwC, 2025).

Dividends paid to non-residents are subject to a 10% withholding tax, unless reduced by a DTT. Interest and royalties paid to non-residents are also subject to a 10%

withholding tax if the recipient is resident in an EU/EEA country or a country with which Romania has a DTT; otherwise, the rate is 16% (IBFD, 2025; PwC, 2025).

Romania has an extensive network of DTTs, which generally follow the OECD Model. Under these treaties, relief from double taxation is usually granted by the credit method. The domestic rules are overridden by treaty provisions where applicable (IBFD, 2025; PwC, 2025).

Romania's approach to individual taxation, including CGT, is broadly consistent with EU and OECD standards, with no significant unique features or deviations (IBFD, 2025; PwC, 2025).

Slovakia

In Slovakia, capital gains from the sale of financial assets such as shares and securities are treated as part of the individual's income and are taxed accordingly (PwC, 2025). The tax rates are progressive, with gains taxed at either 19% or 25%, depending on the total amount of income. Capital gains are calculated by subtracting the (1) acquisition cost, (2) the transaction fees related to the purchase and sale, and (3) the tax-free amount of EUR 500 per year from the sale proceeds. There are exemptions for securities listed on a regulated stock exchange market for more than 12 months, which are tax-exempt if held by the individual for more than one year.

There is no separate capital gains tax in Slovakia; capital gains are included in the personal income tax base and taxed at the applicable rates (IBFD, 2025; PwC, 2025). Gains from the sale of non-business property are exempt from taxation if the property was owned for at least five years or used for non-business purposes for longer than five years (PwC, 2025). Capital gains from the sale of shares listed on a recognised stock exchange are exempt if held for more than one year, provided the shares are not part of the business assets of the taxpayer (IBFD, 2025; PwC, 2025). Income from special saving schemes is also exempt if participation lasts for at least 15 years and certain other conditions are met (IBFD, 2025).

There are no specific tax expenditure sources or preferential regimes in Slovakia that target HNWIs. The Slovak tax system does not provide special tax benefits or regimes for HNWIs, and there are no lump-sum or remittance-based regimes (IBFD, 2025; PwC, 2025).

There are no regimes that allow tax deferral or reduction for capital gains (IBFD, 2025).

For residents, capital gains from both Slovak and foreign sources are taxable in Slovakia. Non-residents are taxed only on Slovak-source capital gains, and the same rates apply as for residents. Non-residents may benefit from reduced rates or exemptions under an applicable DTT, provided a valid tax residency certificate is supplied (IBFD, 2025; PwC, 2025).

Dividends paid to non-residents are subject to a 7% withholding tax if paid from profits generated between 1 January 2017 and 31 December 2023, 10% if paid from profits generated in 2024, and 7% if paid from profits generated after 1 January 2025. If the recipient is from a non-cooperating state, the rate is 35%. Interest and royalties paid to non-residents are generally subject to a 19% withholding tax, unless reduced by a DTT (IBFD, 2025; PwC, 2025).

Slovakia has an extensive network of DTTs, which generally follow the OECD Model. Under these treaties, relief from double taxation is usually granted by the credit method or, if more favourable, the exemption method. The domestic rules are overridden by treaty provisions where applicable (IBFD, 2025; PwC, 2025).

Slovakia's approach to individual taxation, including CGT, is broadly consistent with EU and OECD standards, with no significant unique features or deviations (IBFD, 2025; PwC, 2025).

Slovenia

Under Slovenian tax legislation, capital gains, including on real estate and financial capital such as securities, company shares, and investment funds, along with interest, dividends, and rental income, are typically subject to a flat tax rate of 25% for individuals.

The tax rate on capital gains is decreased according to the length of the holding period. The tax rate is 25% for a holding period of 0 to 5 years, 20% for a holding period of 5 to 10 years, 15% for a holding period of 10 to 15 years, and 0% for a holding period greater than 15 years. The tax on capital gains and rental income is treated as a final tax for residents and non-residents alike (PwC, 2025).

The tax base on capital gains is the difference between the value of capital at the time of disposal and the value of capital at the time of acquisition. When the difference between the value of capital at disposal and the value of capital at acquisition is positive, the tax base is established as the difference reduced by normalised expenses associated with the acquisition and disposal (Financial Administration of the Republic of Slovenia, n.d.-a). Normalised expenses associated with the acquisition and disposal are recognised up to a maximum amount not exceeding (Financial Administration of the Republic of Slovenia, n.d.-b):

- the sum of 1% of the purchase price at acquisition and 1% of the value at disposal;
- the positive difference between the value at disposal and value at acquisition.

Capital gains from the sale of immovable property are exempt from tax if the property was held for more than 15 years, or if acquired before 1 January 2002. Special exemptions apply for owner-occupied homes held for at least 3 years and for securities received through privatization when sold for the first time. Capital gains

from the disposal of derivatives are taxed at 40% if disposed of in the year of purchase, 20% if held for 1–5 years, 15% for 5–10 years, 10% for 10–15 years, and 5% for more than 15 years.

There are no specific tax expenditure sources or preferential regimes in Slovenia that target HNWI. The Slovenian tax system does not provide special tax benefits or regimes for HNWI, and there are no lump-sum or remittance-based regimes (IBFD, 2025; PwC, 2025).

There is a new incentive regime for individual investment accounts (INR) effective from 2026, which allows for tax deferral on capital income (gains, dividends, interest) until payouts are made from the account. Income realised on such accounts is not taxed until paid out to the holder or another person. The regime is limited to resident individuals and subject to annual and lifetime contribution caps.

For residents, capital gains from both Slovenian and foreign sources are taxable in Slovenia. Non-residents are taxed only on capital gains from Slovenian sources, specifically from the disposal of immovable property located in Slovenia, substantial interests in Slovenian companies, or shares in Slovenian entities where more than 50% of the value stems from immovable property.

Dividends, interest, and royalties paid to non-residents are subject to a 25% withholding tax, unless reduced by an applicable DTT. Rental income paid to non-residents is subject to a 25% withholding tax. For EU/EEA residents, certain allowances may be claimed if at least 90% of personal income is taxable in Slovenia and exempt in the country of residence (IBFD, 2025; PwC, 2025).

Slovenia has an extensive network of DTTs, which generally follow the OECD Model. Under these treaties, relief from double taxation is usually granted by the credit method or, if more favourable, the exemption method. The domestic rules are overridden by treaty provisions where applicable (IBFD, 2025; PwC, 2025).

Slovenia's approach to individual taxation, including CGT, is broadly consistent with EU and OECD standards, with no significant unique features or deviations (IBFD, 2025; PwC, 2025).

Spain

In Spain, capital gains from the sale of financial assets such as shares and securities obtained by Spanish tax resident individuals are taxed at progressive rates for residents. The rates range from 19% to 30%, applying the latter if the amount exceeds EUR 300 000. Capital gains are calculated by subtracting the acquisition cost from the sale proceeds, and allowable expenses such as transaction costs can be deducted (PwC, 2025). Capital gains from the transfer of assets are included in the savings income base and taxed at the same progressive rates as other savings income. A transitory regime applies for assets acquired before 31 December 1994,

allowing for reduction coefficients on the part of the gain generated before 20 January 2006, subject to a EUR 400 000 threshold. The capital gain generated from the sale of a person's home is tax exempt for the same proportion as the amount that is reinvested in a new home, provided that the new home is purchased within two years. Capital gains arising from transfers of assets by PIT payers over the age of 65 are tax exempt if the total amount of income obtained from the transfer is used within six months to establish an assured life annuity for the taxpayer, up to EUR 240 000.

According to internal law, capital gains derived from the transfer of shares in a Spanish entity obtained by residents of other EU Member States or EEA countries with which are regulations on mutual assistance in the exchange of tax information under the terms of Law 58/2003, of 17 December, on General Taxation, which is applicable, are exempt from Spanish Non-Resident Income Tax (NRIT), with these exceptions:

- when the gains are obtained through non-cooperative jurisdictions;
- on gains derived from the transfer of shares, participations, or other rights in an entity whose assets consist mainly of real estate located in Spain;
- in the case of individuals, on gains derived from the transfer of shares, participations, or other rights in an entity, and when the taxpayer, at any time during the 12 months preceding the transfer, has directly or indirectly participated in at least 25% of the capital or assets of said entity;
- in the case of entities, when the transfer does not meet the requirements for the application of the exemption for the avoidance of double taxation provided for in Article 21 of the Corporate Tax Law.

Capital gains derived from shares traded on official secondary markets are also exempt, provided that a double taxation agreement with an exchange-of-information clause is in place. This exemption does not apply where the gains are obtained through a non-cooperative jurisdiction.

In the event of the NRIT exemption not being applicable, capital gains would be taxed at the general rate of 24% (for residents of other EU Member States or EEA countries with which there is an effective exchange of tax information, the rate is 19%) (Agencia Tributaria, n.d.).

Non-residents are generally taxed only on Spanish-source capital gains. Capital gains from the sale of shares quoted and transferred on a Spanish stock exchange derived by non-residents without a permanent establishment are exempt if the taxpayer is a resident of a country with which Spain has an income tax treaty containing an exchange of information clause. Non-residents selling Spanish-situs immovable property are generally subject to a withholding tax of 3% upon the price received, which is treated as an advance payment of capital gains tax for the seller.

Spain offers a 100% exemption from capital gains tax on gains from the sale of shares if the proceeds are reinvested in new or recently created companies and held

for at least three years. This regime is designed to incentivize angel investment and entrepreneurship, providing HNWI with a tax-efficient way to support new ventures (Agencia Tributaria, 2025).

Spain's approach to capital gains taxation is broadly consistent with EU and OECD standards, with no significant unique features or deviations. Spain has an extensive network of DTTs, which generally follow the OECD Model. Under these treaties, relief from double taxation is usually granted by the credit method. The domestic rules are overridden by treaty provisions where applicable.

Sweden

In Sweden, capital gains from the sale of financial assets such as shares and securities are taxed at a flat rate of 30% for individuals (Swedish Tax Agency, n.d.). This rate applies to both domestic and foreign securities. The taxable gain on the sale of stock is the net profit, calculated as the sales price less the average purchase price for all stock of the same kind. For non-quoted shares, only 5/6 of the gain is taxable, resulting in an effective tax rate of 25%. Only 70% of the calculated loss may normally be deducted for quoted shares, while for non-quoted shares, only 5/6 of the calculated loss can be deducted at 70% (PwC, 2025; IBFD, 2025). Special rules apply to the taxation of capital gains from the sale of stock of closely held companies. For private real estate, capital gains are taxed at a rate of 22%. There are specific rules and possible deferrals available, such as if the property has been the seller's primary residence. In some cases, individuals can defer the tax by reinvesting in another primary residence, either in Sweden or in the EU/EEA area, up to a certain amount (IBFD, 2025; PwC, 2025).

Capital gains on the sale of personal assets are taxable only if they exceed SEK 50,000 per year. The acquisition cost of personal assets is either the real purchase price or, optionally, 25% of the sales price (PwC, 2025).

Individuals resident in Sweden are taxed on capital gains realised during the period of residence. Individuals who have been resident in Sweden continue to have a tax liability on capital gains from the disposal of, inter alia, Swedish stock and similar assets during a ten-year period after they leave Sweden. This time limit is reduced in several double taxation agreements (PwC, 2025; IBFD, 2025). Non-resident individuals are taxed on Swedish source gains (e.g. capital gains on Swedish real estate and tenant owner's apartments).

For rental income from private property, a standard deduction of SEK 40,000 and 20% of the annual rental income applies (PwC, 2025; IBFD, 2025).

There is no net wealth tax, inheritance, estate, or gift tax in Sweden (PwC, 2025; IBFD, 2025).

Tax expenditure sources in Sweden include tax credits for housework, construction work, and refurbishments, as well as expert tax relief for foreign key personnel. The expert tax relief allows qualifying foreign experts and key personnel to exempt 25% of their compensation from Swedish tax and social security charges for up to seven years, provided certain conditions are met. Some benefits (e.g. school fees, moving allowances, and home travel allowances twice per year) are tax free and exempt from Swedish social security charges (PwC, 2025; IBFD, 2025). These policies may benefit HNWIs, especially those qualifying for expert tax relief, but there are no regimes specifically targeting HNWIs for preferential treatment.

Resident taxpayers are liable to tax on their worldwide income. Non-residents are generally taxed only on Swedish-source income. Non-residents working in Sweden for a Swedish employer or a foreign employer with a permanent establishment in Sweden are taxed at a flat rate of 25% at source (PwC, 2025; IBFD, 2025). Non-residents are also subject to a 30% withholding tax on dividends from Swedish companies, unless a lower rate applies under a tax treaty (IBFD, 2025; PwC, 2025). No withholding tax is levied on interest paid to non-residents (IBFD, 2025).

Sweden has an extensive network of DTTs, generally following the OECD model. DTTs may reduce withholding tax rates and provide relief from double taxation, either through exemption or credit methods. Sweden applies the credit method as the principal method for double taxation relief (IBFD, 2025; PwC, 2025).

Sweden's approach to individual taxation, including capital gains tax, aligns closely with common EU/OECD practices, with some unique features such as the expert tax relief regime and the ten-year rule for former residents (IBFD, 2025; PwC, 2025).

3.2.1. Conclusion

Section 3.2 highlights that capital gains taxation across EU Member States is highly diverse in scope, rate structures, computation methods, and available reliefs. While several jurisdictions integrate realised gains into the personal income tax under progressive rates, many apply separate flat rates for financial assets. Notable exceptions remain: Belgium largely exempts gains realised under the "normal management" of private wealth (with reforms under discussion), Cyprus restricts CGT to disposals of immovable property located in Cyprus, and the Netherlands taxes only gains linked to substantial shareholdings.

Immovable property often receives distinct treatment, with widespread principal residence exemptions, reinvestment reliefs, and, in some cases, transaction-based levies replacing or complementing CGT. The tax base is generally calculated as disposal proceeds minus acquisition cost, frequently allowing deduction of related expenses and, in limited cases, indexation of acquisition price. Withholding mechanisms through intermediaries exist in several regimes, sometimes contingent on holding periods, and social or solidarity contributions can increase effective tax burdens.

A further layer of complexity arises from the treatment of residents and non-residents, with many Member States following the OECD Model Convention in allocating taxing rights, but important differences persisting in the application of source versus residence taxation, particularly for real estate and substantial shareholdings. The prevalence and design of double tax treaties (DTTs) play a significant role in shaping the cross-border tax landscape, influencing both the risk of double taxation and the opportunities for tax planning.

Reliefs based on holding periods and rate reductions (or exemptions) for long-held assets are common, alongside targeted exemptions for listed securities, small annual gains, or specific asset classes. Real estate rules, such as multi-year holding thresholds, principal residence exclusions, and reinvestment reliefs, significantly influence disposal timing and reinvestment decisions. Treatment of non-residents varies widely, ranging from source-based withholding to exemptions for EU/EEA residents subject to conditions and treaty relief, with some regimes applying special bases or rates.

In addition, the section provides a more systematic mapping of tax expenditure regimes and preferential policies that may benefit high-net-worth individuals (HNWIs). These include business succession reliefs, investment account regimes, and targeted exemptions or deferral mechanisms in countries such as Estonia, Latvia, Lithuania, Ireland, Italy, and the Netherlands. Such provisions can substantially affect the effective tax burden on capital gains for affluent taxpayers and are increasingly relevant in the context of policy debates on fairness and revenue mobilisation.

The country analyses provide a structured and factual overview of current capital gains rules on asset disposals in the EU, clarifying common patterns and key divergences in scope, rates, exemptions, loss treatment, and administrative mechanisms. Recent legal and policy developments, such as the Dutch Supreme Court's 2024 ruling that notional return taxation cannot exceed actual returns, and ongoing or proposed reforms in several Member States, underscore the dynamic nature of capital gains taxation in the EU and the ongoing tension between administrative simplicity, revenue needs, and the goal of equitable taxation.

3.3. References

Advani, A., Burgherr, D., & Summers, A. (2023). Taxation and Migration by the Super-Rich. *IZA Discussion Paper No. 16432*.

Agarwal, S., Li, K., Qin, Y., Wu, J., & Yan, J. (2020). Tax evasion, capital gains taxes, and the housing market. *Journal of Public Economics*, 188(C), 104222.

Agencia Tributaria. (2025). Información IRPF: Exención por reinversión en entidades de nueva creación. https://sede.agenciatributaria.gob.es/Sede/ayuda/manuales-videos-folletos/manuales-ayuda-presentacion/irpf-2021/8-cumplimentacion-irpf/8_2-

[ganancias-perdidas-patrimoniales/8_2_6_ganancias-excluidas-gravamen-supuestos-reinversion/8_2_6_3-exencion-reinversion-empresas-nueva-creacion.html](https://www.agenciatributaria.gob.es/Sede/en_gb/no-residentes/irnr-sin-establecimiento-permanente/tipos-gravamen-irnr-sin-establecimiento-permanente.html)

Agencia Tributaria. (n.d.). Tipos de gravamen IRNR sin establecimiento permanente [NRIT rates without permanent establishment]. https://sede.agenciatributaria.gob.es/Sede/en_gb/no-residentes/irnr-sin-establecimiento-permanente/tipos-gravamen-irnr-sin-establecimiento-permanente.html

Aguiar, M.A., Moll, B. & Scheuer, F. (2024). Putting the „Finance“ into „Public Finance“: A Theory of Capital Gains Taxation. NBER Working Papers 32951.

Alstadsæter, A., Jacob, M., & Michaely, R. (2017). Do dividend taxes affect corporate investment?. *Journal of Public Economics*, 151(C), 74-83.

Alstadsæter, A., Johannesen, N., & Zucman, G. (2019). Tax Evasion and Inequality. *American Economic Review*. 109(6). 2073–2103.

Anagnostopoulos, A., Carceles-Poveda, E., & Lin, D. (2012). Dividend and Capital Gains Taxation Under Incomplete Markets. *Journal of Monetary Economics*, Vol. 59, No. 7.

Asssembleia da República. (2024). Relatório Despesa Fiscal. https://info.portaldasfinancas.gov.pt/pt/dgci/divulgacao/Area_Beneficios_Fiscais/Despesa_Fiscal/Documents/Relatorio_Despesa_Fiscal_2024.pdf

Atkinson, A. B., Stiglitz, J. E. (1976). The design of tax structure: direct versus indirect taxation. *Journal of Public Economics*, 6 (1-2), 55-75

Auerbach, A. J. (1989). Capital Gains Taxation and Tax Reform. *National Tax Journal*, 42(3), 391–401.

Auerbach, A. J. (1991). Restrospective Capital Gains Taxation. *American Economic Review*, 81(1), 167–178.

Auerbach, A. J., Burman, L. E., & Siegel, J. (1998). Capital Gains Taxation and Tax Avoidance: New Evidence from Panel Data. NBER Working Papers 6399.

Austrian Ministry of Finance. (2025). General rules on tax-neutral restructurings (UmgrStG). https://taxation-customs.ec.europa.eu/document/download/7d1917c5-8936-43b6-a82e-16690de2c9d8_en

BDO Germany. (n.d.). Transfer of a Section 6b reserve and effects on the capital account. <https://www.bdo.de/en-gb/insights/updates/tax-legal/transfer-of-a-section-6b-reserve-and-effects-on-the-capital-account>

Belastingdienst. (2025). Doorschuiven van stakingswinst. <https://www.belastingdienst.nl/wps/wcm/connect/bldcontentnl/belastingdienst/zakelijk>

[/winst/inkomstenbelasting/inkomstenbelasting voor ondernemers/gedeeltelijke door schuiving of staking onderneming](#)

Belastingdienst. (n.d.). Boxen en tarieven [Boxes and rates]. https://www.belastingdienst.nl/wps/wcm/connect/bldcontentnl/belastingdienst/privé/inkomstenbelasting/heffingskortingen_boxen_tarieven/boxen_en_tarieven/

Bock, C., & Watzinger, M. (2019). The Capital Gains Tax: A Curse but Also a Blessing for Venture Capital Investment. *Journal of Small Business Management*, 57, 1200-1231.

Bösenberg, S., Egger, P., Zoller-Rydzek, S. (2018). Capital taxation, investment, growth, and welfare. *International Taxation and Public Finance*, 25 (2), 325-376.

Bundesministerium für Finanzen. (2025). Substanzgewinne bzw. Einkünfte aus realisierten Wertsteigerungen. <https://www.bmf.gv.at/themen/steuern/sparen-veranlagen/substanzgewinne-bzw-einkuenfte-aus-realisierten-wertsteigerungen.html>

Burman, L. E. (1999). *The Labyrinth of Capital Gains Tax Policy: A Guide for the Perplexed*. Brookings Institution Press.

Chamley, C. (1986). Optimal Taxation of Capital Income in General Equilibrium with Infinite Lives. *Econometrica*, 54(3), 607–622.

Chamley, C. (2001). Capital income taxation, wealth distribution and borrowing constraints. *Journal of Public Economics*, 79(1), 55-69.

Croatian Agency for Investments and Competitiveness. (n.d.). Tax system. Invest in Croatia. <https://investcroatia.gov.hr/en/tax-system/>

Da Rin, M., Nicodano, G., & Sembenelli, A. (2006). Public Policy and the Creation of Active Venture Capital Markets. *Journal of Public Economics*, 90(8–9), 1699–1723.

Danish Tax Agency. (n.d.). Tax rates. <https://skat.dk/en-us/help/tax-rates>

Dimitrova, L., & Eswar, S. (2023). Capital Gains Tax, Venture Capital, and Innovation in Start-Ups. *Review of Finance*, 27(4), 1471–1519.

Edwards, A., & Todtenhaupt, M. (2020). Tax Policy and Investment: Evidence from the European Union. *European Economic Review*, 123, 103375.

Estonian Tax and Customs Board. (2025). Investment Account Guide. <https://www.emta.ee/en/private-client/taxes-and-payment/taxable-income/securities-and-investment-account>

Estonian Tax and Customs Board. (n.d.). Income and social taxes. <https://www.emta.ee/en/business-client/taxes-and-payment/income-and-social-taxes>

Euronerd. (2024). Greece capital gains and investment tax guide for 2024. <https://euronerd.com/taxes/greece-capital-gains-tax/>

European Commission. (2025). Annual Report on Taxation 2025. Directorate-General for Taxation and Customs Union. Publications Office of the European Union. <https://op.europa.eu/en/publication-detail/-/publication/998524d7-4fe5-11f0-a9d0-01aa75ed71a1/language-en>

Expatriation Center Romania. (n.d.). Romanian tax guide. <https://expatcenter.ro/tax-guide/>

Federal Ministry of Labour and Social Affairs. (n.d.). Taxes. <https://www.eu-gleichbehandlungsstelle.de/eugs-en/eu-citizens/information-center/taxes/taxes-1894104>

Financial Administration of the Republic of Slovenia. (n.d.-b). Disposal of securities, other holdings or investment coupons. https://www.fu.gov.si/en/life_events_individuals/disposal_of_securities_other_holdings_or_investment_coupons

Financial Administration of the Republic of Slovenia. (n.d.-a). Purchase and sale of real estate. https://www.fu.gov.si/en/life_events_individuals/purchase_and_sale_of_real_estate/

Finnish Tax Administration. (n.d.). Tax card for 2025. https://www.vero.fi/en/individuals/tax-cards-and-tax-returns/tax_card/tax-rate-and-income-ceiling/tax-card-for-2025/

Global Citizen Solutions. (2025, 31 July). Portugal crypto tax. <https://www.globalcitizensolutions.com/portugal-crypto-tax>

Government of Ireland. (2025). Stability Programme Update. https://assets.gov.ie/static/documents/6ba5cf9a/Tax_Expenditures_in_Ireland_2025_Report_2025_Report.pdf

Government of Malta. (n.d.). Income Tax Act (Cap. 123). Legislation.mt. <https://legislation.mt/eli/cap/123/eng/pdf>

Government of the Grand Duchy of Luxembourg. (2023, 5 October). Buying and selling shares. Guichet.lu. <https://guichet.public.lu/en/citoyens/fiscalite/declaration-impot-decompte/capitaux-mobiliers/banque-dividende-interets/achat-vente-actions.html>

He, E., Jacob, M., Vashishtha, R., & Venkatachalam, M. (2022). Does differential taxation of short-term relative to long-term capital gains affect long-term investment? *Journal of Accounting and Economics*, 74(1), 101479.

Hebous, M. S., Klemm, M. A. D., Michielse, G., and Buitron, M. C. O. (2024). How to tax wealth. International Monetary Fund.

Hourani, D., & Perret, S. (2025). Taxing capital gains: Country experiences and challenges (OECD Taxation Working Papers No. 72). OECD Publishing.

Hourani, D., Millar-Powell, B., Perret, S., & Ramm, A. (2023). The taxation of labour vs. capital income: A focus on high earners (OECD Taxation Working Papers No. 65). OECD Publishing.

Huizinga, H., Voget, J., & Wagner, W. (2018). Capital gains taxation and the cost of capital: Evidence from unanticipated cross-border transfers of tax base. *Journal of Financial Economics*, 129(2), 306-328.

IBFD. (2025). Austria – Individual Taxation, Country Tax Guides. Retrieved from IBFD Tax Research Platform.

IBFD. (2025). Belgium – Individual Taxation, Country Tax Guides. Retrieved from IBFD Tax Research Platform.

IBFD. (2025). Bulgaria – Individual Taxation, Country Tax Guides. Retrieved from IBFD Tax Research Platform.

IBFD. (2025). Croatia – Individual Taxation, Country Tax Guides. Retrieved from IBFD Tax Research Platform.

IBFD. (2025). Cyprus – Individual Taxation, Country Tax Guides. Retrieved from IBFD Tax Research Platform.

IBFD. (2025). Czech Republic – Individual Taxation, Country Tax Guides. Retrieved from IBFD Tax Research Platform.

IBFD. (2025). Denmark – Individual Taxation, Country Tax Guides. Retrieved from IBFD Tax Research Platform.

IBFD. (2025). Estonia – Individual Taxation, Country Tax Guides. Retrieved from IBFD Tax Research Platform.

IBFD. (2025). Finland – Individual Taxation, Country Tax Guides. Retrieved from IBFD Tax Research Platform.

IBFD. (2025). France – Individual Taxation, Country Tax Guides. Retrieved from IBFD Tax Research Platform.

IBFD. (2025). Germany – Individual Taxation, Country Tax Guides. Retrieved from IBFD Tax Research Platform.

IBFD. (2025). Greece – Individual Taxation, Country Tax Guides. Retrieved from IBFD Tax Research Platform.

IBFD. (2025). Hungary – Individual Taxation, Country Tax Guides. Retrieved from IBFD Tax Research Platform.

IBFD. (2025). Italy – Individual Taxation, Country Tax Guides. Retrieved from IBFD Tax Research Platform.

IBFD. (2025). Latvia – Individual Taxation, Country Tax Guides. Retrieved from IBFD Tax Research Platform.

IBFD. (2025). Lithuania – Individual Taxation, Country Tax Guides. Retrieved from IBFD Tax Research Platform.

IBFD. (2025). Luxembourg – Individual Taxation, Country Tax Guides. Retrieved from IBFD Tax Research Platform.

IBFD. (2025). Malta – Individual Taxation, Country Tax Guides. Retrieved from IBFD Tax Research Platform.

IBFD. (2025). Netherlands – Individual Taxation, Country Tax Guides. Retrieved from IBFD Tax Research Platform.

IBFD. (2025). Poland – Individual Taxation, Country Tax Guides. Retrieved from IBFD Tax Research Platform.

IBFD. (2025). Portugal – Individual Taxation, Country Tax Guides. Retrieved from IBFD Tax Research Platform.

IBFD. (2025). Romania – Individual Taxation, Country Tax Guides. Retrieved from IBFD Tax Research Platform.

IBFD. (2025). Slovak Republic – Individual Taxation, Country Tax Guides. Retrieved from IBFD Tax Research Platform.

IBFD. (2025). Slovenia – Individual Taxation, Country Tax Guides. Retrieved from IBFD Tax Research Platform.

IBFD. (2025). Spain – Individual Taxation, Country Tax Guides. Retrieved from IBFD Tax Research Platform.

IBFD. (2025). Sweden – Individual Taxation, Country Tax Guides. Retrieved from IBFD Tax Research Platform.

Irish Revenue. (2025). Relief for Investment in Innovative Enterprises. <https://www.revenue.ie/en/gains-gifts-and-inheritance/relief-investment/index.aspx>

Italy. (1997, November 21). Legislative Decree No. 461 of November 21, 1997. Normattiva. <https://www.normattiva.it/uri-res/N2Ls?urn:nir:stato:decreto.legislativo:1997;461>

- Jacob, M. (2018). Tax Regimes and Capital Gains Realizations. *European Accounting Review*, 27(1), 1-21.
- Judd, K. L. (1985). Redistributive Taxation in a Simple Perfect Foresight Model. *Journal of Public Economics*, 28(1), 59–83.
- Judd, K. L. (1999). Optimal taxation and spending in general competitive growth models. *Journal of Public Economics*, 71(3), 1–26.
- Keuschnigg, C., & Nielsen, S. B. (2004). Start-ups, Venture Capitalists, and the Capital Gains Tax. *Journal of Public Economics*, 88(5), 1011–1042.
- Kleven, H., Landais, C., Muñoz, M., & Stantcheva, S. (2020). Taxation and Migration: Evidence and Policy Implications. *Journal of Economic Perspectives*, 34(2), 119-142.
- Légifrance. (2025). Code général des impôts – Article 163 bis
H. https://www.legifrance.gouv.fr/codes/article_lc/LEGIARTI000051206114
- Liu, L. (2020). Where Does Multinational Investment Go with Territorial Taxation? Evidence from the United Kingdom. *American Economic Journal: Economic Policy*, 12(1), 325–358
- Luxembourg Tax Authority. (2021). Circular LIR n°22bis/1.
<https://impotsdirects.public.lu/dam-assets/fr/legislation/legi21/2021-07-27-LIR-22-1-22bis-1-102-1-du-2772021.pdf>
- Malta Tax and Customs Administration. (n.d.). Tax rates – individuals. <https://mtca.gov.mt/personal-tax/tax-rates/tax-ratesindividuals>
- Ministère de l'Économie Des Finances et de la Souveraineté Industrielle et Numérique. (2025). Évaluations des voies et moyens – Tome 2 – Dépenses fiscales. <https://www.budget.gouv.fr/documentation/file-download/30586>
- Ministero Economia e Finanze. (2024). Reporto Anuale Sulle Spese Fiscali. <https://www.mef.gov.it/export/sites/MEF/documenti-allegati/2024/RSF-2024.pdf>
- Ministry of Finance of the Czech Republic. (2018). Capital Market Business Act [English translation]. <https://www.mfcr.cz/assets/en/media/Translation-Capital-Market-Business-Act-030118-EN.pdf>
- Ministry of Finance of the Republic of Bulgaria. (n.d.). Personal income taxes. <https://www.minfin.bg/en/827>
- Ministry of Finance Republic of Latvia. (2025). Changes in taxation and finances from 2025. https://www.fm.gov.lv/en/changes-taxation-and-finances-2025?utm_source=https%3A%2F%2Fwww.google.com%2F
- Ministry of Foreign Affairs of the Republic of Cyprus. (n.d.). Investor's guide. Embassy of Cyprus in

Madrid. [https://www.mfa.gov.cy/mfa/embassies/embassy_madrid.nsf/all/FDFC4757A3859850C1257FB50038CD91/\\$file/INVESTORS%20GUIDE.pdf?openelement](https://www.mfa.gov.cy/mfa/embassies/embassy_madrid.nsf/all/FDFC4757A3859850C1257FB50038CD91/$file/INVESTORS%20GUIDE.pdf?openelement)

Moon, T. (2022). Capital Gains Taxes and Real Corporate Investment: Evidence from Korea. *American Economic Review*, 112 (8), 2669–2700

OECD. (2018). The role and design of net wealth taxes in the OECD (OECD Tax Policy Studies, No. 26). OECD Publishing.

OECD. (2019). Model Tax Convention on Income and on Capital 2017 (Full Version). OECD Publishing.

Parliament Österreich. (2023). Förderungsbericht 2023. <https://www.parlament.gv.at/dokument/budgetdienst/budgetberichte/BD-Foerderungsbericht-2023.pdf>

Piketty, T., & Saez, E. (2012). A Theory of Optimal Capital Taxation. *Econometrica*, 80(1), 1–27.

Polish Financial Supervision Authority. (2024, 14 December). The payments into an individual retirement account (IKE). https://www.knf.gov.pl/en/REPORTS_AND_ANALYSIS/Pension_system/The_payments_into_an_individual_retirement_account_IKE

Portuguese Tax and Customs Authority. (n.d.). Artigo 10.º Mais-valias. Portal das Finanças. https://info.portaldasfinancas.gov.pt/pt/informacao_fiscal/codigos_tributarios/cirs_rep/Pages/irs10.aspx

Portuguese Tax and Customs Authority. (2025). Guia Fiscal 2025. <https://www.portaldasfinancas.gov.pt/>

Poterba, J. M. (1987). Tax Evasion and Capital Gains Taxation. *American Economic Review*, 77(2), 234–239.

Poterba, J. M. (1989a). Venture Capital and Capital Gains Taxation. *Tax Policy and the Economy*, 3, 47–67.

Poterba, J. M. (1989b). Capital Gains Tax Policy Toward Entrepreneurship. *National Tax Journal*, 42(3), 375–389.

Princen, S., Kalyva, A., Leodolter, A., Denis, C., Reut, A., Thiemann, A., & Ivaskaite-Tamosiune, V. (2020). Taxation of Household Capital in EU Member States: Impact on Economic Efficiency, Revenue & Redistribution (European Economy Discussion Paper 130). Publications Office of the European Union.

PwC. (2025). Austria – Individual Tax Summary. Retrieved from <https://taxsummaries.pwc.com/austria/individual/taxes-on-personal-income>

PwC. (2025). Belgium – Individual Tax Summary. Retrieved from <https://taxsummaries.pwc.com/belgium/individual/taxes-on-personal-income>

PwC. (2025). Bulgaria – Individual Tax Summary. Retrieved from <https://taxsummaries.pwc.com/bulgaria/individual/taxes-on-personal-income>

PwC. (2025). Croatia – Individual Tax Summary. Retrieved from <https://taxsummaries.pwc.com/croatia/individual/taxes-on-personal-income>

PwC. (2025). Cyprus – Individual Tax Summary. Retrieved from <https://taxsummaries.pwc.com/cyprus/individual/taxes-on-personal-income>

PwC. (2025). Czech Republic – Individual Tax Summary. Retrieved from <https://taxsummaries.pwc.com/czech-republic/individual/taxes-on-personal-income>

PwC. (2025). Denmark – Individual Tax Summary. Retrieved from <https://taxsummaries.pwc.com/denmark/individual/taxes-on-personal-income>

PwC. (2025). Estonia – Individual Tax Summary. Retrieved from <https://taxsummaries.pwc.com/estonia/individual/taxes-on-personal-income>

PwC. (2025). Finland – Individual Tax Summary. Retrieved from <https://taxsummaries.pwc.com/finland/individual/taxes-on-personal-income>

PwC. (2025). France – Individual Tax Summary. Retrieved from <https://taxsummaries.pwc.com/france/individual/taxes-on-personal-income>

PwC. (2025). Germany – Individual Tax Summary. Retrieved from <https://taxsummaries.pwc.com/germany/individual/taxes-on-personal-income>

PwC. (2025). Greece – Individual Tax Summary. Retrieved from <https://taxsummaries.pwc.com/greece/individual/taxes-on-personal-income>

PwC. (2025). Hungary – Individual Tax Summary. Retrieved from <https://taxsummaries.pwc.com/hungary/individual/taxes-on-personal-income>

PwC. (2025). Ireland – Individual Tax Summary. Retrieved from <https://taxsummaries.pwc.com/ireland/individual/taxes-on-personal-income>

PwC. (2025). Italy – Individual Tax Summary. Retrieved from <https://taxsummaries.pwc.com/italy/individual/taxes-on-personal-income>

PwC. (2025). Latvia – Individual Tax Summary. Retrieved from <https://taxsummaries.pwc.com/latvia/individual/taxes-on-personal-income>

PwC. (2025). Lithuania – Individual Tax Summary. Retrieved from <https://taxsummaries.pwc.com/lithuania/individual/taxes-on-personal-income>

PwC. (2025). Luxembourg – Individual Tax Summary. Retrieved from <https://taxsummaries.pwc.com/luxembourg/individual/taxes-on-personal-income>

PwC. (2025). Malta – Individual Tax Summary. Retrieved from <https://taxsummaries.pwc.com/malta/individual/taxes-on-personal-income>

PwC. (2025). Netherlands – Individual Tax Summary. Retrieved from <https://taxsummaries.pwc.com/netherlands/individual/taxes-on-personal-income>

PwC. (2025). Poland – Individual Tax Summary. Retrieved from <https://taxsummaries.pwc.com/poland/individual/taxes-on-personal-income>

PwC. (2025). Portugal – Individual Tax Summary. Retrieved from <https://taxsummaries.pwc.com/portugal/individual/taxes-on-personal-income>

PwC. (2025). Romania – Individual Tax Summary. Retrieved from <https://taxsummaries.pwc.com/romania/individual/taxes-on-personal-income>

PwC. (2025). Slovak Republic – Individual Tax Summary. Retrieved from <https://taxsummaries.pwc.com/slovak-republic/individual/taxes-on-personal-income>

PwC. (2025). Slovenia – Individual Tax Summary. Retrieved from <https://taxsummaries.pwc.com/slovenia/individual/taxes-on-personal-income>

PwC. (2025). Spain – Individual Tax Summary. Retrieved from <https://taxsummaries.pwc.com/spain/individual/taxes-on-personal-income>

PwC. (2025). Sweden – Individual Tax Summary. Retrieved from <https://taxsummaries.pwc.com/sweden/individual/taxes-on-personal-income>

Razin, A., & Sadka, E. (1995). The Status of Capital Income Taxation in the Open Economy. *FinanzArchiv / Public Finance Analysis*, 52(1), 21–32.

Revenue Commissioners. (2025, February 5). Revenue eBrief No. 033/25: Provisions relating to the residence of individuals. <https://www.revenue.ie/en/tax-professionals/ebrief/2025/no-0332025.aspx>

Revenue. (16 May, 2025). Capital gains tax (CGT) on the sale, gift or exchange of an asset. <https://www.revenue.ie/en/gains-gifts-and-inheritance/transferring-an-asset/how-to-calculate-cgt.aspx>

Rijksoverheid.nl. (2025). Kansen voor lagere tarieven en beter beleid - Aanpak fiscale regelingen voor een eenvoudiger en beter belastingstelsel. <https://www.rijksoverheid.nl/documenten/rapporten/2025/06/30/ambtelijk-rapport-kansen-voor-lagere-tarieven-en-beter-beleid-aanpak-fiscale-regelingen-voor-een-eenvoudiger-en-beter-belastingstelsel>

RSM Hungary (2025). Changes to taxation in 2025 – Look out for these at the start of the new year. <https://www.rsm.hu/blogs/taxation-in-2025>

Saez, E., & Stantcheva, S. (2018). A Simpler Theory of Optimal Capital Taxation. *Journal of Public Economics*, 162, 120–142.

Skatteverket. (n.d.). Så begär du uppskov.

<https://www.skatteverket.se/privat/fastigheterochbostad/forsaljningavbostad/uppskov.4.6d02084411db6e252fe80009532.html#:~:text=Beg%C3%A4r%20uppskov%20i%20deklarationen,och%20k%C3%B6paren%20skrev%20p%C3%A5%20k%C3%B6kontraktet.>

Slemrod, J., & Chen, X. (2023). Are capital gains the Achilles' heel of taxing the rich? *Oxford Review of Economic Policy*, 39 (3), 592–603.

State Revenue Service of Latvia. (2022, 19 October). Personal income tax rates. <https://www.vid.gov.lv/en/personal-income-tax-rates>

State Tax Inspectorate of the Republic of Lithuania. (n.d.). Gyventojų pajamų mokestis [Personal income tax]. <https://www.vmi.lt/evmi/gyventoju-pajamu-mokestis2>

State Tax Inspectorate of the Republic of Lithuania. (2004). Law on value added tax. <https://www.vmi.lt/evmi/documents/20142/855918/The+Law+on+VAT.pdf/e625ab04-b91d-b11b-a952-53247769e162?t=1623923966517>

Statistisches Bundesamt. (2025). Steuereinnahmen.

https://www.destatis.de/DE/Themen/Staat/Steuern/Steuereinnahmen/_inhalt.html

Straub, L., & Werning, I. (2020). Positive Long-Run Capital Taxation: Chamley-Judd Revisited. *American Economic Review*, 110(1), 86–119.

Swedish Tax Agency. (n.d.). Sale of real

property. <https://www.skatteverket.se/servicelankar/otherlanguages/englishengelska/individualsandemployees/declaringtaxesforindividuals/howtofileyourtaxreturn/thecontentsoftheincometaxreturn/saleofrealproperty.4.7be5268414bea064694c7a6.html>

Tax Foundation. (2024). Capital gains tax rates in Europe, 2024. <https://taxfoundation.org/data/all/eu/capital-gains-tax-rates-in-europe-2024/>

The Romanian Lawyers. (n.d.). Capital gains tax in Romania: Key points to know. <https://theromanianlawyers.com/capital-gains-tax-in-romania-key-points-to-know/>

Unicredit Bank (2025). Long-term investment contracts (TBSZ).

https://www.unicreditbank.hu/en/individual/saving/saving_program/long-term_investment.html

Weisbach, D. (2017). Capital Gains Taxation and Corporate Investment. *National Tax Journal*, 70(3), 621–642.

Yagan, D. (2015). Capital Tax Reform and the Real Economy: The Effects of the 2003 Dividend Tax Cut. *American Economic Review*, 105(12), 3531–3563.

Zawisza, T., Perret, S., O'Reilly, P., & Ramm, A. (2024). Tax arbitrage through closely held businesses: Implications for OECD tax systems (OECD Taxation Working Papers No. 70). OECD Publishing.

4. Inheritance and gift taxes

4.1. Literature review

4.1.1. Introduction

Inheritance and gift taxes⁴⁶ have recently attracted increasing attention in academia and in policy debates (see e.g. Piketty & Saez, 2013; OECD, 2021) as an instrument to address a phenomenon which The Economist has recently termed ‘The Return of Inheritocracy’⁴⁷.

Two objectives of inheritance taxation are central to current discussions. The first is to generate revenue from a tax base that is becoming increasingly important in the wake of the ‘Great Wealth Transfer’ (Gale et al., 2024) imminent in many developed countries. The second concerns the distributive function of inheritance taxation, to which there are several aspects: achieving progressive taxation of inheritances to strengthen the overall progressivity of tax systems; ensuring that high-net-worth individuals pay their fair share; reducing wealth inequality; and enhancing equality of opportunity.

Henrekson and Waldenström (2016) and Genschel et al. (2024) show that inheritance taxes are at considerable risk of being repealed if these two intertwined objectives are not achieved. Recent estimates for several countries with available data (see Piketty et al., 2023, for France, the Netherlands and the United States; Zucman, 2024) indicate that tax systems in many developed countries can hardly be described as progressive across income groups. At the top of the distribution, taxation even becomes regressive, underscoring the case for progressive wealth and capital taxes in general, and for inheritance taxes in particular, if the aims of progressive tax systems and making HNWI's contribute their fair share are to be met. This chapter therefore does not discuss the pros and cons of inheritance taxation in general⁴⁸, but focuses on revenue generation and distributional effects.

Existing literature and data indicate that both the progressivity and the revenue potential of inheritance taxation have eroded over time (see e.g. OECD, 2021). In

⁴⁶ For the sake of simplicity, the terms ‘inheritance and gift taxes/taxation’ are replaced by ‘inheritance taxes/taxation’ throughout this chapter.

⁴⁷ <https://www.economist.com/leaders/2025/02/27/inheriting-is-becoming-nearly-as-important-as-working>.

⁴⁸ Comprehensive reviews of the arguments for and against inheritance taxation can be found, for example, in Boadway et al. (2010) or OECD (2021).

recent decades, inheritance taxes have lost in importance in many countries, including across the EU and other European countries. OECD data shows that inheritance tax revenue, which has been modest to begin with, has been declining relative to overall tax revenue and GDP. Moreover, several countries have repealed such taxes entirely (OECD, 2021).

Besides country characteristics such as demography and the level and distribution of wealth and inheritances, three crucial factors determine whether and to what extent the two interrelated objectives of progressivity and revenue generation can be achieved through inheritance and gift taxation.

(1) Tax design: The choice between recipient-based inheritance taxes and estate taxes, the level and structure of tax rates, the number and generosity of tax exemptions (OECD, 2021), and the alignment between the taxation of inheritances and gifts (Nordblom & Ohlsson, 2006; Escobar et al., 2023) affect both the progressivity and the revenue of inheritance taxation.

(2) Behavioural responses: Inheritance taxes trigger a variety of behavioural responses by bequeathers and heirs, potentially reducing revenue. Some of these behavioural responses also affect the progressivity of inheritance taxation, for example, tax-induced migration of the very rich (Moretti & Wilson, 2023) and offshore tax evasion (Alstadsæter et al., 2018).

(3) Tax enforcement and institutional factors: Options for legal tax avoidance and illegal tax evasion, which affect inheritance tax revenue and the progressivity of inheritance taxation, depend on tax enforcement and institutional design features.

The chapter begins with an overview of the long-term development of the level and distribution of inheritances and of inheritance taxation in Europe. The determinants of revenue developments are then addressed in greater detail, followed by a discussion of the distributional impact and the political economy of inheritance taxation. The chapter ends with a list of conclusions and identified research gaps. The findings in this chapter are based on a thorough review of the existing literature and analysis of internationally comparable data provided by the OECD.

4.1.2. Inheritances in Europe – level and distribution

Wealth held by households has long been on the increase, raising the importance of inheritances. Piketty (2011), Piketty & Zucman (2015), Alvaredo et al. (2017), Atkinson (2018), Hood & Joyce (2017), and Acciari et al. (2022) find increasing shares of inheritances relative to national incomes for France, Germany, Italy, Sweden, the United Kingdom, and the United States, respectively. It is noticeable that the share of inheritances in private wealth shrank steadily from 1900 onwards, but started growing again since the end of the 20th or the beginning of the 21st century in various countries for which data is available (United Kingdom, France, Germany, Sweden) (OECD, 2021; Ohlsson et al., 2020 for Sweden; Piketty &

Zucman, 2015 for France). Inheritances play an increasing role in creating billionaires: for example, in their annual global survey UBS (2023) find that in 2023, for the first time since the survey began in 2015, inheritances, rather than entrepreneurship, were the primary source of new billionaires' wealth. At the same time, the share of heirs among the very rich, as well as its dynamics, vary markedly across countries: for example, Baselgia & Martínez (2022) find that heirs make up 60% of the very rich in Switzerland. This is twice their share in the United States, which has seen a marked decrease over time (from 56% in 1982 to 31% in 2018; Scheuer & Slemrod, 2020).

Like wealth, inheritances are highly concentrated (OECD, 2021). In 15 EU Member States with available data, individual inheritances are increasing on average alongside average household wealth. In 17 EU Member States with survey data, the share of high-wealth households receiving an inheritance or gift is larger than the share among low-wealth households. Moreover, in 15 Member States the average value of inheritances and gifts flowing to high-wealth households is considerably higher than to low-wealth households. At the same time, inheritances and gifts account for a larger share of net wealth among low-wealth households in most of the 15 Member States with available data.

4.1.3. Inheritance taxation in Europe – overview of long-term developments

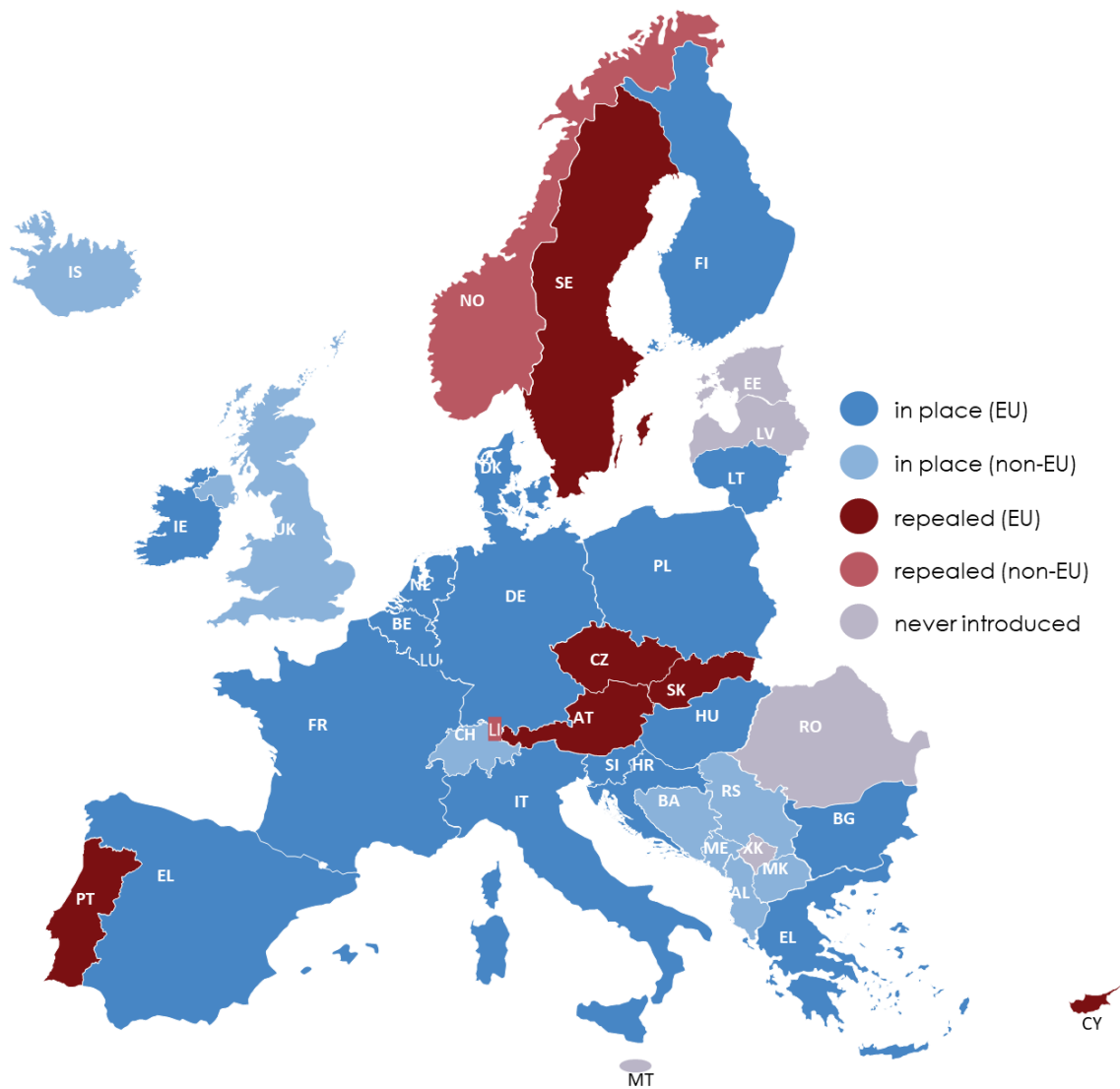
Currently, 17 EU Member States and 10 other European countries levy inheritance taxes, while 6 EU Member States (Austria, Cyprus, Czechia, Portugal, Slovakia, Sweden) as well as Liechtenstein and Norway abolished the tax between 2000 and 2014 (see **Figure 10** and Table 9). Four EU Member States (Estonia, Latvia, Malta, Romania) have never levied an inheritance tax.

Overall, relative to net wealth taxes (see Chapter 1), inheritance taxation has been and still is rather widespread across Europe. Moreover, the period during which the 8 aforementioned countries abolished their inheritance taxes was relatively short (2000 to 2014; see Table 9) and ended a decade ago, indicating that there is no ongoing trend towards eliminating inheritance taxes.

Taxes on inheritances are historically among the oldest taxes, and in many countries have been used since before income and general consumption taxes were introduced. Of the 34 European countries (23 EU Member States) that have or have had an inheritance tax, 18 European countries (12 EU Member States) implemented the original or current version of the tax in the 18th or 19th century. Only 8 countries, mostly Eastern European, introduced it after World War II⁴⁹.

⁴⁹ As the year of introduction is unknown for several European countries and some states adopted inheritance taxes between 1914 and 1945, the numbers do not add up to the total number of countries.

Figure 10 – Current and historical inheritance and estate taxes in Europe



Source: Own elaboration.

Table 9 – Current and historical inheritance and estate taxes in Europe

Wealth Taxation, Including Net Wealth, Capital and Exit Taxes

Country	Year of introduction/ repeal			Revenues ⁹⁾ in % of total tax revenues			Revenues ⁹⁾ in % of GDP		
	First	current tax	repeal	1965-80	2010-23	2023	1965-80	2010-23	2023
Existing inheritance/estate taxes									
<i>EU Member States</i>		–	–	0.65	0.50	0.55	0.18	0.20	0.22
Belgium ¹⁾⁴⁾⁵⁾	1795	1936	-	0.94	1.56	1.46	0.34	0.68	0.62
Denmark ²⁾	1792	1995	-	0.44	0.52	0.55	0.16	0.24	0.24
Bulgaria ¹⁾⁴⁾	1998	1998	-	-	n.a.	n.a.	-	n.a.	n.a.
Croatia ¹⁾	1993	1993	-	-	n.a.	n.a.	-	n.a.	n.a.
Finland ¹⁾	1940	1940	-	0.23	0.70	1.00	0.08	0.30	0.43
France ¹⁾	1791	1791	-	0.59	1.29	1.73	0.21	0.58	0.76
Germany ¹⁾	1906	1974	-	0.19	0.53	0.59	0.07	0.20	0.23
Greece ¹⁾	1836	2001	-	1.15	0.22	0.27	0.22	0.08	0.11
Hungary ¹⁾	1759	1918	-	n.a.	0.05	0.05	n.a.	0.02	0.02
Ireland ¹⁾	1894	1976	-	1.30	0.61	0.57	0.36	0.14	0.12
Italy ¹⁾	1862	2006	-	0.49	0.10	0.11	0.12	0.04	0.05
Lithuania ¹⁾⁴⁾	1990	2003	-	-	0.01	0.02	-	0.00	0.01
Luxembourg ¹⁾	1817	1817	-	0.41	0.41	0.43	0.12	0.15	0.18
Netherlands ¹⁾	1859	1956	-	0.57	0.66	0.73	0.20	0.25	0.28
Poland ¹⁾	1920	1983	-	n.a.	0.05	0.05	n.a.	0.02	0.02
Slovenia ¹⁾	1988	2006	-	-	0.07	0.07	-	0.02	0.03
Spain ¹⁾⁴⁾	1798	1988	-	0.77	0.69	0.63	0.13	0.24	0.23
<i>Further European countries</i>									
Albania ¹⁾	n.a.	n.a.	-	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Iceland ¹⁾	1792	1792	-	0.09	0.50	0.83	0.02	0.18	0.30
Bosnia and Herzegovina ¹⁾⁴⁾	n.a.	n.a.	-	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Monaco ¹⁾	n.a.	n.a.	-	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Montenegro ¹⁾	n.a.	n.a.	-	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
North Macedonia ⁴⁾	1993	1993	-	-	n.a.	n.a.	-	n.a.	n.a.
San Marino ²⁾	1797	1918	-	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Serbia ¹⁾	n.a.	n.a.	-	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Switzerland ¹⁾⁴⁾⁸⁾	1870	1986	-	1.02	0.61	0.70	0.20	0.17	0.19
United Kingdom ²⁾	1894	1986	-	1.66	0.69	0.79	0.54	0.23	0.28
Historical inheritance/estate taxes									
<i>EU Member States</i>									
Austria ¹⁾	1759	1955	2008	0.20	-	-	0.07	-	-
Czechia ¹⁾⁶⁾	1993	1993	2014	-	0.15	-	n.a.	0.05	-
Portugal ¹⁾³⁾	1959	1959	2004	1.27	-	-	0.22	-	-
Cyprus ¹⁾⁷⁾	1942	n.a.	2000	n.a.	n.a.	-	n.a.	n.a.	-
Slovakia ¹⁾	1993	1993	2004	-	n.a.	-	-	n.a.	-
Sweden ¹⁾	1884	1884	2004	0.30	-	-	0.11	-	-

Country	Year of introduction/repeal			Revenues ⁹⁾ in % of total tax revenues			Revenues ⁹⁾ in % of GDP		
<i>Further European countries</i>									
Liechtenstein ¹⁾	1884	n.a.	2011	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Norway ¹⁾⁾	1792	1792	2014	0.19	0.18	-	0.07	0.07	-

Sources: OECD (2024)

OECD (2021); Seelkopf et al. (2019, 2021); PWC; own compilation and calculations. 1) Inheritance tax. 2) Estate tax. 3) Inheritances are subject to a stamp duty. 4) Subnational tax with discretion of relevant subnational level over tax rates. 5) Brussels-Capital region. 6) Inheritances are subject to personal income tax. 7) Inheritances may be subject to transfer fees. 8) Most Swiss cantons levy an inheritance tax. 9) Including gift taxes, as for some countries revenues cannot be split between inheritance/estate taxes and gift taxes.

Inheritance tax regimes differ greatly across EU Member States and other European countries in regard to tax rates, tax exemption thresholds, provisions to determine the tax base (e.g. the valuation of assets), and exemptions for tax subjects (i.e. specific groups of heirs) and particular assets. Some features, however, are quite similar across Europe:

- Except for Denmark, San Marino, and the United Kingdom, which apply estate taxes⁵⁰ paid by the estate itself, all European countries have inheritance taxes that are levied on heirs⁵¹.
- Inheritance taxes are (or have been) mostly levied at the national level, based on uniform tax provisions. Some federal states (Belgium, Spain, Switzerland) as well as Bulgaria, Lithuania and North Macedonia, where the relevant subnational levels have discretion over tax rates (sometimes also over specific exemptions), are notable exceptions. In some countries, subnational levels receive inheritance tax revenue, while inheritance tax provisions are determined centrally and are uniform across subnational levels (e.g. Germany).
- The majority of EU countries apply or have applied ‘double-progressive’ tax schemes combining a directly progressive tax schedule with the application of differing tax rates according to the proximity of bequeathers and heirs (Drometer et al., 2018; OECD, 2021).
- In most EU Member States, inheritances and gifts are taxed (fully or partially) under integrated tax schemes to prevent the circumvention of inheritance taxation through a donor’s lifetime gifts (Drometer et al., 2018). Full integration means that all previous inter vivos transfers made by one donor to a specific heir are considered when determining the tax liability on receipt of the inheritance, allowing progressive tax schedules to be fully effective. In partially integrated inheritance and gift tax schedules, only inter vivos transfers within a

⁵⁰ See Naess-Schmidt et al. (2011) for the distinction between estate and inheritance taxes. Generally, estate taxes are widespread in common law countries.

⁵¹ The term ‘inheritance tax’ is therefore used throughout the rest of the chapter.

specified look-back period before the inheritance are accounted for, which can weaken the progressivity of a directly progressive tax schedule.

- Overall, inheritance tax regimes are rather complex. This is due to numerous exemptions for specific taxpayer groups (e.g. firms, close relatives, charities) via reduced tax rates, generous personal allowances, generous valuation rules for or the complete exemption of specific assets, and other tax base reductions; the integration of inheritance and gift taxation schemes; and double-progressive tax schemes.

The share of revenue from inheritance or estate taxes (including gift taxes)⁵² in overall tax revenue has fallen considerably since 1965 in the OECD and EU-OECD Member States applying inheritance taxes (see

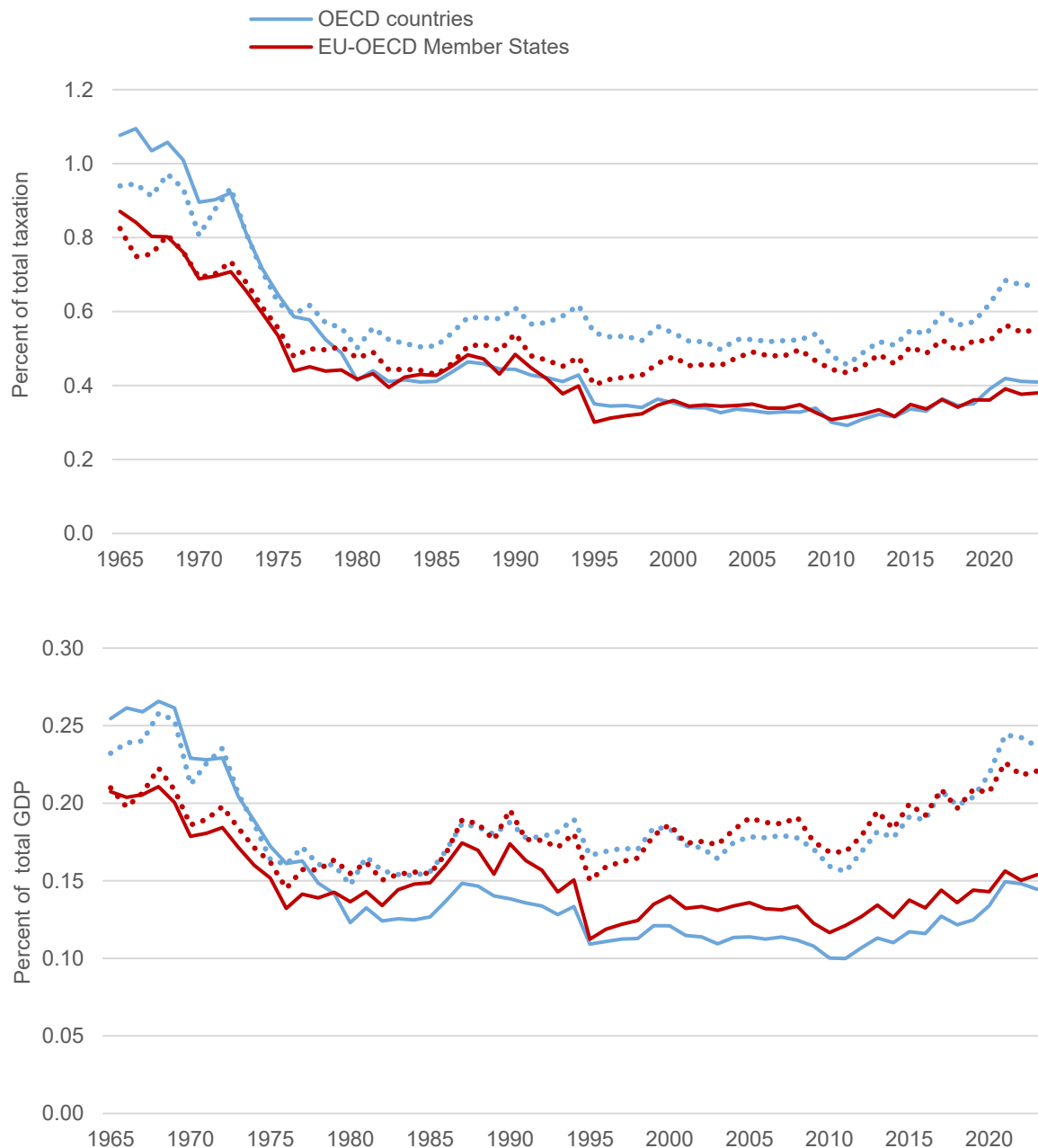
Table 9 and **Figure 11**). For EU-OECD countries, this share dropped from 0.82% to 0.55% between 1965 and 2023; for OECD countries, it fell from 0.94% to 0.67%. The long-term trend of inheritance tax revenue in percentage of GDP follows a similar pattern. It is also interesting to note, however, that since 2011, when they reached their lowest share in overall tax revenue (0.46% across OECD and 0.43% across EU-OECD countries) and in GDP (0.29% across OECD and 0.31% across EU-OECD countries) since thmid-1990s0s, the importance of inheritance and gift taxes has been increasing on average, although country-specific developments differ. While in some countries (e.g. Poland, Spain) the relationship between inheritance tax revenue and GDP remained constant, in Switzerland it decreased slightly in the 2010-2023 period, compared to 2000-2010. On the other hand, according to OECD Revenue Statistics, in several other countries (e.g. Germany, France, UK) it has increased.

An in-depth analysis of the reasons behind these recent developments would go beyond the scope of this study. Potential drivers of recently growing inheritance tax revenue could include an increase in the volume of inheritances caused by rising asset prices, increasing real volumes of inheritances, and increasing numbers of deaths; an increase in the volume of taxable inheritances resulting from a reduction in tax relief or changes in valuation rules; and an increase in tax rates. An analysis for France by the Cour des Comptes (2024) finds that the rapid growth in inheritance tax revenue after 2010 was primarily driven by increasing asset prices, particular of property. In addition, reduction of tax relief and raised tax rates, as well as growing numbers of deaths, contributed to the increasing revenue from inheritance taxation. Looking at the same time span, the Office for Budget Responsibility (2025) explains the significant growth in inheritance tax revenue in the United Kingdom as resulting mainly from rising asset prices. Additional determinants of steadily growing inheritance tax revenue, according to a recent statement by His Majesty Revenue

⁵² As revenues originating from inheritance/estate taxes and those originating from gift taxes are not reported separately in the OECD revenue statistics for several OECD countries, overall revenues are used here. Gift tax revenues only account for a small portion of overall inheritance/estate and have remained stable over time (OECD, 2021).

and Customs (HMRC)⁵³, are the rising number of deaths and inheritance volumes, and the freeze of tax-free thresholds since 2020. In Germany, inheritance tax revenue has grown quite rapidly in the long run due to demographic developments and – particularly since 2010/11 – due to markedly rising asset prices, the freeze of personal exemption thresholds and tax brackets, the resulting ‘bracket creep’, and reformed valuation rules (Bach, 2025).

Figure 11 – Estate, inheritance and gift taxes, 1965 to 2023



Source: OECD (2024) (Revenue Statistics database, extracted on 24 April 2025 from OECD data explorer, 4300 Estate, inheritance and gift taxes). Simple averages. OECD countries: all 38 OECD countries. Countries with

⁵³ <https://www.gov.uk/government/statistics/inheritance-tax-liabilities-statistics/inheritance-tax-liabilities-statistics-commentary>.

current inheritance/estate taxes: Belgium, Chile, Denmark, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Japan, Korea, Lithuania, Luxembourg, Netherlands, Poland, Slovenia, Spain, Switzerland, Türkiye, United Kingdom, United States. 2023: preliminary data; Australia, Greece, Japan values of 2022.

4.1.4. Revenue generation through inheritance and gift taxation

Inheritance taxes have always generated only rather moderate revenue, decreasing over time in both Europe and the OECD. As mentioned above, this long-term trend has been reversed since 2010, which may indicate, among others, a growing importance of inheritances in the more recent past. Simulations indicate long-term growth in inheritance tax revenue potential in the future (see e.g. Krenek et al., 2022 for Germany, France, Italy, Ireland, and Finland; Grünberger et al., 2024 for Austria; or Advani & Sturrock, 2023 for the United Kingdom), as inheritances are expected to increase.

For a given volume and structure of inheritances and gifts, the revenue potential of inheritance and gift taxation depends on four intertwined factors: the design of the tax; behavioural responses to the tax; institutional design; and administrative costs. Each of these factors is discussed in detail below, followed by an overview of the revenue implications of fiscal externalities generated by inheritance taxation.

Tax design

Tax design is a primary determinant of the revenue potential of inheritance taxation. Generally, most EU Member States' inheritance tax regimes are double-progressive, combining directly progressive tax schedules with different tax classes depending on the proximity between bequeathers and heirs. They are often characterised by low tax rates in the tax classes applied to close relatives (particularly spouses and children). In many cases, they also offer generous exemptions (high personal tax allowances or even full tax exemption). In addition, many EU inheritance tax schemes treat business assets transferred to family members of the business owner favourably by granting generous deductions from the tax base and preferential valuation rules⁵⁴. Considering that sizeable shares of inheritances are transferred to close relatives and consist of business assets and other tax-privileged assets, such favourable tax treatment considerably reduces inheritance tax revenue.

⁵⁴ The necessity of such tax exemptions remains unclear, as evidence for liquidity problems due to inheritance taxes levied on firms is missing. For family firms and farms in San Francisco, Brunetti (2006) finds a positive correlation between firm sales and estate taxes, however, no statistically significant evidence could be found that sales were forced through a lack of liquidity. According to Houben and Maiterth (2011) the considerable extension of tax relief for the transfer of family businesses in Germany in 2009 was not necessary, as before the reform no liquidity problems existed.

There are no comprehensive and comparable data or estimates for the revenue-reducing impact of tax expenditures related to inheritance taxes.⁵⁵ Moreover, there is only patchy information on whether tax relief provisions have been extended in the long run. For example, Nolan et al. (2020) find that tax exemption thresholds for children have risen in Germany, Italy, and the United Kingdom (as well as in the United States) since the 1980s, while remaining constant in Spain, and following no clear trend in France or Ireland. Examples of specific tax relief provisions for individual Member States suggest that their revenue-reducing impact could be considerable. Analysing tax data for the United Kingdom, Advani et al. (2024) find that tax relief for business and agricultural assets reduces effective tax rates from a nominal tax rate of 40% to less than 9% for a quarter, and to below 4% for another one-sixth of estates above GBP 10 million. Based on the very few replies from a questionnaire to OECD countries, tax expenditures (concerning agricultural and business assets as well as uncapped relief for spouses) make up about half of the overall tax base in the United Kingdom, while in the Netherlands the tax base is reduced moderately through relief for business and family businesses, which account for 8% of taxable inheritances (OECD, 2021).

One specific tax relief inherent in many inheritance tax systems (see OECD, 2021, for details) is the exemption of capital gains benefiting the recipient at the time of transfer. Only in Denmark and Hungary are unrealised capital gains taxed at death. Upon sale of the asset, only the capital gain accrued after receipt of the inheritance is liable for capital gains tax in many European countries (i.e. the transfer is made with a step-up in basis), while fewer European countries apply capital gains tax to the entire capital gain accrued since its acquisition by the donor (i.e. on a carry-over basis). This provision particularly favours closely held shares in private businesses (Scheuer & Slemrod, 2020). Another tax relief built into many European inheritance tax systems is the division of bare ownership of real estate and usufruct for gift purposes (see OECD, 2021, for details): gift taxes are often levied only on the bare ownership of real estate; when full ownership is transferred on the death of the usufruct holder no further tax liability arises. Besides their immediate mechanical revenue-reducing effects, such tax loopholes provide incentives for tax planning, with the corresponding negative effects on inheritance tax revenue).

The alignment of the taxation of inheritances and gifts is also relevant from a tax revenue perspective. Based on a theoretical model, Nordblom & Ohlsson (2006) show that the lack of full integration of inheritance and gift taxation creates tax planning opportunities if previous inter vivos gifts are not (fully) taxed jointly with inheritances received from the same donor. For example, the French and German inheritance tax regimes include previous gifts from the same donor only from the 10 years preceding the inheritance in the tax base, so that in a progressive tax schedule, the overall tax liability of heirs may be reduced by bringing forward inter

⁵⁵ Many countries produce tax expenditure reports containing information on revenue foregone through different tax expenditures related to wealth and capital taxation; however, this data is not comparable across countries.

vivos transfers. Hines et al. (2019) show for Germany and Escobar et al. (2023) for Sweden that options for preferential tax treatment of inter vivos transfers within the close family are indeed exploited by donors to reduce overall taxation.

Cross-border estates or inheritances may give rise to under-taxation of assets and thus negatively impact tax revenue. Regarding the personal nexus, most EU Member States apply the residence principle (Naess-Schmidt et al., 2011; OECD, 2021): inheritances (estates) are taxed based on worldwide assets if heirs (donors) are tax residents. Individuals – specifically potential donors – can engage in illegal tax evasion by hiding assets abroad. Exchange of information provisions as well as Common Reporting Standards, which have been considerably extended in recent years, may help to enforce inheritance taxation and make it less vulnerable to cross-border tax evasion.

Tax avoidance through emigration of future donors or beneficiaries is another practice that can reduce inheritance tax revenue, but which can be tackled through appropriate tax design. In this respect, ‘tail provisions’ (OECD, 2021) are important, as they can secure tax revenue by either extending tax liability for a certain time after emigration or through the application of exit taxes upon emigration.

Finally, tax design is an important determinant of the costs incurred by tax authorities when administering the tax, affecting its net revenue potential. The more extensive and complex the tax exemptions, the higher the administrative burden eating into the revenue from inheritance taxation.

Behavioural responses to inheritance taxation relevant for inheritance tax revenue

Overview of behavioural responses to inheritance taxation

Inheritance taxation can induce a variety of behavioural responses, many of which directly impact inheritance tax revenues. In contrast to many other types of tax, including wealth-related taxes, inheritance taxes involve two related parties (Kopczuk, 2013b) whose behaviour they may influence: prospective bequeathers and heirs. Very generally, behavioural reactions include real responses that involve economic decisions, and pure (legal or illegal) avoidance or evasion responses without real economic consequences (Brülhart & Schmidheiny, 2018). The former comprise a variety of economic decisions of bequeathers and heirs, respectively (e.g. Joulfaian, 2005; Kopczuk, 2013a, 2013b; Goupille-Lebret & Infante, 2018). **Figure 12** provides an overview of possible behavioural reactions of bequeathers and heirs that affect the revenue potential of inheritance taxes.

Figure 12 – Behavioural responses to the taxation of inheritances with an impact on inheritance tax revenue potential



Source: Adapted version in Schratzenstaller (2025). – bold: impact on inheritance tax revenue potential can be expected from response of bequeather. – italics: impact on inheritance tax revenue potential can be expected both from responses of bequeather and heir.

Potential real responses by bequeathers include decisions regarding their labour supply (including retirement), their residence, entrepreneurship or firm development, and wealth accumulation. Pure tax avoidance can be based on the timing of inter vivos transfers and other pure accounting and tax planning responses (for example, asset shifting, i.e. replacing taxable assets with tax-exempt assets). Besides such legal tax avoidance reactions, behavioural responses may also include illegal tax evasion, including by transferring wealth offshore, thereby enabling its non-declaration for inheritance tax purposes⁵⁶.

Most of these possible behavioural responses reduce the revenue potential of inheritance taxes, thus counteracting the objective of revenue generation. However, with regard to both labour supply and savings decisions, the direction of the tax-induced response is unclear *ex ante* and crucially depends on the bequest motive of the bequeather. There is a sizeable theoretical literature showing that bequest motives are crucial for behavioural responses to inheritance taxation (Gale & Slemrod, 2001; Kopczuk & Slemrod, 2001; Cremer & Pestieau, 2011 for overviews of the theoretical literature). Donors with a bequest motive adjust labour supply or savings due to changes in inheritance taxation, with the direction depending on the bequest motive (Gale & Perozek, 2001; Joulfaian, 2006). In contrast, bequeathers who do not have a bequest motive and thus do not derive utility from wealth transfers to heirs but rather leave ‘accidental’ or unintentional bequests, do not react to inheritance taxation by adjusting labour supply or savings (Cremer & Pestieau, 2011).

For altruistic bequeathers deriving utility from leaving a bequest that improves their heirs’ well-being (McGarry & Schoeni, 1995), or from the act of giving in itself (‘warm glow’ or ‘joy of giving’ bequest motive), inheritance taxation is associated with counteracting income and substitution effects (Andreoni, 1990). On the one hand, inheritance taxes that decrease the potential wealth transfer dampen bequeathers’ work and saving incentives as they decrease the cost of current consumption and

⁵⁶ The exchange of information provisions under DAC1 and DAC2 should preclude such illegal tax evasion regarding EU Member States and selected third countries; which leaves open, however, the possibility of transfers to other tax havens not covered by the DAC.

leisure (Hines, 2013). On the other hand, work and saving efforts may be increased by inheritance taxes to keep up the envisaged level of a planned inheritance. It is an empirical question whether the substitution or the income effect dominates, and thus whether inheritance taxation increases or decreases donors' labour supply (Hines, 2013). The income effect may dominate for bequeathers with strategic bequest motives ('exchange motive'; see Cox, 1987) holding out the prospect of a future inheritance to reward certain services rendered by future heirs (for example old age care) during their lifetime, if few substitutes for the expected services exist. An increase in inheritance taxes may then lead to higher savings (Kopczuk & Slemrod, 2001).

Bequest motives are hard to identify empirically, and the behaviour of bequeathers may be influenced by several bequest motives (Gale et al., 2001). In addition, bequest motives vary across countries due to differences in government policies, as well as cultural, demographic, economic and institutional differences (Horioka, 2014, 2021). For the United States, Kopczuk and Lupton (2007) show that non-accidental bequest motives play a much larger role for the very wealthy. In an empirical study for Italy, Ventura and Horioka (2020) find that, compared with individuals without a bequest motive, savings and wealth accumulation are higher among descendants with a bequest motive. Japanese bequeathers with an altruistic or exchange bequest motive work more than individuals lacking a bequest motive, and bequeathers with an exchange bequest motive retire earlier (Horioka et al., 2021). The bequest motive could also influence the extent of the use of tax-privileged inter vivos transfers, as Niimi (2019) shows for Japan. While altruistic donors use such options more often to reduce the overall inheritance tax burden in the interest of heirs, bequeathers with an exchange motive are more reluctant to do so, so as not to jeopardise the future provision of expected services by heirs.

Heirs may react to inheritance taxation through various behavioural margins (see [Figure 12](#)). Some of these potential responses influence the revenue potential of inheritance taxes: shifting residence to no- or low-tax jurisdictions or moving inherited wealth offshore; or engaging in tax planning or other tax avoidance or evasion measures, for example, under-declaring received inheritances. There is very little empirical evidence on behavioural effects of inheritance taxes on heirs relevant to inheritance tax revenue. Among the few studies is Glogowsky (2021), who finds no evidence of inheritance tax evasion by heirs in Germany and Micó-Millán (2024), who similarly find no such evidence for Catalonia (Spain). In contrast, Escobar (2017) estimates that illegal underreporting of taxable inheritances by spouses led to a decrease in inheritance tax revenue of up to 55% before spouses were made tax exempt in Sweden.

Other reactions by heirs to the receipt of inheritances do not affect inheritance tax revenues: the adjustment of labour supply, wealth accumulation, and entrepreneurship. These responses may rather affect the revenue of other taxes and thus create fiscal externalities.

Overall, heirs' behavioural responses appear less important in general and also from a revenue perspective than those of bequeathers, which have received much more attention in empirical research (Hebous et al., 2024). The following review of empirical evidence therefore focuses on revenue-relevant behavioural responses by donors.

Review of the empirical evidence

Empirical evidence on behavioural responses of donors to inheritance taxation has been growing recently. It is worth noting that the bulk of empirical studies focuses on the United States (Schatzenstaller, 2025) where inheritances are predominantly taxed through estate taxes⁵⁷. Therefore, empirical results derived in the context of the United States should be transferred with some caution to Europe, which is dominated by recipient-based inheritance taxes.

The following provides an overview of empirical studies on the strength of bequeathers' behavioural reactions to inheritance taxes. The stronger these reactions are, the less inheritance taxes are able to achieve their objectives in terms of revenue generation. This overview is structured along the possible behavioural margins available to bequeathers, except for the labour supply of bequeathers for which there is no empirical evidence⁵⁸.

Tax avoidance and planning

Tax avoidance and planning may have a considerable impact on inheritance tax revenue. Such responses are facilitated by the fact that inheritances and gifts occur infrequently, which enables long-term planning (OECD, 2021). Moreover, particularly for larger (future) gifts and inheritances, incentives for tax avoidance and planning are high (Kopczuk, 2013a). Relevant mechanisms include the use of tax-privileged inter vivos transfers, asset shifting, the timing of transfers to make use of exemptions or loopholes, and bunching at kinks in inheritance tax schedules by adjusting taxable transfers. Several, mostly older, studies from the United States and the United Kingdom compare actual and hypothetical tax revenues or tax bases and indicate a considerable amount of foregone revenue due to tax avoidance and planning (see Table 18 in Annex B).

A few recent analyses have attempted to identify tax planning by comparing reported wealth of bequeathers diagnosed as terminally ill with that of those dying unexpectedly. Overall, they find a significant extent of 'deathbed planning' (Kopczuk, 2007 for the United States; Suari-Andreu et al., 2024 for the Netherlands), the

⁵⁷ In addition to the federal estate tax, 12 states impose their own estate taxes, and 6 states levy an inheritance tax (Johns, 2024).

⁵⁸ Kopczuk and Slemrod (2001) argue that an estate tax can be interpreted as a specific form of income tax causing similar effects on labour supply.

absence of which among those who die suddenly can be explained by a ‘denial of death’ attitude. For Germany, Glogowsky (2021) detects testamentary planning in the top 30% of bequeathers, particularly shortly before death and if close relatives are involved. Overall, however, given estimates of short-run net-of-tax elasticities of taxable wealth transfers below 0.1, the impact of such tax planning measures on inheritance tax revenues is rather moderate. Similarly, Erixson and Escobar (2020) in a study for Sweden show that deathbed planning involving spouses does not play much of a role even in the group of the very wealthy; on the contrary, bequeathers tend to increase their taxable wealth.

The impact of tax privileges for certain assets, which induce asset shifting using family firms to reduce overall tax liability, is explored by Micó-Millán (2024) for the Spanish region of Catalonia. She finds that a 1 percentage point increase in the tax differential between tax-favoured and non-favoured assets raises the former by 17% (20% for the top 0.5% heirs). This tax-induced shifting of private wealth to family businesses has considerable revenue implications, as it causes an annual loss of 27% of actual Catalanian inheritance tax revenue.

Impact of inheritance taxation on wealth accumulation

Potential negative effects of an inheritance tax on wealth accumulation, which reduce the revenue potential of the tax, have been studied in two waves of analyses (Glogowsky, 2021). Older studies for the United States, often based on regression analysis, mostly find a rather limited impact of estate taxes on wealth accumulation and reported wealth by donors, with some exceptions (see Table 19 in Annex B for studies cited in this paragraph). Research for Italy, France and Catalonia (Spain) conducted during the past two decades can make use of better data and methodological approaches, and also studies additional countries. These newer studies show an overall even more moderate impact of inheritance taxation on wealth accumulation. Of particular interest is the study by Goupille-Lebret & Infante (2018) for France, suggesting that real responses as well as asset and temporal shifting responses are more pronounced for wealthier and older donors. Several simulation studies for the United States demonstrate small effects of changes in estate taxation on capital accumulation as well.

Impact of inheritance taxation on entrepreneurship and firm development

If the expectation of inheritance taxation has a negative impact on entrepreneurship and firm development, inheritance tax revenues will fall accordingly. Existing empirical evidence on this issue is scant and consists primarily of ex-ante studies (see Table 20 in Annex B). These focus on the United States and find that estate taxes reduce future employment, investment and business growth (Astrachan & Tutterow, 1996; Holtz-Eakin, 1999), and that the elimination of estate taxes would raise employment and investment (Holtz-Eakin & Smith, 2009). However, as discussed in detail by Repetti (1999), Schmalbeck (2001), and Gale and Slemrod (2001), these studies often rest on methodological foundations that are problematic, limiting the reliability of their results.

Impact of inheritance taxation on residential choice

Residential choices may be motivated by the desire to avoid or reduce inheritance taxation. Empirical evidence on the impact of inheritance taxation on individual mobility focuses on intra-national mobility in federal countries where inheritances are taxed at the regional level; most analyses focus on the United States (see Table 21 in Annex B). This research often explores the residential choices of specific groups, for example the elderly or the very wealthy. Empirical results for Switzerland and Sweden suggest that the internal mobility of bequeathers induced by inheritance taxation is generally rather low. It is somewhat higher but still moderate overall for older and high-wealth potential donors. The only study identifying a significant extent of tax-induced intra-national mobility among billionaires was conducted by Moretti & Wilson (2023) for state-level estate taxes in the United States. Their analysis also shows that having an estate tax increases overall tax revenue for almost every state, since income tax revenue losses caused by billionaires' relocation are more than offset by estate tax revenue from the remaining billionaires.

Empirical studies addressing the impact of inheritance taxation on international migration decisions are practically non-existent (Jakobsen et al., 2020). A key exception is the study by Lindkvist (1990) who, based on interviews with Swedish emigrants, finds that taxes, including inheritance taxes (which were very high in Sweden during the 1970s and 1980s; see Henrekson & Waldenström, 2016), had a significant influence on migration decisions. However, one can assume that the economic and emotional costs of changing residence across borders are higher than such changes within one's country, and that options to misreport one's residence are more limited⁵⁹ in cross-border contexts. Thus, cross-border migration responses to inheritance taxation could be more modest than internal mobility, even among the very wealthy. Interviews conducted with individuals belonging to the top 1% in the income and wealth distribution in the United Kingdom show that a large majority would never migrate for tax reasons (Friedman et al., 2024). However, more research is needed on within-country and international migration responses to inheritance taxes, particularly among the very wealthy.

Impact of inheritance taxation on inter vivos transfers

Tax advantages granted for inter vivos transfers may affect the timing of wealth transfers (Nordblom & Ohlsson, 2006) and may thus be used as tax planning instruments to reduce overall inheritance and gift tax liability. In general, the incomplete alignment of inheritance and gift taxation, which offers options to avoid or reduce taxation through wealth transfers during the bequeather's lifetime, reduces overall inheritance tax revenue. Compared to other behavioural margins, inter vivos transfers have been the subject of intensive empirical research, again with a rather strong focus on the United States. More recently, several EU countries (Sweden,

⁵⁹ Agrawal et al. (2024) identify considerable interregional migration responses to the Spanish wealth tax, which, however, might be based more on misreporting than on actual changes of residence.

Germany, France, and the Netherlands) have also been studied. However, only the studies by Hines et al. (2019) and Winter & Zental (2025) for Germany focus specifically on inter vivos transfers of family firms and business assets, respectively. Hines et al. (2019) find that transfers of family firms are very sensitive to favourable tax provisions compared with transfers upon death (see Table 22 in Annex B). Winter & Zental (2025) show that inter vivos transfers of business assets respond very quickly and strongly to the risk of future increases in gift tax rates.

Empirical studies suggest that inter vivos transfers respond to tax incentives, particularly in the case of wealthy donors (Arrondel & Laferrère, 2001; and Lei & Planterose, 2025 for France; Joulfaian, 2004, 2005 for the United States) and for older donors (Page, 2003 for the United States; Lei & Planterose, 2025, for France; Sturrock et al., 2022 for the Netherlands) and high-value transfers (Winter & Zental, 2025 for Germany). Such tax-induced adjustments of inter vivos transfers would reduce inheritance and gift tax revenue accordingly. At the same time, results are somewhat inconclusive regarding the strength of the response. Moreover, existing empirical results also show considerable underutilisation of tax-privileged inter vivos transfers (see e.g. Poterba, 2001; Joulfaian & McGarry, 2004; and McGarry, 2001 for the United States; and Ohlsson, 2007 for Sweden). Several reasons for this finding are mentioned and sometimes explored empirically in the literature. Research for Japan (Niimi, 2019) suggests that the absence of a bequest motive implies lower responsiveness of inter vivos transfers. Denial of death by donors (Kopczuk & Slemrod, 2005), precautionary savings motives in the face of uncertainty regarding the remaining life expectancy of bequeathers (Niimi & Horioka, 2019; Sturrock et al., 2022), the desire not to give up control over wealth and future heirs (Erixson & Escobar, 2020; Sturrock et al., 2022), and the existence of an exchange motive (Kopczuk, 2007) may be further reasons why tax privileges for inter vivos transfers are not fully utilised. Not least, the availability of legal advice plays a role, as demonstrated by Erixson and Escobar (2020) and Escobar et al. (2023) for Sweden.

Overall, the revenue implications of taxing inter vivos transfers more favourably depend on the extent of tax privileges and the design of inheritance and gift taxes, and can differ across countries. While the study by Glogowsky (2021) for Germany arrives at moderate revenue implications, Sturrock et al. (2022) find that in the Netherlands the tax exemption of gifts is used as a main tax planning instrument with corresponding negative revenue effects.

Inheritance tax evasion

Only very few empirical studies address illegal evasion of inheritance tax, which is hard to detect empirically and to distinguish from the legal tax avoidance discussed above (Kopczuk, 2010). The few existing empirical studies focus on the United States and Sweden (see Table 23 in Annex B). Using audit data for the United States, Erard (1998), Eller and Johnson (1999) and Eller et al. (2001) find a rather broad range for the extent of tax evasion. Calculations of the wealth tax gap by Durán-Cabré et al. (2019) for Catalonia, which estimate an inheritance gap of 41.3%

of total potential inheritance tax revenue based on 2014 data, show that 37.4% of the gap is explained by undeclared assets located abroad.

Empirical evidence suggests that sizeable levels of offshore wealth are shielded from taxation in tax havens (see, e.g., Zucman, 2024; Alstadsæter et al., 2018; Bastani & Waldenström, 2020; Alstadsæter et al., 2023). For Sweden, Roine and Waldenström (2015) estimate that capital flight out of Sweden in the 1990s and 2000s to escape taxation reaches almost one fifth of annual national income. Alstadsæter et al. (2019) analyse leaked data from offshore financial institutions as well as tax amnesty data for Scandinavia. They find that the very wealthy are over-represented among those shifting their wealth offshore, decreasing their income and wealth tax liability by about 25%. These findings are corroborated by Guyton et al. (2022) and Johannesen et al. (2024) for the United States, who show that offshore wealth is concentrated at the top of the income distribution, and by the study by Leenders et al. (2023) for the Netherlands according to which offshore tax evasion involves primarily the very wealthy. Whether inheritance taxation is directly associated with the shift of wealth to tax havens to evade it has not yet been studied empirically. However, as it is in particular the very wealthy who engage in offshoring wealth to evade taxes, a significant negative impact on potential inheritance tax revenue can be expected. Recent empirical evidence suggests that international efforts to foreclose such practices using automatic exchange of information agreements, which have been considerably expanded during the last decade, could have reduced this form of illegal tax evasion somewhat and increased tax revenue accordingly.

Brief overview of the empirical evidence on behavioural responses to inheritance taxation in EU Member States

Table 10 summarises the empirical evidence surveyed above. It shows that empirical evidence on the impact of inheritance taxation on the various behavioural margins is still limited overall, particularly for European countries, of which only seven (France, Germany, Italy, the Netherlands, Spain, Sweden and Switzerland) have been studied empirically to date.

Table 10 – Overview of empirical evidence on behavioural responses to inheritance taxation in EU Member States

Behavioural margin	Number of studies ¹⁾ (for EU Member States)	EU Member States (European countries) studied	Strength of reaction (strong – medium – weak)	Evidence base (strong – medium – weak)	Agreement (high – medium – low)
Tax planning and avoidance	10 (7)	Catalonia (Spain), Germany, the Netherlands, Sweden	Strong	Strong	High
Wealth accumulation	11 (3)	Catalonia (Spain), France, Italy	Weak	Medium	High

Behavioural margin	Number of studies ¹⁾ (for EU Member States)	EU Member States (European countries) studied	Strength of reaction (strong – medium – weak)	Evidence base (strong – medium – weak)	Agreement (high – medium – low)
Entrepreneurship and firm development	4 (0)	-	Weak to medium	Weak	Low
Residential choice	11 (2)	Spain, Sweden (Switzerland)	Weak to medium	Strong	Medium
Inter vivos transfers	16 (10)	France, Germany, The Netherlands, Sweden	Medium to strong	Strong	High

Source: Own compilation.

1) Studies not analysing European countries focus on the United States.

Institutional framework

Inheritance tax revenue is also influenced by the institutional framework. Centralised tax design, third-party reporting and robust tax enforcement can reduce tax avoidance and evasion at the national level (Keen & Slemrod, 2017; Mas Montserrat, 2019). For Catalonia, Micó-Millán (2024) finds no impact of an increase in inheritance tax rates on reported inheritances, which she attributes to the high degree to which self-reported assets are corroborated, when possible, by third-party information or registers. This leaves limited opportunities to undervalue assets. Saez and Zucman (2019c) point to the importance of audits of estate tax returns, particularly for very large estates.

Another factor are trusts, which offer opportunities to avoid inheritance taxation, particularly if they are not transparent to tax authorities (OECD, 2021). The potential to use trusts as vehicles for tax avoidance differs greatly between common law countries (such as the United Kingdom, Ireland and the United States), where potential bequeathers are free to dispose of their estates, and civil law countries, which are characterised by forced heirship, under which a certain part of an estate must be left to close family members. In the United Kingdom, for example, transferring assets into a trust means that they are no longer part of the estate and are therefore not taken into account when the estate is valued for inheritance tax purposes, provided that the transfer takes place at least seven years before the death of the bequeather.

In some cases, trusts enjoy special inheritance tax privileges. One example is the Austrian inheritance tax, repealed in 2008, where wealth entered into trusts was effectively shielded from inheritance taxation. Transparency for tax authorities regarding ownership structures of trusts, rolling back specific tax exemptions, and tax

provisions securing adequate taxation of assets held in trusts⁶⁰ can help to protect inheritance tax revenue.

Offshore tax gaps can be limited through cross-border automatic exchange of information agreements, which have proliferated worldwide since the 2010s. According to estimates by Alstadsæter et al. (2023), the share of untaxed financial wealth hidden in tax havens, which had gone almost fully untaxed before the implementation of cross-border automatic exchange of information provisions, has been reduced to about 25%. Existing empirical evidence suggests that the implementation of cross-border AEOI provisions can markedly reduce the amount of wealth hidden in tax havens (Alstadsæter et al., 2023; Boas et al., 2024; Menkhoff & Miethe, 2019). Nonetheless, ample opportunities for wealthy individuals to escape reporting still exist, for instance through changing their asset portfolios or jurisdictions (to uncovered ones), or using complex company structures to obscure their wealth (see e.g. Caruana-Galizia & Caruana-Galizia, 2016; Bénétrix et al., 2024; Bomare & Le Guern Herry, 2025)⁶¹. This points to the need for more concerted efforts to expand these networks further in their scope and regional coverage in order to close existing gaps (OECD, 2025).

Administrative costs of inheritance taxation

Administrative costs resulting from compliance with and the collection of inheritance taxes are relevant both to taxpayers and tax authorities. To the extent that they fall on tax authorities, administrative costs reduce the net revenue potential of inheritance taxes. They are often claimed to make up for an over-proportionate share of tax revenue compared to other taxes⁶². However, data and estimates for the administrative burden associated with inheritance taxation are rare and often outdated.

According to Sandford & Morrissey (1985), Ireland's estate duty was associated with administrative costs for tax authorities of 2.64% of total estate tax revenue in the period from 1968 to 1973, compared with 1.86% for overall tax revenue. For Germany, von Löffelholz & Rappen (2003) estimate the administrative costs for tax

⁶⁰ For example, inheritance replacement taxes levied regularly on assets, as in the United Kingdom, for certain forms of trusts.

⁶¹ For a full discussion of existing empirical evidence on the achievements and weaknesses of AEOI provisions, see Chapter 1.

⁶² It should be noted that the common approach to expressing administrative costs as percentage of tax revenue has its limits (Burgherr, 2021). Considering that collection costs are largely unrelated to the tax but still directly influence tax revenue, variations of the tax rate mechanically change the share of tax revenue eaten up by collection costs. However, the relation between collection costs accruing to tax authorities and tax revenue is the relevant metric for tax authorities, as it makes collection costs comparable across different types of taxes and conveys a picture of the net revenue potential.

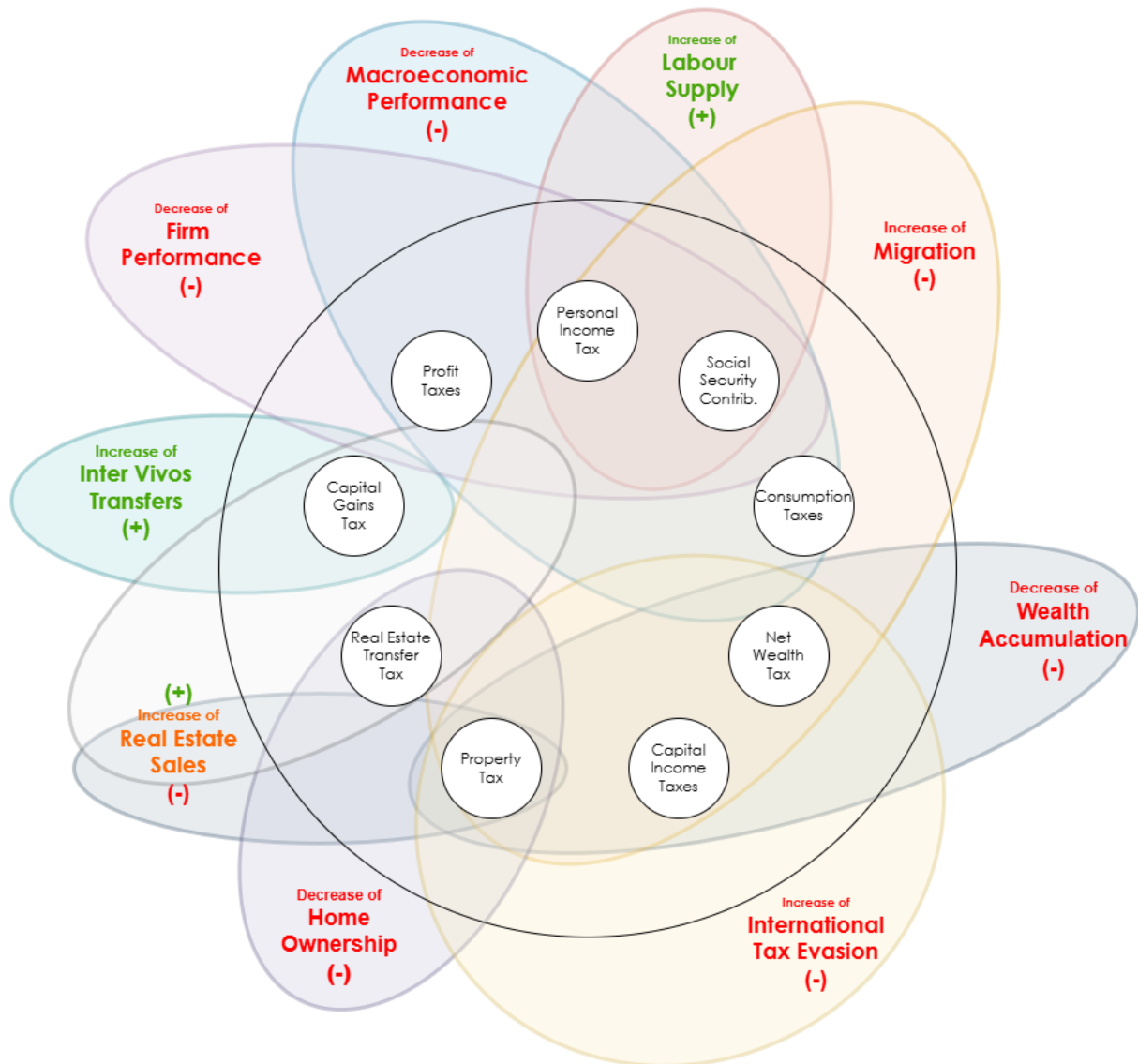
authorities for the inheritance tax at 3.7% of overall inheritance tax revenue, which is also above the average (1.7%). For the UK, Burgherr (2021) reports data provided by HMRS for 2018/19, according to which the costs for administering, collecting and enforcing the inheritance tax amounted to 0.66% of inheritance tax revenue, slightly exceeding the average costs of 0.52% for total tax revenue. The very limited data available thus suggests that while collection costs linked to the taxation of inheritances are above the average tax collection costs, they make up for a very small fraction of the overall tax take, and therefore do not significantly reduce the revenue potential.

As Burgherr (2021) emphasises, when administering a wealth tax, the administrative costs are highly dependent on design features. This also holds for inheritance taxation. Troup et al. (2020) mention a number of relevant design choices, including the existence and level of materiality thresholds, valuation rules, anti-avoidance rules, the number and level of reliefs and exemptions, the consideration of lifetime gifts, and the extent of automation and digitisation in tax administration. Some design choices are interrelated. For example, having more exemptions that would otherwise require costly monitoring typically lowers the total valuation costs (Burgherr, 2021). Another example is materiality thresholds: on the one hand, the higher these are, the lower the number of cases that need to be processed. On the other, it can be assumed that an inheritance tax focusing on very large inheritances is associated with higher costs per inheritance, since the complexity of assets owned by the very wealthy is significantly higher.

Fiscal externalities of inheritance taxation

Inheritance taxation is criticised not only because of the low revenues of the tax but also because such taxes may have indirect long-run and general equilibrium effects that impact the revenue of other taxes, and thus generate potentially negative fiscal externalities. Agrawal et al. (2025), in the context of levying a net wealth tax on mobile wealth, show that for a decentralised setting (Spain) without tax harmonisation, fiscal externalities can exceed revenue from the targeted tax by a multiple. The direction and strength of potential fiscal externalities depend on the specific economic effect associated with inheritance taxation. Existing empirical evidence shows that inheritance taxes may be associated with a broad range of economic effects on a variety of specific related taxes (see [Figure 13](#) for an overview). A more detailed presentation of the relevant mechanisms, the affected tax categories, as well as the empirical literature is provided in Annex B.

Figure 13 – Potential fiscal externalities caused by inheritance taxation



Source: Own elaboration.

In the following sections, a brief overview of potential fiscal externalities caused by inheritance taxation is given. Where possible this is enriched with empirical evidence, which is regrettably very scarce.

Labour supply including retirement decisions of heirs

The so-called ‘Carnegie effect’ or ‘Carnegie conjuncture’ (Holtz-Eakin et al., 1993), according to which inheritances are associated with negative work incentives for heirs, has been researched empirically since the start of the 1990s. A negative impact of inheritances on employment is shown by Holtz-Eakin et al. (1993) and

Joulfaian & Wilhelm (1994) for the United States, by Bø et al. (2019) for Norway, and by Peters & Schwarz (2013) for Germany, although responses are mostly small. Moreover, the effects are heterogeneous across different groups on the labour market, and sometimes transitory. Various studies find the effects to be particularly large for women (Bø et al., 2019 for Norway; Brülhart et al., 2025 for Switzerland). In some studies they are even only detectable for women (e.g. Doorley & Pestel, 2020 for Germany; Belloc et al., 2025 for 13 European countries; Malo & Sciulli, 2021 for 14 European countries), however others identify a significant effect for men as well (Sila & Sousa, 2014 for 14 EU Member States). Brown et al. (2010) show that inheritances raise the probability of earlier retirement in the United States, a result that is confirmed by Eder (2016) for 10 European countries, Garbinti & Georges-Kot (2016) for France, and Brülhart et al. (2025) for Switzerland. For the Netherlands, Basiglio et al. (2023) show that expected inheritances reduce incentives for prospective heirs to work full time at an older age. Similarly, the study by Elinder et al. (2012) for Sweden finds that work disincentives increase with age and the size of the inheritance. In contrast, two recent studies by Tur-Sinai et al. (2022) for 14 European countries and Suari-Andreu (2023) for 10 European countries cannot detect disincentives to work caused by inheritances. Overall, the majority of empirical studies identify disincentives to work induced by inheritances, which are modest overall and differ across demographic groups. Higher taxes on inheritances would therefore mitigate disincentives to work, which would translate to a (probably modest) rise in revenue from personal income taxes on labour incomes and from social security contributions.

There is almost no empirical work estimating potential fiscal externalities resulting from the taxation of inheritances. For Germany, Kindermann et al. (2020) estimate that in addition to every euro the government raises through inheritance taxation, it collects additional income tax revenue of EUR 0.09 as labour supply, indicating that labour tax revenues are increased by the taxation of inheritances. Using quantitative experiments based on US data, Hedlund (2020) finds that an estate tax increases workers' efforts to acquire skills, and thus leads to a larger number of skilled workers. The optimal estate tax rate is shown to be significantly above zero and increases output and wages, which would induce higher revenue from labour-related taxes as well as raise revenue from all other types of taxes related to output. For Switzerland, Brülhart et al. (2025) estimate that inheritances decrease GDP by 1.7%, which again would decrease revenue from labour and other taxes dependent on output.

Impact of inheritance taxation on entrepreneurship and firm performance

Inheritance taxation can affect entrepreneurship and firm performance via several channels.

First, if inheritance taxes reduce entrepreneurship and firm performance during the lifetime of the potential bequeather, this would not only negatively affect future inheritance tax revenue, but would also be associated with negative fiscal

externalities affecting all types of tax related to firm performance: corporate income tax, tax on income from self-employment, capital income tax, and labour taxes. From this perspective, preferential treatment of transfers of family firms could improve firm performance by incentivising potential bequeathers' entrepreneurship if they have an intrinsic motivation to pass on larger firms (Krug & Langenmayr, 2024). However, as discussed, evidence for such negative effects is very weak. Similarly, evidence for the impact of tax preferences for the transfer of family firms on bequeathers' entrepreneurship and firm performance is lacking.

A second channel is the potential impact of inheritance taxes on entrepreneurship among heirs. Inheritances may have ambiguous effects on heirs' entrepreneurship (Burman et al., 2018). On the one hand they may discourage heirs' efforts. On the other hand, inheritances may help to create or sustain businesses by easing liquidity constraints (Krug & Langenmayr, 2024). Accordingly, inheritance taxes could have ambiguous effects on related fiscal externalities.

Empirical findings on the relationship between inheritances and entrepreneurship are not clear-cut; existing empirical analyses suggest that inheritances tend to have a positive impact on heirs' entrepreneurship. For France, Bauer et al. (2018) study the period between 1945 and 2014, and cannot identify a significant impact of inheritances on entry into and survival in self-employment for men since the early 2000s, or for women over the whole period. Inheritance taxation would therefore not have a negative impact on self-employment, and would likewise not create negative fiscal externalities related to profit taxation.

In contrast, Arrondel & Masson (2011) and Arrondel et al. (2014) find for France that receiving a gift significantly increases the likelihood of creating a firm. These findings are corroborated by Holtz-Eakin et al. (1994a) for the United States, who show that the receipt of an inheritance and its size positively impact the formation (and survival) of firms by heirs, and by the study by Holtz-Eakin et al. (1994b), according to which inheritances raise the longevity of firms. Also, for the United States, Burman et al. (2018) find that the receipt of an inheritance raises the probability of owning and managing a business. Inheritance taxation would therefore dampen the probability of creating or owning firms, as well as their longevity, which would reduce revenue from profit taxation and from other related taxes, in particular personal income tax on entrepreneurial and capital income and taxes on labour income.

A third channel is the potential effects of inheritance taxes on the performance of inherited firms. There is some empirical evidence that inheritance taxes increase the likelihood of the sale of family firms (Brunetti, 2006, for San Francisco; Tsoutsoura, 2015, for Greece). Whether this improves or decreases firm performance depends on how the ability of heirs from within the family compares to external managers (Krug & Langenmayr, 2024). Several empirical studies suggest that the transfer of firms within the family may harm firm performance, since on average heirs are less suited to managerial roles (Pérez-González, 2006; and Villalonga & Amit, 2006 for the United States; Bennedsen et al., 2007 for Denmark; Bloom & Van Reenen, 2007 for

the United States, United Kingdom, France, Germany; Miralles-Marcelo et al., 2014, for Portugal and Spain, Adams et al., 2018, for Sweden). From this perspective, inheritance taxes impeding such transfers could improve firm performance. Tax relief for family firms in particular should not be too generous, so as to reduce incentives to pass firms on to less able heirs (Grossmann & Strulik, 2010 for Germany). Positive fiscal externalities resulting from mitigating negative effects of the succession of firms within the family through inheritance taxation could come in the form of higher revenues from profit taxes and from personal income taxes and social security contributions (if more successful firms increase their number of employees).

Macroeconomic effects

Inheritance taxes could be associated with macroeconomic effects that may cause negative or positive fiscal externalities affecting several types of tax. On the one hand, if inheritance taxes indirectly reduced the negative macroeconomic effects of transfers of family firms to less able heirs (expected by Grossmann and Strulik, 2010), a range of taxes, from profit taxes, personal income taxes, social security contributions to consumption taxes would raise higher revenue. If, on the other hand, inheritance taxes are understood as a burden on capital, increasing the effective capital tax rate and thus the cost of capital, inheritance taxation could, in the long run, dampen investment and employment and the revenue from related taxes.

Savings and wealth accumulation

Empirical evidence suggests that inheritance taxation overall has a rather modest effect on the wealth accumulation of bequeathers, which implies limited negative fiscal externalities in terms of foregone revenue from the taxation of capital income. An expected, future inheritance could induce future heirs to reduce their savings, as found by Basiglio et al. (2023) for the Netherlands. If such a saving-reducing effect of inheritances is mitigated by inheritance taxation, positive fiscal externalities could result in the form of increased capital income taxes.

Inter vivos transfers

Inter vivos transfers incentivised by specific inheritance tax provisions could trigger capital gains taxation if the transferred assets had increased in value since their acquisition.

(International) migration

Negative fiscal externalities could arise with regard to personal labour and capital income taxes if inheritance taxation induces potential bequeathers to migrate. Whether such negative externalities occur is examined by Moretti and Wilson (2023)

for billionaires in the United States. The authors find that despite considerable migration responses of billionaires, the introduction of estate taxes for billionaires and the 'merely wealthy' would lead to net revenue gains in almost all US states affected: the losses in income tax revenue due to the out-migration of billionaires would be more than offset by additional estate tax revenue.

International tax evasion

Hiding wealth abroad in tax havens to avoid inheritance taxation would create further negative fiscal externalities by reducing revenue from other taxes based on wealth and on income from wealth. Relevant taxes include net wealth taxes and taxes on capital income and capital gains. Moreover, property tax revenue may be negatively affected if wealth is shifted abroad in the form of offshore real estate. Unfortunately, there is no empirical evidence on the existence and size of such fiscal externalities.

Real estate sales

If high inheritance taxes force heirs to sell real estate, they may be liable for capital gains tax, thus generating positive fiscal externalities. At the same time, house prices may fall. Inheritance taxation may then create negative fiscal externalities by reducing revenue from real estate tax and potentially from capital gains due at sale, as well as future recurring property tax revenue. However, empirical studies on such interdependencies are lacking⁶³.

Homeownership

Gifts and inheritances increase homeownership in both quantitative and qualitative terms, as Spilerman and Wolff (2013), Arrondel and Masson (2011) and Arrondel et al. (2014) show for France. If inheritance taxation mitigates the homeownership-promoting effect of gifts and inheritances, it could dampen revenue from real estate transfer taxes and property taxes.

4.1.5. Distributional effects of inheritance and gift taxation

From a distributional perspective, two longer-term trends for the OECD countries in general and for European countries in particular are of interest. The first is the increasing quantitative importance of inheritances, and the second is their unequal distribution.

⁶³ Chen (2015) argues that one determinant of considerably rising house prices in Taiwan may be a drastic cut in inheritance taxes.

One important justification for inheritance taxation is its expected distributional impact. Unequally distributed gifts and inheritances could harm equality of opportunity (Alstott, 2007; Boadway et al., 2010). Inheritance taxes aim to reduce wealth inequality while also supporting social mobility and equality of opportunity (Brys et al., 2016). This section first addresses the question of the role that gifts and inheritances play in shaping inequality of wealth and opportunity. Then the potential of inheritance taxation to mitigate wealth inequality and support equality of opportunity is explored.

4.1.5.1. Distributional effects of inheritances

Intergenerational transfers and wealth inequality

The first question that is relevant when discussing the suitability of inheritance taxation as an instrument to contain wealth inequality and wealth concentration, and to improve equality of opportunity, is how much intergenerational transfers, meaning inheritances and gifts, impact each. These impacts are disputed in the empirical literature.

Surveying the various channels through which saving and wealth inequality are shaped, De Nardi and Fella (2017) identify bequests as one important determinant of wealth inequality. Palomino et al. (2022) study the contribution of intergenerational transfers to wealth inequality in France, the United Kingdom, the United States, and Spain to obtain estimates of between 26% in the United Kingdom and 36% in France. Leitner (2016) analyses the impact of intergenerational transfers on wealth inequality in eight EU Member States and identifies a contribution of inherited or gifted real and financial assets to gross and net wealth inequality of about 40% for Austria, Germany, and Cyprus. De Nardi and Yang (2016) show that intergenerational transfers positively contribute to wealth inequality in the United States. According to Salas-Rojo and Rodriguez (2022), inheritances explain 60% of wealth inequality in the United States and Spain, and more than 40% in Italy and Canada. Similarly, according to Fessler and Schürz (2018), the position in the wealth distribution is strongly influenced by intergenerational transfers in 13 European countries. In contrast, Klevmarken (2004) and Adermon et al. (2018) for Sweden, as well as Crawford & Hood (2016) for Great Britain, identify wealth equalising effects of inheritances, although in the latter case they disappear when correcting for pension wealth. Morelli et al. (2025) analyse survey data for six rich countries (the United States, France, Germany, Italy, and Great Britain) and find that in most an increase in the number of recipients of inheritances would reduce wealth inequality overall. However, their analysis points to the necessity to account for the size of the transfers received: while a marginal increase in the number of recipients of small or intermediate transfers would reduce inequality, marginally raising the number of recipients of large transfers (those above the 95th percentile of the national transfer distribution) would deepen wealth inequality.

Several newer studies identify two relevant general effects of inheritances on wealth inequality, thus reconciling the apparently inconclusive empirical evidence presented above. On the one hand, inheritances decrease relative wealth inequality, as they are larger in relation to pre-existing wealth for the less wealthy. On the other, inheritances reinforce the absolute dispersion of wealth as the wealthy receive considerably higher estates in absolute terms. This 'duality in effects' (Elinder et al., 2018) is derived by Wolff & Gittleman (2014) for the United States, by Boserup et al. (2016) for Denmark, by Elinder et al. (2018) for Sweden, by Karagiannaki (2017) for Great Britain, by Bönke et al. (2017) for 8 EU Member States, and by Wei and Yang (2022) for China. Similarly, Black et al. (2024) show that gifts and inheritances decrease relative wealth inequality in Norway.

Another reason for inconclusive findings on the impact of inheritances on wealth inequality is the duration of these effects. A number of econometric studies are based on a rather short timeframe and thus cover only short-term effects. Nekoei & Seim (2023) and Druedahl & Martinello (2022) find for Sweden and Denmark that the equalising effects of inheritances diminish in the longer run as inheritances are spent to a much larger extent by the poorer recipients than the wealthier, who are more likely to invest their inheritances. Elinder et al. (2018) find only a short-run positive effect of inheritances on intragenerational wealth mobility in Sweden. In contrast, Boserup et al. (2016) and Elinder et al. (2018) provide evidence for a sustained long-run wealth equalising effect of inheritances in Denmark and Sweden, respectively.

There is also evidence for considerable heterogeneity across countries, households, and types of wealth transfers with regard to their importance for wealth inequality. Nolan et al. (2021) show that a marginal percentage increase in intergenerational transfers would decrease wealth inequality in the United Kingdom, Germany, and the United States, but would increase it in France, Italy, and Spain. Similarly, the study by Palomino et al. (2022) mentioned above finds considerable cross-country variation in the contribution of intergenerational transfers to wealth inequality in four OECD countries. De Nardi (2004) detects a difference between accidental and voluntary bequests for Sweden and the United States: while accidental bequests do not increase wealth concentration, voluntary bequests, which dominate among the very wealthy, result in large estates and thereby contribute to the rising concentration of wealth. Based on a forward-looking approach, Bavaro et al. (2025) project an increase of wealth inequality for Italy after 2040, driven mainly by the growing size and inequality of intergenerational transfers.

The second question of interest is the contribution of inheritances to total wealth. Based on older studies, Davies & Shorrocks (2000) conclude that a share of 35% to 45% appears a reasonable estimate. According to Boserup et al. (2016), bequests represent 26% of post-bequeath wealth on average in Denmark. Semyonov & Lewin-Epstein (2013) show that intergenerational transfers are an important source of wealth accumulation in 16 developed countries, Alvaredo et al. (2017) find that inheritances make up from 40% to 50% of total wealth in France, with increasing shares since the 1980s. According to Piketty and Zucman (2015), the share of

inherited wealth ranges between about 50% and almost 60% in France, Germany, and the United Kingdom.

According to Adermon et al. (2018), inheritances account for 23% to 49% of total wealth in Sweden, with rising shares since the 1980s. A similar result for Sweden is found by Ohlsson et al. (2020), who estimate the inheritance share for Sweden at 40% to 50% and also identify a growing trend since the 1980s. Atkinson (2018) quantifies the share of inheritances at 5% to 10% for Great Britain. For the United States, Alvaredo et al. (2017) find that the current inheritance share in total wealth exceeded the 1980s share in continental Europe. In contrast, Wolff & Gittleman (2014) cannot detect a rise in the importance of inherited wealth in overall wealth in the United States since the 1980s.

The importance of inheritances in overall wealth differs across households. For Italy, Acciari et al. (2024) find that, while inheritances and inter vivos transfers have been gaining in importance in overall wealth since the 1980s, they are increasingly concentrated at the top. Morelli et al. (2021) show that low-income households are relatively disadvantaged with regard to the likelihood of receiving intergenerational transfers, as well as the size of these transfers, in seven rich OECD countries. By contrast, Halvorsen et al. (2024) show that inheritances play a negligible role as a wealth-generating determinant for the top 0.1% compared with mid-wealth households in Norway. Moreover, inheritances are more important for 'Old Money' households than for those with 'New Money', starting out with little or no wealth; however, they are negligible overall for all wealth groups. Also studying Norway, Black et al. (2023) present evidence that, overall, inheritances contribute only a small fraction of total lifetime resources available to the wealthy; however, they play a significantly larger role for recipients with very wealthy parents. According to Guo (2024), the relative importance of inheritances for the very wealthy is rather limited in the United States. This finding corroborates the analysis by Kaplan & Rauh (2013) who, using data from the Forbes 400 rich list, find a decreasing role of inheritances in wealth accumulation for the very rich in the United States in recent years.

Intergenerational transfers and equality of opportunity

Another aspect is equality of opportunity which may differ according to the wealth of parents. Inequality of opportunity is undesirable not only from the perspective of social justice, but also for economic reasons, as it may be associated with the underutilisation of talent, which can be detrimental to economic growth (see e.g. Bradbury & Triest, 2016).

Fagereng et al. (2021) study Korean-born children adopted by Norwegian parents and find that parental wealth transfers significantly contribute to the probability of these children being wealthy. Adermon et al. (2018) estimate that, in Sweden, inherited wealth accounts for half of the correlation between the wealth of parents and children. As the above-mentioned analyses for France by Spilerman & Wolff

(2013), Arrondel & Masson (2011), and Arrondel et al. (2014) show, intergenerational transfers significantly increase homeownership.

According to Conley (2001), a doubling of parental wealth has considerable impact on the educational attainments of children in the United States: it raises total years of schooling by 0.12 years, the probability of attending college by 8.3%, and the likelihood of graduating by 5.6%. Pfeffer (2011) finds a positive association between family wealth and years of education for Germany, and Hällsten & Pfeffer (2017) for Sweden. A wealth gap in educational achievement is also detected by Karagiannaki (2017) for the United Kingdom, although only for below-median wealth; and by Dräger (2022) for Germany. Salas-Rojo & Rodríguez (2022) find that inheritances exacerbate inequality of opportunity in the United States, Canada, Italy, and Spain.

Overall, the interrelations between inheritances and inequality of wealth and opportunity are complex. However, there is substantial evidence that intergenerational transfers are one of several factors contributing to inequality of wealth and opportunity. The OECD (2021) argues that inheritances may exacerbate wealth inequality in the future for several reasons. First of all, higher life expectancies could be associated with an increase in wealth concentration in older cohorts, and also with a higher age at which intergenerational transfers are made, which in turn could exacerbate intergenerational wealth inequality. Moreover, as birth rates and family sizes decrease, higher inheritances may be passing on to fewer family members.

4.1.5.2. Distributional impact of inheritance taxation

With the increasing significance of intergenerational transfers, which may deepen wealth inequality and reduce equality of opportunity, inheritance taxes as tools to redistribute inheritances are increasingly coming into focus. Their effectiveness as redistribution tools crucially depends on their progressivity, which is determined in particular by tax design and behavioural responses.

Tax design

Tax design is an important determinant of the distributional effects of inheritance taxes. Relevant design features include the inheritance tax model, the tax schedule, the tax base, and the alignment of inheritance and gift taxes.

Inheritance tax model

In general, a tax levied on recipients of inheritances can be more progressive and aligns better with the aim of improving equality of opportunity than donor-based estate taxes (OECD, 2021). Simulations for the United States undertaken by Gale et al. (2024) demonstrate that a flat-rate inheritance tax is more progressive than an

estate tax raising the same overall tax revenue. Moreover, an inheritance tax combining a higher tax rate and basic exemption is more progressive than an inheritance tax with a lower tax rate and basic exemption.

Full progressivity of a recipient-based inheritance tax can only be achieved if all gifts and inheritances that an individual receives during their lifetime, regardless of the donor, are subject to inheritance and gift taxation (Atkinson, 2015).

Tax schedule

A directly progressive tax schedule can obviously be more progressive than a flat rate. Furthermore, progressive tax rates can provide incentives to distribute wealth transfers to more recipients (Adam et al., 2011), which could counteract wealth concentration. Many European inheritance tax schemes use various tax classes that differentiate by the degree of kinship between bequeathers and heirs. Often, close relatives (spouses and children) are partially or fully exempt, or are subject to lower tax rates, which undermines the progressivity of inheritance tax schemes.

Piketty (2020) shows that nominal top inheritance tax rates in Germany and the United Kingdom (as well as in the United States and Japan) peaked in the mid-1990s and declined thereafter. By contrast, nominal top inheritance tax rates increased in France after reaching a historical (post-WWII) low in the 1960s. Nolan et al. (2020) identify top nominal inheritance tax rates for several European countries, and find that between 1980 and 2020 they decreased in Germany, Ireland, Italy, and the United Kingdom. Nominal inheritance tax rates are, of course, just one determinant of the overall effective progressivity of inheritance taxation, which is why it is also important to consider the tax base.

Tax base

The more the tax base is narrowed by exemptions for specific assets or specific groups of recipients, the less progressive a given tax scheme is. In addition, generous exemptions or valuation rules often benefit the wealthy more, as they reduce the tax liability disproportionately when a directly progressive tax schedule is applied, and are often granted for assets that are unequally distributed – such as business assets (OECD, 2021). Exempting specific assets also creates horizontal inequity, as inheritances of identical value are treated unequally. Progressivity can be increased by exempting low-value inheritances through personal allowances. Neumann and Scheuer (2024) emphasise the importance of the combination of tax rates and tax exemption thresholds. Their simulations for Germany show that combining high exemption thresholds and high tax rates can reduce wealth inequality the most.

A number of European countries have been experiencing erosion in the inheritance tax base over the last few decades, undermining not only the revenue potential of

inheritance taxation, but also its progressivity. For example, Henrekson & Waldenström (2016) show that reforms to Sweden's inheritance tax laws in the 1990s created more tax avoidance opportunities for the very wealthy. Tax relief measures included favourable valuation rules for private (unlisted) firm assets. The authors show that after increasing continuously from 1880, effective inheritance tax rates declined markedly at the beginning of the 1970s and in the 1980s. According to analyses by Dherbécourt (2017) and Dherbécourt et al. (2021) for France, inheritance tax exemptions lower the effective tax rate of the wealthy disproportionately: the top 0.1% of heirs face an effective tax rate of less than 10%, which is significantly below the top statutory marginal tax rate of 45%. Lei & Planterose (2025) find that tax relief for inheritances and inter vivos gifts of housing wealth results in 88% of such non-market transactions being inheritance or gift tax-free, while effective tax rates on the remaining housing transactions are at a median of 4% for gifts and 6% for bequests, significantly lower than the top statutory marginal tax rate. These findings indicate that particularly wealthy homeowners engage in tax-planning activities, making extensive use of various tax relief provisions for non-market housing transactions. In the United Kingdom, which levies an estate tax of 40%, tax relief for agricultural and business assets considerably reduces the effective average tax rates (EATR), as calculations by Advani et al. (2024) show: while EATRs lie above 37% in a quarter of estates, they are reduced to below 9% in another quarter, and to below 4% in one sixth of estates, which considerably violates horizontal inequity. In addition, tax reliefs make effective taxation regressive for larger estates. These calculations confirm earlier findings by the Office of Tax Simplification (2018), showing that exemptions for business and agricultural assets reduce the tax liability particularly for the wealthiest households in the United Kingdom, and by Dao (2020), who finds that business tax relief benefits wealthy households to a larger extent. For Italy, Acciari et al. (2024) find that the effective tax burden of wealthy heirs and the overall progressivity of inheritance taxation have fallen considerably since the beginning of the 2000s, due to the replacement of a directly progressive tax schedule with a flat rate and the sizeable increase in the tax exemption threshold for close relatives. Balkir et al. (2025) calculates that the effective estate and gift tax burden (measured as estate and gift tax payments as a share of total wealth) of the top 400 decedents in the United States amounted to 0.8% for married and to 7% for single individuals over the period from 2010 to 2020. The low effective tax rate, particularly of married bequeathers, can partly be attributed to the tax-free transfer of wealth to surviving spouses, because taxable estates make up 30% of the Forbes wealth estimates, and to low mortality rates among the Forbes 400. The OECD (2021) points to the relevance of certain tax exemptions from the perspective of equality of opportunity. For example, tax relief for gifts during donors' lifetimes tends to reinforce inequality of opportunity and intragenerational wealth inequality.

The progressivity of the taxation of intergenerational transfers can also be undermined if the taxation of gifts and inheritances is not fully integrated (Nordblom & Ohlsson, 2006). Full alignment requires that gifts are subject to the same tax provisions as inheritances. Moreover, all lifetime wealth transfers should be considered for taxation (Dherbécourt et al., 2021). For example, the French and

German inheritance tax regimes only include previous gifts from the same donor in the tax base if they were made in the 10 years preceding the transfer of inheritance. This means that in a progressive tax schedule the overall tax liability of heirs may be reduced by deliberately distributing gifts over long periods of time. Taxing recipients based on their lifetime receipts is also preferable if inheritance taxation aims to improve equality of opportunity (OECD, 2021).

Behavioural effects of inheritance taxes with an impact on progressivity

Several of the behavioural responses to inheritance taxation addressed above are concentrated at the top of the distribution and reduce inheritance tax progressivity accordingly. Jakobsen et al. (2020) find that the elasticity of bequests with respect to the net-of-tax rate on capital is relatively large at the top of the wealth distribution. International migration involves the very wealthy to a larger extent, and tax evasion through the use of tax havens is also a strategy primarily pursued by the very wealthy. Accordingly, to the extent that automatic exchange of information provisions as well as CSR lead to the inclusion of wealth formerly hidden in tax havens in the tax base, inheritance tax progressivity will be increased (Johannesen, 2023).

Similarly, tax planning opportunities are more limited for low-wealth households than for high-wealth households: precautionary saving motives are stronger in such households, so they make less use of inter vivos transfers (OECD, 2021). Moreover, the asset portfolio of wealthier households is more diverse and flexible, meaning that they can take advantage of a broader range of tax-planning options. Households at the lower end of the wealth distribution disproportionately hold assets with little or no tax relief, in particular cash and deposits, while for households at the upper end, real estate wealth as well as business and financial assets, which are much more likely to be tax-privileged, are much more important. Finally, owners of large fortunes are likely to be better informed about tax-planning strategies, and can more easily afford costly legal advice.

Effectiveness of inheritance taxes in mitigating wealth inequality and improving equality of opportunity

There is some debate in the literature as to whether inheritance taxes are an effective tool for containing wealth inequality and improving equality of opportunity⁶⁴⁶⁵. Several aspects are relevant here. First, inheritance taxation can be

⁶⁴ It should be noted here that there is no clear-cut definition and interpretation of the concept of 'equality of opportunity' in the literature (see e.g. Bøyum & Pedersen, 2023), so that the aim to achieve equality of opportunity cannot provide concrete guidance how to design inheritance taxes. Moreover, the various possible interpretations of equality of opportunity make it difficult to empirically study the impact of inheritance taxation on equality of opportunity.

an effective tool for the reduction of wealth inequality and inequality of opportunity only to the extent that intergenerational transfers contribute to inequality of wealth and opportunity, and to total wealth. The empirical results presented above differ across countries and depending on the timespan taken into account.

Second, whether taxing inheritances can curb wealth inequality depends on the design and specifically the scope of the tax: if less wealthy recipients are also taxed, inheritance taxation may deepen wealth inequality. The findings by Morelli et al. (2025) for 6 European countries presented above, according to which small and medium-sized inheritances are inequality reducing, suggest that only large transfers should be taxed if the aim of inheritance taxation is to reduce wealth inequality.

Similarly, Nekoei & Seim (2023), in their study for Sweden, expect inheritance taxation to decrease long-run wealth inequality if very large inheritances are taxed, while relatively low and proportional inheritance tax rates are inequality-increasing. For the inheritance tax in force in Sweden until 2003, Elinder et al. (2018) find an inequality-enhancing effect, which is not surprising considering the very generous exemptions for the wealthy (Henrekson & Waldenström, 2016). Semyonov and Lewin-Epstein (2013) find no systematic relationship between household wealth and inheritance taxation in 16 developed countries. However, this finding can be attributed to the use of top statutory inheritance tax rates in the absence of data on effective tax rates, which neglects the fact that many inheritance tax systems offer generous exemptions. Akgun et al. (2017), studying 34 OECD countries over the period from 1980 to 2014, find that inheritance taxes significantly reduce income inequality, which reflects the fact that these taxes typically affect the wealthy, who often belong to higher-income groups.

A few empirical studies analyse the impact of variations in inheritance taxation for wealth inequality in several countries. Several analyses show that reductions or repeals of inheritance taxes increase wealth concentration (Kaymak & Poschke, 2016, and Benhabib et al., 2011, for the United States; Acciari et al., 2024, for Italy; Wu, 2024, for Austria). For the United States, De Nardi & Yang (2016) find that raising the estate tax can decrease wealth concentration with relatively small negative effects on aggregate capital and output.

In contrast, simulations by Castañeda et al. (2003), as well as Cagetti & De Nardi (2009), demonstrate that abolishing estate taxes in the United States would not necessarily lead to a considerable increase in wealth inequality. Very interesting is the finding by Micó-Millán (2023), according to which the Spanish inheritance tax reduces wealth mobility at the bottom of the wealth distribution due to liquidity constraints and restricted access to financial instruments, making it difficult to pay tax liabilities without taking on additional debt. These findings underscore the necessity of the tax design avoiding liquidity constraints on less wealthy recipients of inheritances, who often receive their inheritances in the form of illiquid real estate, and generally targeting the wealthy with the tax.

Overall, it can be concluded that, with appropriate design, inheritance taxation can act as an effective instrument to reduce wealth inequality. At the same time, however, it needs to be stressed that the extensive tax exemptions offered by many inheritance tax regimes, particularly for direct heirs, make the identification of their distributional impact very difficult.

It is also important to consider the long-term effects of inheritance taxes on inequality. Cowell et al. (2018) argue that taxes on wealth transfers not only have an immediate redistributive effect but also influence long-term wealth distribution via a predistribution effect. This predistribution arises because an inheritance tax levied today will not only affect current wealth distribution, but also the amounts passed on to future generations, thereby also influencing the long-term distribution of wealth and amplifying the tax's overall distributional impact.

Finally, recent literature points to the importance of acknowledging the limits of inheritance taxation as an instrument to reduce inequality of wealth and opportunity and thus the need to embed inheritance taxes within a broader policy mix. According to the analysis by Advani & Sturrock (2023) for the United Kingdom, inheritance taxation is rather ineffective with regard to improving intergenerational social mobility: inheritances are received rather late in life, when other factors determining wealth inequality – in particular, parental background – have already taken effect and are now hard to counteract (Bach, 2021; Vidal et al., 2025). Therefore, Atkinson (2015) embeds his proposal to strengthen the taxation of inheritances and gifts within a broader set of 15 proposals to counteract inequality. Based on simulations for France, Fize et al. (2022) emphasise the limits of inheritance taxation – even when levied at relatively high effective tax rates – in curbing wealth concentration at the top, and argue that it needs to be embedded in the progressive taxation of wealth and capital income.

Moreover, if one crucial motivation to counter wealth inequality is to contain associated political influence, then annual wealth taxes – at correspondingly high rates – have a much more immediate effect than inheritance taxes (Scheuer & Slemrod, 2020). One should also bear in mind that an inheritance tax would leave self-made wealth untouched (Piketty et al., 2023). At the same time, however, inheritance taxes may act as an instrument to close tax gaps, particularly regarding HNWIs, who benefit disproportionately from under-taxed unrealised capital gains and favourable tax rates on capital income (Piketty et al., 2023; Bastani & Waldenström, 2023), and whose wealth is not subject to annual net wealth taxes in most countries worldwide, including in the EU.

A recent strand of the literature emphasises that while inheritance taxes may reduce inequality of wealth and opportunity at the top of the distribution, they do nothing to improve equality of opportunity at the bottom. This is the background of recent proposals to redistribute inheritance tax revenue via a universal inheritance, by granting a wealth endowment to all young adults regardless of their family and social background (see e.g. Atkinson, 2015; Piketty, 2020). It is argued that such a

universal inheritance would facilitate access to education, housing, credit, or investment (Vidal et al., 2025). Several recent simulations (Bach, 2021, for Germany; Morelli et al., 2021, for Italy and the United States; Vidal et al., 2025, for Finland, Germany, Ireland, and Italy) demonstrate that a universal endowment financed through higher inheritance taxes and other taxes levied on the very wealthy could reduce wealth inequality markedly. However, beyond a number of practicalities that are not easy to solve, the question remains whether policies aiming to improve equality of opportunity should target earlier stages of life, when inequality in opportunity has a more decisive influence on decisions shaping future life prospects, for example regarding investment in education.

4.1.6. Political economy of inheritance taxation

Overall, inheritances do not play a significant role in generating tax revenue, partly due to numerous exemptions and reliefs. Moreover, their progressivity as well as their effectiveness as an instrument to mitigate inequality of wealth and opportunity remain generally limited in the countries still levying them. There is even evidence that the progressivity of inheritance taxation has been waning in the long run. Against this background, the political economy of inheritance taxation has recently received some attention in empirical research.

One of the first points of interest are the factors leading to the implementation of progressive inheritance taxes. The seminal empirical study by Scheve & Stasavage (2012) for 19 countries, covering the period from 1816 to 2000, rejects the hypothesis that universal suffrage led to the introduction of progressive inheritance taxes. Rather, wars, with their mass mobilisations, are identified as crucial drivers. Accordingly, the absence of war – at least in the developed world since World War II – is identified as a central reason for the long-term decrease in the progressivity of inheritance taxation. Other possible explanations put forward in the literature, for example, by Auerbach (2025), regarding the decreasing importance of the estate tax in the United States, are lobbying by the rich, who have a disproportionate influence on policymaking (Page & Seawright, 2023). Peters & Ensink (2015) show that policy is more responsive to the preferences of the rich in Europe as well. Another factor that might gain importance in the future in shaping tax progressivity in general is the significant recent expansion of provisions to crack down on tax evasion through the use of tax havens. Ahrens et al. (2022) empirically demonstrate that an increase in financial transparency makes governments more inclined to raise capital income tax rates. Johannesen (2023) shows theoretically that the enhanced ability to enforce the taxation of offshore financial income raises the optimal capital income tax rate – a mechanism that could also work for inheritance taxes.

The second matter researched recently concerns the reasons behind the repeal of inheritance taxes pre-2015 in several countries of Europe. Genschel et al. (2024) find that while inheritance taxes are more resilient in democracies compared to non-

democracies, the low and decreasing revenue potential of inheritance taxes is a crucial risk for their existence.

The third matter concerns the fact that inheritance taxes are among the most unpopular taxes, and that support for their implementation or increase is particularly hard to generate. Several reasons have been put forward in the literature. Durante et al. (2014) argue that the poor may be against redistribution because they perceive the wealth of the rich as well-deserved. Information asymmetries and misperceptions are another determinant of the low general support for inheritance taxes, as a number of studies have shown: for example, respondents to surveys significantly overestimate the share of estates or inheritances affected by inheritance taxes and tax rates, while they underestimate exemption thresholds (e.g. Stantcheva, 2021). These misperceptions are exacerbated by the fact that most inheritance tax systems are rather complex in practice. The provision of information on the inequality of inheritances and wealth, as well as on the incidence of inheritance taxes, has been shown to markedly increase public support for inheritance taxation (see e.g. Kuziemko et al., 2015; Bastani & Waldenström, 2021).

4.2. Conclusions, research gaps and directions for further research

The review of empirical literature studying the potential of inheritance taxes to generate revenue and to contribute to a more equal distribution of wealth allows several conclusions to be made. First of all, notwithstanding repeals in several Member States between 2000 and 2015, inheritance taxes are still widespread in Europe. However, the revenue they generate has usually been low and has been decreasing further in the long run. It has only been on the rise in several countries and only in the last 15, due to growing asset prices, an increasing volume of inheritances in general, or/and changes in the tax code (e.g. rising tax rates or decreasing personal allowances) and the non-adjustment of personal allowances, respectively. Additionally, there are indications that the progressivity of inheritance taxes has eroded over time.

Second, three crucial factors determine whether and to what extent the two interrelated objectives of progressivity and revenue generation can be achieved through inheritance taxation: tax design; behavioural responses; and tax enforcement and institutional factors.

Third, regarding tax design, low tax rates and generous exemptions, in particular for close relatives and business assets, considerably reduce both the revenue potential and progressivity of inheritance taxation in most Member States. Such tax relief has been extended in a number of Member States, and examples of specific exemptions for individual Member States suggest that their revenue-reducing impact could be considerable. Besides their immediate mechanical revenue-reducing effects, such

tax loopholes provide incentives for tax planning, with the associated negative effects on inheritance tax revenue.

Fourth, although the strength of responses to inheritance taxation varies across behavioural margins, the responsiveness of bequests and bequeathers is moderate overall. Several factors may explain the limited behavioural responses identified in the empirical literature: psychological determinants (denial of death, inertia) and the underestimation of mortality risks (Kopczuk, 2007); family traditions that influence bequest behaviour (Arrondel & Grange, 2014); the lack of bequest motives; the wish to retain control over assets during one's lifetime (Kopczuk, 2007; Schmalbeck, 2001); and lack of information on tax provisions that could be used to reduce the tax liability. Empirical evidence of responses by the very wealthy is even more limited than the evidence base for inheritance taxation in general. However, the few studies differentiating according to the levels of wealth suggest that behavioural responses are more pronounced for those higher up in the wealth distribution.

Fifth, with regard to the institutional framework, centralised tax design, third-party reporting and robust tax enforcement can reduce tax avoidance and evasion at the national level, and thus preserve the revenue potential and progressivity of inheritance taxation. Offshore tax gaps can be limited through cross-border exchange of information agreements, which have proliferated worldwide since the 2010s and can markedly reduce the amount of wealth hidden in tax havens to escape taxation. Nonetheless, there is the need for more concerted efforts to expand these cross-border agreements.

Sixth, the impact of gifts and inheritances on wealth inequality is somewhat disputed in the empirical literature. The newer literature indicates that inheritances decrease relative wealth inequality, but reinforce the absolute dispersion of wealth. The equalising effects of inheritances appear to diminish in the longer run. In addition, inheritances contribute significantly to wealth accumulation. Overall, the interrelations between inheritances and inequality of opportunity and wealth are complex. However, there is substantial evidence that intergenerational transfers are one of several factors contributing to inequality of wealth and opportunity.

Seventh, the effectiveness of inheritance taxes as redistribution tools crucially depends on their progressivity, which is determined in particular by tax design and behavioural responses. A directly progressive tax schedule, a broad tax base and full alignment of inheritance and gift taxes result in higher progressivity. Given an appropriate design, empirical evidence suggests that inheritance taxation can act as an effective instrument to decrease wealth inequality. Several behavioural responses are concentrated at the top of the distribution and limit progressivity accordingly, in particular: migration responses, tax evasion, and tax planning.

Our survey of the literature on the revenue potential and distributional effects of inheritance taxation also points to several research gaps and directions for future research.

First of all, empirical evidence on the behavioural responses, specifically of the super-rich, is still sparse (Scheuer & Slemrod, 2020). Of particular interest are potential migration responses as well as the role of inheritance taxation in tax evasion via offshore tax havens. The other behavioural margins affected by inheritance taxation in the group of the very wealthy are also relevant, since they contribute to such taxes' impact on revenue and distribution to a much greater degree than 'average' donors and inheritance recipients.

A second and related aspect is the fiscal externalities of inheritance taxation, which have rarely been examined in the empirical literature to date (see the overview of potential fiscal externalities in Annex B).

Third, more research is needed on the importance of intergenerational transfers for wealth creation, as well as on inequality of wealth and opportunity in general, and particularly with regard to the very wealthy.

Fourth, there is a lack of research on the incidence and the short- and longer-run distributional consequences of inheritance taxes. Since many inheritance tax regimes are characterised by generous exemptions, especially for direct heirs, studying their impact on inequality of wealth and opportunity is a difficult undertaking with regard to data and taking the appropriate methodological approach. One aspect of particular interest is the potential of inheritance taxes to have an impact on the build-up of dynastic wealth.

Fifth, the political economy of inheritance taxation needs to be better understood as a crucial prerequisite for reaping the full potential of inheritance taxes as a tool for revenue-raising and distribution. In particular, a better understanding of the reasons for the widespread unpopularity of inheritance taxes is required, both to avoid repeals in additional countries and to increase public support for effective inheritance taxes. These are understood to be taxes which do not become eroded through numerous exemptions and which tax inheritances at progressive rates.

Sixth, gender differences need to be taken into account more systematically. Wealth is distributed unevenly among women and men in Europe (see e.g. Schneebaum et al., 2018; Kukk et al., 2023), and the level and structure of inheritances and gifts differ between sons and daughters (Tisch & Schechtel, 2025, for Germany). It may also be the case that intergenerational wealth correlations and the influence of intergenerational transfers on equality of opportunity differ between sons and daughters. Such potential gender differences and their implications for the suitability of inheritance taxes as redistributive tools, as well as potential implicit gender biases, require more research (European Commission, 2025).

4.3. Existing Inheritance and Gift Taxes

This section provides a comparative overview of how European countries tax wealth transfers, focusing on whether specific asset classes are included in the inheritance, estate, and gift tax base, benefit from preferential treatment for certain heirs, or are exempt. Countries broadly follow three models: beneficiary-based inheritance taxes, estate taxes, and jurisdictions without dedicated inheritance or gift taxes, which instead rely on stamp duties or transfer taxes. This mapping provides a comprehensive overview of which assets are taxed or exempt, how tax burdens differ by heir, whether wealth is transferred during life or at death, and, consequently, what this implies for revenue.

Certain asset types benefit from exemptions or more favourable tax treatment compared with the usual inheritance or estate taxes. Table 11 illustrates which European countries incorporate these assets into the tax base, and whether they can receive preferential tax treatment for certain heirs if conditions are met. Across all countries, financial assets such as bank deposits, shares and bonds are part of the inheritance or estate tax base and receive standard tax treatment. Similarly, regular tax rules often apply to vehicles, jewellery, and certain residential properties. Among the 14 asset classes displayed in Table 11, Portugal stands out by exempting the highest number of assets (four types), followed by Germany and Poland, each with three exempt asset classes. Poland also leads in offering preferential tax treatment to heirs, offering it across six asset categories. On the other hand, Lithuania has the widest tax base with 13 asset classes taxed, followed by Belgium, Denmark, Greece, Luxembourg, and the Netherlands, which each tax 12 asset classes (OECD, 2021).

Wealth Taxation, Including Net Wealth, Capital and Exit Taxes

IT	Taxed	Taxed	Exempt	Taxed Preferentially	Taxed	Taxed	Taxed Preferentially	Taxed Preferentially	Exempt	Taxed	Taxed Preferentially	Taxed	Taxed	Taxed
LT	Taxed	Taxed	Taxed	Taxed	Taxed	Taxed	Taxed	Taxed	Taxed	Exempt	Taxed	Taxed	Taxed	Taxed
LU	Taxed	Taxed	Taxed	Taxed Preferentially	Taxed	Taxed	Taxed Preferentially	Taxed	Taxed	Taxed	Taxed	Taxed	Taxed	Taxed
NL	Taxed	Taxed	Taxed	Taxed	Taxed	Taxed	Taxed Preferentially	Taxed	Taxed	Taxed	Taxed	Taxed	Taxed	Taxed
PL	Taxed Preferentially	Taxed	Taxed Preferentially	Taxed Preferentially	Taxed	Taxed	Taxed Preferentially	Exempt	Taxed	Exempt	Exempt	Taxed Preferentially	Taxed	Taxed Preferentially
PT	Taxed Preferentially	Taxed	Taxed	Taxed	Taxed	Taxed	Taxed	Exempt	Taxed	Taxed	Exempt	Taxed	Exempt	Exempt
SL	Taxed	Taxed	Taxed Preferentially	Exempt	Taxed	Taxed	Taxed	Taxed	Taxed	Taxed	Taxed	Taxed	Taxed	Exempt
ES	Taxed Preferentially	Taxed	Taxed	Taxed	Taxed	Taxed	Taxed Preferentially	Taxed Preferentially	Taxed	Taxed	Exempt	Taxed	Taxed	Taxed

Source: OECD Wealth Distribution Database, oe.cd/wealth

Note: 'Taxed' indicates that assets are incorporated into the tax base; 'Taxed Preferentially' refers to assets receiving special treatment for certain heirs under specific conditions, including conditional exemptions; and 'Exempt' signifies assets that are excluded from the tax base.

Austria

In Austria, inheritance and gift taxes were abolished at the federal level in 2008. As a result, transfers upon death or as gifts are not taxed, and no special planning is needed to avoid inheritance or gift tax. However, there are important considerations to keep in mind. Capital gains tax may apply to profits from the sale of inherited or gifted assets, particularly real estate. Additionally, a property transfer tax is applicable when real estate is transferred, and is calculated based on the value of the property (from 0.5% to 3.5%). While gifts themselves are not taxed, monetary gifts exceeding certain thresholds must be registered with the tax authorities, otherwise a 10% penalty may apply (oesterreich, 2025).

Belgium

Each region in Belgium sets its own tax rates and thresholds to reflect local policy priorities and economic conditions. Taxes vary based on the value or amount, and are calculated using ranges. Taxes also vary based on the nature of the relationship between the different parties.

- **Direct Family Members (Direct Descendants and Spouses/Partners):** This category includes children, grandchildren, spouses and registered partners. They are considered the closest family members and most likely to inherit or receive gifts as part of family wealth transfer.
- **Siblings:** Siblings include brothers and sisters of the deceased or the gift giver. While still part of the immediate family, the familial relationship is more distant.
- **Extended Family:** This category includes relatives such as uncles, aunts, nieces, nephews, and cousins. This category reflects the broader family network, but acknowledges the more distant relationship. In the Flemish region this category is abolished. The tariffs between “others” apply also for this category.
- **Others (Non-relatives and Distant Relatives):** This category includes very distant relatives and individuals with no familial relation, such as friends or acquaintances. No direct family connection.

Table 12 – Inheritance taxes

Region	Link	Rate (%)
Wallonia	Direct family members	3 to 30
	Siblings	20 to 65
	Extended Family	25 to 70
	Others	30 to 80
Flanders	Direct family members	3 to 27

Region	Link	Rate (%)
	Siblings	25 to 55
	Others	25 to 65
Brussels-Capital	Direct family members	3 to 30
	Siblings	20 to 65
	Extended Family	35 to 70
	Others	40 to 80

Source: Own elaboration.

Belgium has several options for reducing the gift and inheritance tax. The primary strategy is ‘inter vivos’ gifting: making lifetime gifts, and either paying the flat gift tax (3% or more) or relying on the ‘5-year rule’. That is, if a gift is not formally registered (no gift tax paid) and the donor survives for more than 5 years afterward, the gift escapes inheritance tax entirely (Federal Public Service Finance, n.d.). Additionally, in many cases Belgium provides full exemption for the family home (in Flanders, for example, the share of the main residence inherited by the surviving spouse or legally cohabiting partner is exempt from inheritance tax). Business succession relief is also available: qualified transfers of family businesses to heirs are either tax-free or taxed at a very low flat rate (3%), encouraging business owners to plan succession within the family.

Table 13 – Gift taxes on transactions concerning movable property

Region	Link	Rate (%)
Wallonia	Direct family members	3.3
	All other categories	5.5
Flanders	Direct family members	3
	All other categories	7
Brussels-Capital	Direct family members	3
	All other categories	7

Source: Own elaboration.

Table 14 – Gift taxes on transactions concerning immovable property

Region	Link	Rate (%)
Wallonia	Direct family members	3 to 27
	Others	10 to 40

Region	Link	Rate (%)
Flanders	Direct family members	3 to 27
	Others	10 to 40
Brussels-Capital	Direct family members	3 to 27
	Others	10 to 40

Source: Own elaboration.

Ranges of rates in the tables above will vary depending on the value of the gift or inheritance (Federal Public Service Finance, n.d.).

Additionally, the inheritance rates in the Wallonia Region are set for a substantial reduction from January 1st 2028.

Bulgaria

In Bulgaria, inheritance tax applies to inherited movable and immovable property (including receivables) with values exceeding BGN 250 000/ EUR 127 822, 97 per heir. No inheritance tax applies in the case of a surviving spouse and direct descendants (children, grandchildren and their descendants). Bulgarian inheritance tax applies to the worldwide inheritance of Bulgarian citizens and Bulgarian-sourced inheritance of foreign citizens.

The inheritance tax is generally due to the municipality of residence of the deceased, and is payable by the heirs.

The tax rate is determined by the respective municipality in the following ranges:

- applicable to siblings and the children of siblings: from 0.4 to 0.8 per cent per portion in excess of BGN 250 000/ EUR 127 822, 97;
- applicable to any persons other than such referred to in Item 1: from 3.3 to 6.6 per cent per portion in excess of BGN 250 000/ EUR 127 822, 97.

Exemptions from inheritance tax include:

- inheritance bequeathed to the state or its organs, to the Bulgarian Red Cross, and to certain charitable organisations;
- certain properties, such as household items, libraries, etc.

The inheritance should generally be reported within 6 months, and the tax should be paid within 2 months of receiving the request for payment by the respective municipality (Ministry of Finance of the Republic of Bulgaria, n.d.).

In Bulgaria, gift tax applies to donated property, property acquired free of charge, and forfeited or waived liabilities. Donations between direct descendants (children, grandchildren and their descendants) or between spouses are exempt from gift tax.

The tax is due by the recipient and should generally be paid to the municipality where the recipient resides (for real estate – where the property is located). The tax base is generally the value of the property.

The tax rate is determined by the respective municipality in the following ranges:

- 0.4–0.8% for donations between siblings and their children;
- 3.3–6.6% in all other cases.

Exemptions from gift tax include:

- donations to the state and its organs, to the Bulgarian Red Cross, to public charities, to certain cultural institutions, to hospitals and others;
- ordinary gifts.

The tax shall be paid upon the transfer of the immovable property, the limited rights in rem to an immovable property and the motor vehicles, or at the time of issue of the recordable act attesting the right of ownership in the case of acquisition of immovable property and limited rights in rem thereto by prescription. In all other cases, the gift tax should be reported and paid within 2 months of the donation.

Croatia

Inheritance and gift tax is payable on cash, monetary claims and securities, as well as movable property if the individual market value of the movable property exceeds EUR 6 700 on the day of determining the tax liability.

The taxpayer is an individual or a legal entity who inherits or receives a gift in Croatia, or acquires, on another basis without compensation, property that is subject to inheritance and gift tax in the Republic of Croatia.

Inheritance and gift tax is payable unless one of the following exemptions applies:

- Another tax is paid on the inherited or gifted cash, monetary claims, securities, or movable property according to a special regulation.
- Inheritance and gift tax is not paid by:

- The spouse, descendants, and ascendants in a direct line, as well as adoptees and adoptive parents who are in such a relationship with the deceased or donor.
- Individuals and legal persons to whom the Republic of Croatia or a local and regional self-government unit donates or gives movable property without compensation as compensation or other reasons related to the Homeland War.
- The Republic of Croatia and local and regional self-government units, state administration bodies, and bodies of local and regional self-government units, public institutions, religious communities, foundations and trusts, the Red Cross, and non-profit legal entities registered for providing humanitarian aid according to a special regulation.
- Individuals and legal persons when receiving gifts (donations) for purposes determined by special regulations.

The tax base is the amount of cash, the market value of monetary claims and securities, as well as movable property on the date the tax obligation is determined, after deducting debts and expenses related to the property subject to this tax.

Tax is paid at a rate of 4%. Certain exemptions exist.

In the case of an individual or legal entity inheriting Croatian-based real estate or receiving it as a gift, it is subject to real estate transfer tax.

The taxpayer for real estate transfer tax in the case of:

- inheritance is the heir or legatee;
- a gift or other acquisition of real estate without compensation is the recipient of the gift or the person who acquired the real estate without compensation.

Real estate transfer tax generally captures transfer of ownership of a real estate. However, it does not apply if supply of real estate was subject to value added tax. In addition, real estate transfer tax is not payable on inheritance, gifts, and other acquisitions of real estate without compensation by:

- The spouse, descendants, and ascendants in a direct line, as well as adoptees and adoptive parents who are in such a relationship with the deceased or donor.
- Legal and natural persons to whom the Republic of Croatia or a local and regional self-government unit donates or gives real estate without compensation for compensation or other reasons related to the Homeland War.

- Former spouses when settling their property relations.

The tax base for real estate transfer tax is the market value of the real estate at the time the tax obligation arises.

Real estate transfer tax is paid at a rate of 3% (PwC, 2025).

Cyprus

In Cyprus, there is no inheritance, gift, or estate tax. However, transfer fees and stamp duty may apply upon transfer of immovable property.

In relation to land transfer fees, for properties valued up to EUR 85 000 the transfer fee is 3%; for those between EUR 85 001 and EUR 170 000, it is 5%; and for properties over EUR 170 000, the rate is 8% (PwC, 2025). Land transfer fees do not apply if VAT is payable on the transaction, whereas 50% of the land transfer fees apply when the transaction is not subject to VAT. Notably, certain free transfers of property, such as gifts from parents to children, are exempt from transfer fees. For gifts between spouses or third-degree relatives, a nominal fee of 0.01% of the property's value is applied (International Bar Association, 2025.).

Stamp duty in Cyprus is imposed only on written agreements relating to assets located in Cyprus or to matters that will take place in Cyprus. The applicable rates are based on the value stipulated in each agreement and are nil for values up to EUR 5 000, 0.15% for values from EUR 5 001 up to EUR 170 000, and 0.2% for values above EUR 170 000, subject to an overall maximum stamp duty value of EUR 20 000.

Czechia

In Czechia, inheritance and gift taxes were abolished as of 1 January 2014. Instead, any income derived from inheritances and gifts now falls under the individual's personal income tax (PwC, 2025). Inherited property is generally exempt from income tax in the Czech Republic. However, the situation regarding gifts, particularly those placed into a trust during the trustor's lifetime to be distributed after their death, is more complex.

For gifts, the Czech tax system may have specific rules, especially in the context of trusts, which are not a common legal structure in Czech law. The tax implications for trusts and gifts may depend on specific circumstances, such as the nature of the trust, the type of assets, and the relationship between the donor and the recipient. Despite the integration into the income tax framework, these exemptions ensure that most inheritances and gifts, especially those received from close relatives, do not incur additional tax liabilities (International Bar Association, n.d.).

Denmark

In Denmark, inheritance and gift taxes are structured based on the relationship between the deceased or donor and the beneficiary.

Inheritance left by a Danish resident is, in general, subject to Danish estate tax regardless of the country of residence of the beneficiary. Inheritance received by a Danish resident from an individual who was not resident in Denmark prior to death is not subject to Danish estate tax except if the inheritance consists of property located in Denmark or of assets related to a PE in Denmark. However, if an estate is settled before a Danish court, the entire inheritance will become taxable in Denmark, regardless of the country of residence of the deceased and heirs. Estate tax amounts to 15% and is levied on the part of the assets that falls to the deceased's children and descendants, stepchildren and their descendants, parents, or cohabitant during the last two years of the deceased's life. Inheritance and insurance payments that fall to the deceased's spouse are exempt from estate tax. Inheritance received by any relatives other than the above-mentioned is subject to a supplementary estate tax of 25% of the value of the asset after deduction of the first 15%. The taxes are not levied on the first DKK 346 000 (in 2025) of the estate.

Gifts and donations not exceeding DKK 76 900 (in 2025) to the donor's descendants are tax exempt. Gifts to the descendant's spouses may not exceed DKK 26 900 (in 2025) to be tax exempt. Gifts and donations to the donor's offspring and their descendants in excess of DKK 76 900 are levied with a gift tax amounting to 15%, and gifts to the donor's stepparents and grand stepparents are levied with a gift tax of 36.25%. Gifts or inheritance between unrelated individuals are taxable as ordinary income if the recipient is fully tax liable to Denmark. A gift is not deductible for the donor (PwC, 2025).

Estonia

In Estonia, there are no inheritance or gift taxes, making the process of transferring wealth through inheritance or gifts straightforward. This absence of specific taxation means that heirs are not subject to taxes on the assets they receive upon a person's death or through gifts during the donor's lifetime. However, any profits from the transfer of property obtained as a gift or inheritance are subject to income tax, though exemptions exist. Additionally, the purchase price for such gifted or inherited property is considered to be zero, affecting the calculation of gains for taxation (Estonian Tax and Customs Board, n.d.).

Finland

In Finland, inheritance and gift taxes are imposed on property received through inheritance, wills, or gifts, with specific rules based on residence and the type of property.

Estate assets are valued at their fair market price at the time of the testator's death, and any gifts made within three years prior are added to the taxable estate. Inheritance tax is progressive and calculated individually for each heir or beneficiary, categorised into two classes: Class I, which includes children, parents, and spouses, as well as direct descendants of the decedent's spouse or former spouse; and Class II, covering all other relatives and non-relatives. Inheritance below EUR 20 000 is exempt from tax (Valtiovarainministeriö, n.d.).

For Class I, tax rates range from 7% to 19%, while Class II rates range from 19% to 33%. Deductions are available for spouses (EUR 90 000) and minor children (EUR 60 000), effectively making the first EUR 110 000 for a spouse and EUR 80 000 for a minor child tax-free. Certain institutions, such as non-profit and educational entities, are exempt from inheritance tax. Substantial tax reliefs exist for those inheriting family businesses or agricultural farms, provided they continue the business operations and meet specific requirements (Vero, n.d.).

Gift tax applies similarly, with taxation on global gifts if either the donor or recipient is a Finnish resident. If not, only Finnish real estate and housing are taxed. The calculation starts at EUR 5 000, with similar classes and exemptions as for inheritance tax, although gifts to spouses and minor children do not benefit from any specific deduction. Gifts within a three-year period are combined for tax purposes (Vero, n.d.).

As of 2026, the numbers expressed in the paragraphs above might be subject to change, as highlighted by the proposal of the Finish Ministry of Finance's Government proposal HE 94/2025 (Valtiovarainministeriö, 2025).

Finland grants 'business relief' (yrittäjävähennys), up to 60% or even 100%, for qualifying family businesses or farms passed to next-generation members who continue the enterprise, and heirs who inherit or receive a company or farm as a gift may, under certain conditions, be eligible for significant generational-transfer tax relief.

France

Regardless of the civil law applicable to the decedent's estate, according to French tax legislation and subject to inheritance or gift DTT provisions, French inheritance or gift tax applies to the transfer (inheritance or gift) of assets of whatever nature, located (subject to applicable treaty provisions) (PwC, 2025):

- in and outside France (worldwide assets) when the decedent or donor was French tax resident on the date of death or gift;
- in France only (i.e. French assets), when the decedent or donor was not French tax resident on the date of death or gift and the heir or donor is not French tax resident on the date of death or gift;
- in and outside France (worldwide assets) when the decedent or donor was not French tax resident on the date of death or gift but the heir or donor is French tax resident on the date of death or gift and has been a French tax resident for at least 6 of the 10 years preceding the date of death or gift (in which case inheritance or gift tax applies only on the value of the share of the decedent's estate bequeathed (or on the value of the gifted assets in the case of a gift) to such heir or donee.

According to French tax legislation, inheritance and gift taxes are structured based on the relationship between the deceased or donor and the beneficiary, with varying rates and allowances. Spouses and civil partners are entirely exempt from inheritance tax, while children benefit from a EUR 100 000 tax-free allowance per beneficiary, with tax rates ranging from 5% to 45% depending on the amount inherited. More distant relatives and non-relatives face higher rates and lower allowances, up to 60%. For gifts, a similar structure applies, with children receiving a EUR 100 000 allowance every 15 years, and the same progressive tax rates as for inheritances. Spouses or civil partners also enjoy certain exemptions, but gifts to distant relatives or unrelated individuals can be taxed at rates up to 60% (Service-public.fr, 2024).

To prevent the 'confiscatory' effect of these taxes on family enterprises, France has introduced a special regime known as the Pacte Dutreil (Dutreil Pact) that grants substantial inheritance or gift tax relief for transfers of family businesses. The Pacte Dutreil aims to facilitate the continuity of family-owned companies across generations by reducing the tax base:

- 75% tax exemption on business value: under a valid Pacte Dutreil, 75% of the value of qualifying business assets is exempt from inheritance or gift tax;
- qualifying businesses: the relief targets operating businesses. The company must be engaged predominantly in an industrial, commercial, agricultural, artisanal, or professional activity (so-called *activité opérationnelle*). Purely passive holdings or investment entities (e.g. a *Société Civile Immobilière* holding rental real estate) do not qualify;
- minimum ownership and retention requirements: to qualify for the Pacte, certain conditions must be met:
 - The decedant/donor (and possibly family members collectively) must have held a significant share of the company's capital before transfer (e.g. at least 17% of financial rights and 34% of voting rights in a non-listed company);

- The parties must sign a collective commitment to hold the shares for at least 2 years (before or after death), and each heir must individually commit to retain the shares for 4 additional years after inheriting. Combined, this often means a total 6-year lock-in of the business within the family;
- Management continuity: one of the pact signatories must continue to exercise a management function in the company for at least 3 years after the transfer (to ensure the business remains active and family-run);
- stackable benefits: the Pacte Dutreil exemption can be combined with other tax advantages. Notably, the remaining 25% of the business value (after the 75% exemption) still enjoys the standard EUR 100 000 per heir allowance. Additionally, if the transfer is a gift while the business owner is under 70 years old, the gift tax on the remaining 25% portion is halved. Families can also pair the Pacte with estate planning techniques such as démembrement (splitting ownership into usufruct and bare ownership) to further reduce taxable values;
- post-mortem application: French law allows certain post-mortem arrangements: if a business owner dies without a prior pact, the heirs can still elect within 6 months to come under a 'Pacte Dutreil réputé acquis' (deemed pact) or a 'post-mortem' pact, and thereby avail the 75% exemption, provided the necessary conditions (minimum holdings, etc.) were in place at death.

A point of contention in recent years is that the Pacte Dutreil's benefits extend to assets not strictly used in the business (non-professional assets) if they are held inside the company. For example, if a family company holds substantial surplus cash or investments unneeded for the active business, those could be seen as non-operational assets. However, the Dutreil regime in practice allowed the transfer of such passive assets at the reduced tax cost, so long as they were wrapped inside an 'operational' company.

Greece

In Greece, inheritance and gift taxes are structured based on the relationship between the deceased or donor and the beneficiary, divided into three main categories. Category A includes close relatives such as spouses, children, and parents, who benefit from a tax-free allowance and are subject to lower tax rates ranging from 1% to 10%, depending on the value of the inheritance. Category B covers more distant relatives, who face higher rates between 5% and 20%. Category C includes non-relatives, with the highest tax rates, reaching up to 40% (Independent Authority for Public Revenue, n.d.).

Gift taxes follow a similar structure, with close family members enjoying higher exemptions and lower rates, while distant relatives and unrelated individuals

face steeper taxes. The tax-free thresholds and rates are periodically adjusted, and specific exemptions exist for certain assets, such as primary residences or agricultural land. In the case of parental grants (i.e. donation between each parent and each child), the respective tax is imposed based on the same tax progressive scale for category A' (ranging from 1% to 10%), whereas a tax-free amount of EUR 800 000 is provided by law (PwC, 2025).

Germany

In Germany, inheritance and gift taxes are applied to both lifetime gifts and transfers upon death, with the tax being levied if the testator/donor or heir/donee is a German tax resident. For German nationals, there is a five-year deferred tax liability on departure (10 years, if moving to the US, based on the double taxation agreement). If no involved party is a German resident under national tax rules, only the transfer of assets located in Germany is subject to tax. The tax system is progressive, with rates ranging from 7% to 50% and tax-free allowances every ten years between EUR 20 000 and EUR 500 000, depending on the relationship between the testator/donor and the beneficiary (PwC, 2025).

- **Tax Class I** includes spouses, life partners, children, stepchildren, and parents (only in the case of inheritance). The exemptions are significant: EUR 500 000 for spouses/life partners, EUR 400 000 for children, EUR 200 000 for grandchildren, and EUR 100 000 for parents in inheritances.
- **Tax Class II** encompasses siblings, nieces, nephews, parents (for gifts), parents-in-law, children-in-law, and divorced spouses, with a lower exemption of EUR 20 000.
- **Tax Class III** applies to all other individuals, including non-relatives, also with an exemption of EUR 20 000.

The tax rates are progressive, increasing with the value of the assets inherited or gifted. For Tax Class I, rates start at 7% for amounts up to EUR 75 000 and go up to 30% for amounts over EUR 26 000 000. Tax Class II starts at 15% and reaches 43%, while Tax Class III begins at 30% and can go up to 50% for the highest bracket (Beznoska et al., 2020).

There are special exemptions for business assets (up to 100%) and certain other assets. Note that this is not applicable to passive investments or minor shareholdings. Under §§13a and 13b ErbStG, assets that count as *begünstigtes Betriebsvermögen* ('privileged business property') include domestic business assets (tangible operating assets of a trade or business in Germany, e.g. machinery, equipment, inventory, commercial real estate used in the business); shares in corporations (stock in a GmbH or AG) if the decedent held

at least 25% of the company or a smaller share that is part of a family-controlled holding; and partnership interests (in an OHG, KG, etc.).

Conditions for inheritance tax exemption (wwkn, 2024):

- 85% of the value of qualifying business assets is exempt from inheritance/gift tax
 - The heir continues to operate the business for at least 5 years after the transfer (this is often called the *Behaltefrist* or holding period).
 - The business's aggregate payroll over those 5 years must total at least 400% of the initial payroll; essentially, they cannot drastically cut jobs or wages; this requirement is waived for very small businesses, but applies to most sizeable ones.
- 100% of the value of qualifying business assets is exempt from inheritance/gift tax
 - The heir must continue the business for at least 7 years
 - The heir must meet a 700% payroll sum requirement (i.e. maintain an even higher level of payroll relative to baseline) over that period.

All other conditions (limit on passive assets, etc.) remain.

Hungary

A flat rate of 18% is generally applied to all inherited assets and gifts, except for real estate, which benefits from a reduced rate of 9% when transferred to heirs. Notably, surviving spouses and direct descendants are exempt from inheritance tax altogether. Additionally, an estate transfer tax applies specifically to real estate, with rates of 2% or 4% based on the property's value, although the total cannot exceed HUF 200 million per property. In the case of inherited or gifted motor vehicles and trailers, the applicable tax equals twice the amount of the transfer tax imposed on motor vehicle and trailer sales (PwC, 2025).

Ireland

The receipt of a gift or inheritance is subject to Capital Acquisitions Tax (CAT) in Ireland (current rate of 33%), if any one of the following conditions is met:

- The gift or inheritance is an 'Irish situate' asset. This includes both tangible and intangible assets located in Ireland (e.g. Irish land, buildings, shares in an Irish company, Irish bank accounts, etc.); or

- The individual making the gift or disposal is resident or ordinarily resident in Ireland at the date of the gift or inheritance (the relevant date in respect of the donor's residence is the date of the disposition); or
- The individual in receipt of the gift or inheritance is resident or ordinarily resident in Ireland at the date of the gift or inheritance (different rules apply where the gift or inheritance is taken from a disposition (usually a trust) created prior to 1 December 1999).

Every individual has a tax-free threshold, under which they can receive gifts or inheritances up to a certain limit without any tax arising. The relevant threshold depends on the relationship between the donor or deceased and the beneficiary. These relationships are classified into three main groups, with different tax-free thresholds. It is important to note that the applicable threshold is cumulative and applies to the total taxable benefits received from individuals in that group during the beneficiary's lifetime. The threshold applies to benefits received since 5 December 1991. The relevant groups are as follows:

- Group A, which includes children (including adopted, foster, and stepchildren) of the deceased or donor, enjoys the highest threshold;
- Group B, which covers siblings, nieces, nephews, and other lineal descendants and lineal ancestors, has a lower threshold;
- Group C, which applies to all other individuals, including non-relatives, has the lowest threshold (however, gifts and inheritances between spouses and between civil partners are exempt from CAT).

Once these thresholds have been exceeded, CAT will arise at a rate of 33%.

In addition to the above, a gift up to the value of EUR 3 000 from any person in a calendar year is exempt from CAT and should not be considered when calculating the cumulative gifts received from individuals when determining the tax-free threshold. The small gift exemption is available only on gifts. It does not apply to the receipt of an inheritance.

Finally, there are reliefs available such as business relief and agricultural relief, which may mitigate the tax payable where the relevant conditions are satisfied.

Italy

A tax on inheritance and donations was reintroduced in October 2006 after a five-year period during which this tax was abolished (Legislative Decree no. 262/2006).

In general, for Italian resident individuals, inheritance and gift taxes apply to all assets held on a worldwide basis. For non-Italian residents, inheritance and gift taxes apply to assets that are located in Italy. More precisely, certain assets are deemed located in Italy in any case; shares/equity interests or participations in

entities with registered office, place of management or principal business purpose in Italy, bonds and other series securities issued by the State or by such Italian entities, securities representing goods located in Italy, receivables, bills of exchange, promissory notes and checks where the debtor/drawee/issuer is resident in Italy and receivables secured by assets located in Italy, up to the value of those assets.

The percentage and exemption limits applicable to transfers of money or assets by way of gifts or inheritance depend on the beneficiary's relationship with the deceased person or donor (PwC, 2025).

In particular:

- for spouses and direct descendants or ascendants, a 4% tax rate applies to the value of assets exceeding a EUR 1 000 000 exemption threshold;
- for siblings, a 6% tax rate applies to the value of assets exceeding a EUR 100 000 exemption threshold;
- for other relatives up to the fourth degree and in-law relatives up to the third degree, a 6% tax rate applies to the entire transferred value, with no exemption threshold;
- for any other beneficiary, an 8% tax rate applies to the entire transferred value, with no exemption threshold;
- for individuals with recognised severe disabilities, a general EUR 1 500 000 exemption threshold applies.

According to the latest updates of the inheritance and gift taxes law, the above-mentioned thresholds apply separately for inheritance tax and gift tax. For example, a parent could gift their child assets up to EUR 1 000 000 during their lifetime without triggering gift tax, and later the same child could inherit another EUR 1 000 000 worth of assets without triggering inheritance tax (Taxing.it, n.d.).

Lastly, the following points are worth mentioning:

- in the case of the transfer of a going concern or of a company's or partnership's shares, gift tax and inheritance tax do not apply provided that (i) the beneficiaries are either a spouse or the descendants of the donor/deceased, (ii) in the case of transfer of shares, the beneficiary gains control of the company/partnership, (iii) the beneficiary expressly commits to keep the business as a going concern, to keep the interest in the partnership, or to keep control of the company for at least five years;
- for Italian tax residents who have elected for the EUR 200 000 lump-sum tax regime (pursuant to article 24-bis of the Italian Tax Code), inheritance and gift tax do not apply to the transfer of assets that are located outside Italy. Note that the Annual Budget Law for 2026 is currently under

discussion and may modify the lump-sum regime. Pending formal enactment and publication, the above rules continue to apply;

- the inheritance and gift taxes also apply to transfers from trusts.

Latvia

In Latvia, there is no specific inheritance or gift tax; instead, the focus is on the potential income tax implications of assets received through inheritance or as gifts. While the transfer of assets itself is not taxed, any income generated from inherited assets, such as rental income or capital gains from a subsequent sale, may be subject to personal income tax (Valsts ieņēmumu dienests, 2025). Gifts between close family members, including spouses, children, and parents, are generally exempt from taxation, ensuring that transfers within immediate families remain untaxed. However, gifts exceeding certain thresholds from non-relatives or distant relatives may be subject to income tax. Additionally, while there is no direct tax on the transfer of property, associated costs such as registration and notary fees are applicable.

Lithuania

In Lithuania, the approach to inheritance and gift taxes is relatively straightforward, as the country does not impose specific taxes on these transactions.

Inheritance tax applies to real estate, movable property, securities, and cash. However, foreigners and citizens alike are only taxed on inherited real estate and movable property that requires registration in Lithuania. Notably, no inheritance tax is imposed if the property is inherited by a spouse, child, parent, grandparent, grandchild, or sibling, or if the property's taxable value does not exceed EUR 3 000 (when the property is inherited by unspecified close relatives).

In other cases, the inheritance tax rates are 5% for property valued up to EUR 150 000 and 10% for property exceeding this amount. The inheritance tax base is calculated as 70% of the total value of the property (PwC, 2025).

The local municipal council (based on the location of the registered property) may postpone the payment of taxes for a period not exceeding one year after the issuance of the inheritance certificate. The municipal council also has the right to reduce the tax for residents or exempt them from it altogether at the expense of its budget.

In terms of gifts, Lithuania does not have a separate gift tax, with gifts from family members generally exempt from taxation.

However, gifts from non-family members that exceed EUR 2 500 per calendar year may be treated as taxable income under personal income tax laws, and are taxed at the 15% personal income tax rate. If the gift value per calendar year exceeds EUR 253 065 (120 average salaries) (the threshold for 2025, which will likely to change in subsequent years), the 20% personal income tax rate applies.

A different tax treatment is applied when a gift is granted to an individual by a company:

Gift granted by one's employer: gifts in cash or in kind up to EUR 200 per calendar year are not taxed; any excess should be treated as employment-related income and taxed accordingly.

Gift granted by other company (not one's employer): cash gifts are taxed at 15% personal income tax (the 20% rate applies if the threshold of EUR 253 065 (120 average salaries) is exceeded). A gift in kind is taxed only if the value of the gift exceeds EUR 100 per calendar year. The excess is taxed at 15% / 20% personal income tax rates (State Tax Inspectorate of the Republic of Lithuania, n.d.).

Although there are no taxes on the actual inheritance or gift transfers, registration fees or administrative costs may apply, particularly for real estate transfers.

Luxembourg

In Luxembourg, both inheritance and gift taxes are affected by the relationship between the donor or the deceased and the beneficiary, as well as the nature of the assets involved.

Inheritance tax applies primarily to assets located in Luxembourg, with rates ranging from 0% to 5% for direct descendants. Transfers between spouses or registered partners (with the partnership registered for at least three years before the opening of the estate) are generally exempt if they have children in common (otherwise, a rate of 5% applies) (Government of the Grand Duchy of Luxembourg, 2019).

Gift tax rates also depend on the degree of relationship, ranging from 1.8% to 14.4%, with a possible municipal surcharge of 50% on the amount of the registration duty for certain properties located in Luxembourg City. Additionally, gifts of immovable property within Luxembourg may incur an extra 1% transcription fee. The fiscal domicile of the donor and recipient does not affect the application of the registration duty.

Gifts of movable assets transferred by hand delivery may bypass gift tax under certain conditions, notably if they are not formalised through a notarial deed,

unless the donor passes away within one year of the donation (Government of the Grand Duchy of Luxembourg, 2014).

Malta

Maltese income tax law does not include any specific inheritance or gift taxes.

Instead, certain inter vivos or causa mortis asset transfers are subject to stamp duty, which is typically imposed on the heirs or donees on inheritance or donation of certain dutiable assets (such as immovable property, shares in companies, or an interest in a partnership) unless exemptions apply (Office of the Commissioner for Revenue, 2019). These transfers are typically dutiable at rates of 2% or 5%, with the latter rate applicable when the inheritance is of:

- immovable property; or
- shares in a company or partnership, the value of which is mainly attributable to immovable property and would therefore be considered a property company or property partnership.

Netherlands

In the Netherlands, both inheritance and gift taxes are structured based on the relationship between the deceased or the donor and the beneficiary, with progressive tax rates and specific exemptions. For inheritance tax, the rates for 2025 are set at 10% for partners and children on taxable amounts up to EUR 154,197, and 20% for amounts exceeding that. Grandchildren face rates of 18% and 36%, while other beneficiaries are taxed at 30% and 40%. Exemptions include EUR 804,698 for partners, EUR 25,490 for children and grandchildren, and EUR 60,359 for parents (Belastingdienst, 2025). Gift tax rates mirror those of inheritance tax, with lower rates for closer relatives. Exemptions include annual gifts to children of EUR 6,713 and a one-time gift of up to EUR 67,064 for specific purposes, such as education or buying a house (Belastingdienst, 2025).

Under certain conditions, the application of a business succession scheme is possible. This scheme is intended to prevent the continuity of a business from being endangered by the payment of taxes as a result of the transfer of shares. As such, under certain conditions, the levy of gift and inheritance taxes on the transfer of shares in an active business is (partially) exempted in the case of a gift or inheritance of those shares. When all criteria are met, an exemption of gift and inheritance tax is provided for an enterprise value up to approximately EUR 1.5 million, and 75% for the excess amount (Belastingdienst, 2025).

Poland

In Poland, the transfer of property through inheritance or donation is subject to inheritance and gift tax, governed by the Inheritance and Gift Tax Act of 1983 (Poland, 1983). The tax structure is based on the relationship between the deceased or the donor and the beneficiary, and is classified into three primary tax groups (Ministry of Finance, n.d.):

1. **Group I** (tax rates ranging from 3% to 7%, depending on the value of the inheritance or gift): immediate family members, including spouses, descendants, ascendants, stepchildren, siblings, stepfather and stepmother. This group benefits from the most favourable tax treatment, with exemptions available up to specific thresholds. Immediate family members within Group I can be exempt from taxes if they report the transfer to tax authorities within six months.
2. **Group II** (tax rates between 7% and 12%): this group includes further relatives such as aunts, uncles, nieces, nephews, and siblings-in-law. The tax rates are higher than those for Group I, and the exemption thresholds are lower.
3. **Group III** (tax rates ranging from 12% to 20%): this group encompasses all other individuals, including those unrelated to the donor or deceased. This group faces the highest tax rates and the lowest exemption thresholds.

Different tax rates for the same group result from the value of the inheritance or gift received. In Poland, inheritance and gift taxes are progressive, which means that the higher the value of the estate, the higher the tax rate.

Close family members, such as spouses, children and parents, may benefit from tax exemptions. For instance, if the value of the inheritance or gift does not exceed certain thresholds (e.g. PLN 36 120 for Group I), no tax is due. There are also specific allowances or exemptions for diverse groups, which can further reduce or even eliminate the taxable amount (Aksis, 2024).

The taxable amount is calculated based on the market value of the inherited or gifted assets reduced by specific debts and obligations. A donation or inheritance must be reported to the appropriate tax office using a specific form. For donations or inheritances received from individuals in Group I, the taxpayer has six months from the time of receiving the transfer to report it. Meanwhile, those required to pay tax have only one month to submit the declaration and pay the tax, starting from the date the donation is received or the inheritance is accepted (Podatki, 2024).

Certain types of assets may be subject to special regulations. For example, there may be a variety of appraisal methods for real estate, affecting the taxable value. Additionally, foreign nationals receiving inheritances or gifts in Poland

should be aware of any bilateral tax treaties that may affect their tax obligations. However, unlike income tax treaties, which are numerous, inheritance tax treaties are rare. Poland has inherited or signed some agreements with a handful of countries, for example Austria, Hungary and Czechia. When the foreign national is not from any of these countries and has permanent residence in Poland, the foreign national owes Polish tax on anything inherited or gifted worldwide.

Portugal

In Portugal, there is no specific inheritance or gift tax, as these were abolished in 2004, simplifying the transfer of assets upon death or as gifts. Instead, there is taxation of transfers made for no consideration (inheritances and gifts), under the Stamp Tax Code. The Stamp Tax (ST) follows a territorial principle, meaning that only assets that are located or deemed located in Portugal are subject to ST.

Taxable assets therefore include Portuguese-situs movable (e.g. cash or crypto-assets deposited in an account of a Portuguese tax-resident bank or with a bank that has a permanent establishment in Portugal, as well as securities of a company that has its head office, effective management or a permanent establishment in Portugal) and immovable property, regardless of the nationality or residence of the transferor and the recipient (in general) (PwC, 2024).

Free transfers, when taxable in Portugal, are subject to a flat tax rate of 10%, plus an additional 0.8% if the transfer for no consideration involves Portuguese immovable property. Nonetheless, an exemption from the 10% tax rate may be granted when the transfer is made to the spouse, unmarried partner, descendants, or ascendants of the transferor. The 0.8% Stamp Tax liability is always due if the asset being transferred is real estate located in Portugal (Autorida Tributària e Aduaneira, n.d.).

Stamp Tax is imposed on free transfers of assets at a standard rate of 10%, but this primarily affects transfers between non-family members. Transfers between immediate family members, such as spouses, children, parents, and grandparents, are exempt from this tax, making these transfers particularly tax-efficient.

Furthermore, if inherited or gifted assets, such as real estate, are later sold, capital gains tax may apply. It is important to note that in such cases specific provisions apply to the acquisition value to be considered, which may vary depending on the circumstances and the asset. Additionally, real estate transfers may involve other costs, such as property registration and notary fees. This system highlights the importance of understanding both Stamp Tax and potential capital gains implications in Portugal (PwC, 2025).

Romania

In Romania, there are no inheritance or gift taxes, except for real estate property. However, there are notary and administrative fees associated with transferring property titles and other assets to heirs. While gifts are not subject to a dedicated gift tax, significant gifts, especially from non-family members, may have implications under income tax laws.

As regards the transfer of real estate property, such transfers are subject to general tax rates (1% or 3%), with the following exceptions under which no income tax is due (Agenția Națională de Administrare Fiscală. n.d.):

- The property right is transferred by donation between relatives and in-laws up to the third degree inclusive, as well as between spouses.
- The property right is transferred by inheritance and the inheritance procedure is completed within two years from the date of death; otherwise, the heirs owe a tax of 1% calculated on the value of the estate.

As regards the transfer of shares, securities and investment gold, while no income tax is due at the time of their transfer by means of donation or inheritance, the cost basis to be used upon their subsequent transfers shall be as follows:

- zero in the case of shares or securities received by means of donation;
- the purchase price paid by the deceased holder proven with supporting documents, in the case of shares or securities received by means of inheritance. If there are no documents to justify the purchase price or tax value of the deceased holder, the tax value is considered zero.

Slovakia

In Slovakia, the process of transferring assets through inheritance or as gifts is simplified by the absence of specific inheritance or gift taxes. Beneficiaries are not subject to a separate inheritance tax when assets are passed on upon death, although there may be notary and administrative fees involved in transferring property titles and other assets. Similarly, there is no specific gift tax (except on gifts received in relation to employment or business activities, which are taxed as employment or business income), making the transfer of assets as gifts straightforward, especially among family members. However, any income generated from inherited or gifted assets, such as rental income or capital gains from future sale, may be subject to standard income tax (PwC, 2025).

Slovenia

In Slovenia, gift and inheritance tax applies to assets received by individuals or legal entities as gifts or inheritances that are not considered income under personal or corporate income tax laws. The taxable assets include real estate, movable property, and other tangible rights. Movable property includes securities and money and gifts. If the total value of movable property received as a gift is less than EUR 5 000, it is not subject to tax (Financial Administration of the Republic of Slovenia, n.d.). Additionally, inherited or gifted rights to temporary or lifetime use of a property are not taxed, nor are parts of a property where ownership or usage rights cannot be acquired by the recipient.

The tax liability for gifts arises on the day the gift is accepted, which can be evidenced by a signed gift contract or actual receipt. For inheritances, the liability arises on the day the inheritance decision becomes final. For lifetime support contracts and death-conditional gifts, the liability is triggered on the death of the provider or donor (Podlipnik, 2019).

The tax base is calculated based on the value of inherited or gifted assets at the time the tax liability arises, after deducting any debts, costs, and burdens associated with the assets. The market value is used for movable assets, excluding money. There is a EUR 5 000 deduction applied to the tax base for movable property. If a taxpayer receives multiple gifts from the same donor within a 12-month period, the values of these gifts are aggregated for tax base calculation purposes. This 12-month period begins with the receipt of the first gift (Financial Administration of the Republic of Slovenia, n.d.).

Certain household items are excluded from the tax base. These include everyday household necessities such as furniture, appliances, and other household equipment, unless they are of significant value. Gifts or inheritances received by certain individuals are also exempt from tax. This exemption applies to heirs of the first inheritance order or recipients equated with them, such as descendants, adopted children and their descendants, spouses, or unmarried partners. It also includes those equated with first-order heirs, such as sons-in-law, daughters-in-law, stepchildren and their descendants, and partners in registered same-sex partnerships. Stepchild status is maintained even if the biological parent dies before the benefactor, preserving the in-law relationship between the benefactor and the heir (Financial Administration of the Republic of Slovenia, n.d.).

All other recipients or heirs (individuals) must pay tax based on the inheritance order, according to a progressive scale outlined in Article 8 of the Slovenian Inheritance and Gift Tax Act (Slovenia, n.d.). They are grouped into three categories:

- Second inheritance order (parents, siblings, and their descendants – nieces and nephews) with tax rates from 5% to 14%.

- Third inheritance order (grandparents, aunts, uncles, and their descendants – cousins) with tax rates from 8% to 17%.
- ‘All other persons’ (such as partners of grandchildren, partners of stepchildren, sisters-in-law, brothers-in-law, and others not related to the benefactor) with tax rates from 12% to 39%.

Spain

In Spain, inheritance and gift taxes are regulated at both the national and regional levels, resulting in variations in tax rates and exemptions depending on the region. These taxes are structured based on the relationship between the deceased or donor and the beneficiary. In general, beneficiaries are divided into groups that determine the applicable tax rates and allowances (Euroeconomics, n.d.).

Group I includes descendants and adopted children under 21, who benefit from the lowest tax rates and highest exemptions.

Group II covers descendants and adopted children over 21, spouses, and parents, with slightly higher rates and lower exemptions than Group I.

Group III consists of siblings, nieces, nephews, and other relatives up to the third degree, facing higher tax rates and lower exemptions.

Group IV, which includes more distant relatives and non-relatives, is subject to the highest tax rates and has no exemptions.

The tax rates themselves are progressive and can vary significantly depending on the region, with some regions offering reductions or bonuses that can substantially reduce the tax burden. Additionally, certain exemptions and deductions are available, such as those for family businesses or primary residences, under specific conditions.

The general tax rates are as follows (although they can be modified by autonomous communities) (PwC, 2025):

Table 15 – Spain General tax rates

Taxable base (up to EUR)	Tax liability (EUR)	Rest of taxable base (up to EUR)	Applicable rate (%)
0		7 993.46	7.65
7 993.46	611.5	7 987.45	8.50
15 980.91	1 290.43	7 987.45	9.35
23 968.36	2 037.26	7 987.45	10.20
31 955.81	2 851.98	7 987.45	11.05
39 943.26	3 734.59	7 987.45	11.90

Taxable base (up to EUR)	Tax liability (EUR)	Rest of taxable base (up to EUR)	Applicable rate (%)
47 930.72	4 685.10	7 987.45	12.75
55 918.17	5 703.50	7 987.45	13.60
63 905.62	6 789.79	7 987.45	14.45
71 893.07	7 943.98	7 987.45	15.30
79 880.52	9 166.06	39 877.15	16.15
119 757.67	15 606.22	39 877.16	18.70
159 634.83	23 063.25	79 754.30	21.25
239 389.13	40 011.04	159 388.41	25.50
398 777.54	80 655.08	398 777.54	29.75
797 555.08	199 291.40	and above	34.00

Source: PwC Tax summaries

Sweden

In Sweden, the taxation of inheritance and gifts is straightforward due to the absence of specific taxes on these transfers. Sweden abolished both inheritance and gift taxes in 2005, which means that neither the transfer of assets upon death nor gifts made during a person's lifetime are subject to such taxes. However, while there are no direct taxes on inheritance or gifts, beneficiaries should be aware of potential capital gains tax implications. If inherited or gifted assets, such as real estate or securities, are later sold, any capital gains realised may be subject to tax. Capital gains tax is based on the difference between the sale price and the acquisition value of the asset. Furthermore, there may be administrative costs, such as property registration fees, associated with transferring ownership of certain assets (Waldenström, 2015).

4.3.1. Conclusion

Overall, the mapping in Chapter 4 confirms wide variation in how European countries tax wealth transfers, with three broad models coexisting: beneficiary-based inheritance taxes, estate taxes, and systems without dedicated inheritance/gift taxes that rely instead on stamp duties, transfer taxes, or income tax integration.

Where dedicated inheritance/gift taxes exist, burdens are typically calibrated by the relationship between donor/deceased and beneficiary, with progressive schedules and allowances favouring spouses and direct descendants and higher rates for distant relatives and non-relatives. Business succession reliefs feature prominently and are often conditioned on continuity and holding requirements to mitigate liquidity pressures and support ongoing operations

(e.g. France's Pacte Dutreil; Germany's privileged business property exemptions). In contrast, several countries have abolished or do not levy inheritance/gift taxes, instead applying stamp duty or transfer taxes and, in some cases, taxing subsequent capital gains or income.

Administrative and compliance features are also diverse. Examples include reporting thresholds and deadlines for gifts and inheritances (e.g. Poland), small-gift exemptions (e.g. Ireland), regional rate structures (e.g. Belgium), aggregation rules for repeated gifts (e.g. Slovenia).

Taken together, this mapping clarifies which assets are taxed or exempt, how treatment varies by heir and asset class, and how lifetime versus death transfers are handled. It provides a structured baseline for assessing revenue potential and progressivity and highlights the design trade-offs between base breadth, preferential reliefs (e.g. family businesses), and administrative simplicity in wealth transfer taxation.

In addition, the analysis in section 4.3 reveals several important cross-country patterns and challenges. First, there is significant heterogeneity in the scope of assets included in the inheritance and gift tax base, the degree of preferential treatment for certain heirs or asset classes, and the use of exemptions or reliefs. This diversity reflects both historical legacies and policy choices aimed at balancing revenue, equity, and administrative feasibility. Second, the prevalence of business succession reliefs and other targeted exemptions underscores the policy priority of supporting family businesses and mitigating liquidity constraints for heirs, but also raises concerns about the erosion of the tax base and the progressivity of inheritance taxation. Third, the administrative complexity of inheritance and gift tax regimes is heightened by the coexistence of national and subnational rules, the need for asset valuation, and the management of cross-border transfers. Fourth, the mapping highlights that only a minority of EU Member States have double taxation treaties covering inheritance and gift taxes, increasing the risk of double taxation in cross-border situations. Finally, the section underscores that the effectiveness of inheritance and gift taxes in achieving redistributive goals depends not only on statutory rates and thresholds, but also on enforcement, reporting requirements, and the integration of lifetime gifts with bequests.

4.4. References

Acciari, P., Alvaredo, F., & Morelli, S. (2024). The Concentration of Personal Wealth in Italy 1995–2016. *Journal of the European Economic Association*, 22(3), 1228–1274. <https://doi.org/10.1093/jeea/jvae002>

Acciari, P., Morelli, S., Chetty, R., Friedman, J. N., Gornick, J. C., Johnson, B., & Kennickel, A. (2022). Wealth Transfers and Net Wealth at Death. Evidence

from the Italian Inheritance Tax Records 1995–2016. In *Measuring Distribution and Mobility of Income and Wealth* (S. 175–203). University of Chicago Press.

Adam, S., Besley, T., Blundell, R., Bond, S., Chote, R., Gammie, M., Johnson, P., Mirrlees, J., Myles, G., & Poterba, J. (2011). Taxes on wealth transfers. In J. Mirrlees (Ed.), *Tax by design: The Mirrlees review* (pp. 347–367). Oxford University Press.

Adams, R., Keloharju, M., & Knüpfer, S. (2018). Are CEOs born leaders? Lessons from traits of a million individuals. *Journal of Financial Economics*, 130(2), 392–408. <https://doi.org/10.1016/j.jfineco.2018.07.006>

Adermon, A., Lindahl, M., & Waldenström, D. (2018). Intergenerational Wealth Mobility and the Role of Inheritance: Evidence from Multiple Generations. *The Economic Journal*, 128(612), F482–F513. <https://doi.org/10.1111/eoj.12535>

Advani, A., & Sturrock, D. (2023). *Reforming Inheritance Tax* (No. R275; IFS Green Budget Chapter 7). Institute for Fiscal Studies (IFS). <https://ifs.org.uk/sites/default/files/2023-09/Reforming-inheritance-tax-1.pdf>

Advani, A., Disslbacher, F., Forrester, J., & Summers, A. (2024). *Inheritance Tax Reliefs: Time for Reform?* Centax Centre for the Analysis of Taxation. https://centax.org.uk/wp-content/uploads/2024/10/AdvaniDisslbacherForresterSummers2024_IHTReliefs.pdf

Agrawal, D. R., Foremny, D., & Martínez-Toledano, C. (2024). Wealth Tax Mobility and Tax Coordination. *American Economic Journal: Applied Economics*. <https://doi.org/10.1257/app.20220615>

Agrawal, D. R., Foremny, D., & Martínez-Toledano, C. (2025). Wealth Tax Mobility and Tax Coordination. *American Economic Journal: Applied Economics*, 17(1), 402–430. <https://doi.org/10.1257/app.20220615>

Ahrens, L., Bothner, F., Hakelberg, L., & Rixen, T. (2022). New Room to Maneuver? National Tax Policy Under Increasing Financial Transparency. *Socio-Economic Review*, 20(2), 561–583. <https://doi.org/10.1093/ser/mwaa007>

Akgun, O., Cournède, B., & Fournier, J.-M. (2017). *The Effects of the Tax Mix on Inequality and Growth* (OECD Economics Department Working Papers No. 1447; OECD Economics Department Working Papers, Bd. 1447). <https://doi.org/10.1787/c57eaa14-en>

Aksis. (2024). Is it necessary to pay tax in Poland for gifts received from relatives? Taxation of donations and gifts in 2024. <https://aksis.agency/blog/is-it-necessary-to-pay-tax-in-poland-for-gifts-received-from-relatives>

- Alstadsæter, A., Godar, S., Nicoloides, P., & Zucman, G. (2023). *Global Tax Evasion Report 2024*. https://www.taxobservatory.eu/www-site/uploads/2023/10/global_tax_evasion_report_24.pdf
- Alstadsæter, A., Johannesen, N., & Zucman, G. (2018). Who Owns the Wealth in Tax Havens? Macro Evidence and Implications for Global Inequality. *Journal of Public Economics*, 162, 89–100. <https://doi.org/10.1016/j.jpubeco.2018.01.008>
- Alstadsæter, A., Johannesen, N., & Zucman, G. (2019). Tax Evasion and Inequality. *American Economic Review*, 109(6), 2073–2103. <https://doi.org/10.1257/aer.20172043>
- Alstott, A. A. (2007). Equal Opportunity and Inheritance Taxation. *Harvard Law Review*, 121(2). <https://harvardlawreview.org/wp-content/uploads/2007/11/alstott.pdf>
- Alvaredo, F., Garbinti, B., & Piketty, T. (2017). On the Share of Inheritance in Aggregate Wealth: Europe and the USA, 1900–2010. *Economica*, 84(334), 239–260. <https://doi.org/10.1111/ecca.12233>
- Andreoni, J. (1990). Impure Altruism and Donations to Public Goods: A Theory of Warm-Glow Giving. *The Economic Journal*, 100(401), 464–477. <https://doi.org/10.2307/2234133>
- Arrondel, L., & Grange, C. (2014). Bequests and Family Traditions: The Case of Nineteenth Century France. *Review of Economics of the Household*, 12(3), 439–459. <https://doi.org/10.1007/s11150-013-9216-7>
- Arrondel, L., & Laferrère, A. (2001). Taxation and Wealth Transmission in France. *Journal of Public Economics*, 79(1), 3–33. [https://doi.org/10.1016/S0047-2727\(00\)00093-1](https://doi.org/10.1016/S0047-2727(00)00093-1)
- Arrondel, L., & Masson, A. (2011). Taxer Les Héritages Pour Accroître La Mobilité Du Patrimoine Entre Générations. *Revue française d'économie*, 2, 23–72. <https://doi.org/10.3917/rfe.112.0023>
- Arrondel, L., Garbinti, B., & Masson, A. (2014). Inégalités de patrimoine entre générations: Les donations aident-elles les jeunes à s'installer? *Economie & Statistique*, 472–473. <https://www.insee.fr/fr/statistiques/1377767?sommaire=1377781>
- Astrachan, J. H., & Tutterow, R. (1996). The Effect of Estate Taxes on Family Business: Survey Results. *Family Business Review*, 9(3), 303–314. <https://doi.org/10.1111/j.1741-6248.1996.00303.x>
- Atkinson, A. B. (2015). *Inequality: What Can Be Done?* Harvard University Press. <https://www.jstor.org/stable/j.ctvjghxqh>

- Atkinson, A. B. (2018). Wealth and Inheritance in Britain from 1896 to the Present. *The Journal of Economic Inequality*, 16(2), 137–169. <https://doi.org/10.1007/s10888-018-9382-1>
- Auerbach, A. J. (2025). *Public Finance Implications of Economic Inequality* (SSRN Scholarly Paper No. 5216006). Social Science Research Network. <https://papers.ssrn.com/abstract=5216006>
- Bach, S. (2021). Universal Capital Endowment and Wealth Taxes Could Reduce Wealth Inequality. *DIW Weekly Report*, 11, 379–387. https://doi.org/10.18723/DIW_DWR:2021-49-1
- Bakija, J., & Slemrod, J. (2004). Do the Rich Flee from High State Taxes? Evidence from Federal Estate Tax Returns. *NBER Working Paper*, 10645. <https://doi.org/10.3386/w10645>
- Balkir, A., Saez, E., Yagan, D., & Zucman, G. (2025). *How Much Tax Do US Billionaires Pay? Evidence from Administrative Data* (No. w34170; S. w34170). National Bureau of Economic Research. <https://doi.org/10.3386/w34170>
- Baselgia, E., & Martinez, I. (2022). Tracking and Taxing the Super-Rich: Insights from Swiss Rich Lists. *CESifo Working Paper*, 9778. <https://doi.org/10.2139/ssrn.4135944>
- Basiglio, S., Rossi, M. C., & Van Soest, A. (2023). Subjective Inheritance Expectations and Economic Outcomes. *Review of Income and Wealth*, 69(4), 1088–1113. <https://doi.org/10.1111/roiw.12621>
- Bastani, S., & Waldenström, D. (2020). How Should Capital Be Taxed? *Journal of Economic Surveys*, 34(4), 812–846. <https://doi.org/10.1111/joes.12380>
- Bastani, S., & Waldenström, D. (2021). Perceptions of Inherited Wealth and the Support for Inheritance Taxation. *Economica*, 88(350), 532–569. <https://doi.org/10.1111/ecca.12359>
- Bastani, S., & Waldenström, D. (2023). Taxing the Wealthy: The Choice Between Wealth and Capital Income Taxation. *Oxford Review of Economic Policy*, 39(3), 604–616. <https://doi.org/10.1093/oxrep/grad030>
- Bauer, A., Garbinti, B., & Georges-Kot, S. (2018). Financial Constraints and Self-Employment in France, 1945-2014. *INSEE Working Paper*, g2018/08. <https://www.insee.fr/en/statistiques/3640484>
- Bavaro, M., Boscolo, S., & Tedeschi, S. (2025). Simulating Long-Run Wealth Distribution and Transmission: The Role of Intergenerational Transfers. *Italian Economic Journal*. <https://doi.org/10.1007/s40797-024-00304-3>

- Belloc, I., Molina, J. A., & Velilla, J. (2025). Unexpected Inheritances and Household Labor Supply: Does the Identity of the Recipient Matter? *Review of Income and Wealth*, 71(1), e12723. <https://doi.org/10.1111/roiw.12723>
- Bénétrix, A., Emter, L., & Schmitz, M. (2024). Automatic for the (tax) People: Information Sharing and Cross-Border Investment in Tax Havens. *Economic Policy*, 39(120), 853–895. <https://doi.org/10.1093/epolic/eiae041>
- Benhabib, J., Bisin, A., & Zhu, S. (2011). The Distribution of Wealth and Fiscal Policy in Economies With Finitely Lived Agents. *Econometrica*, 79(1), 123–157. <https://doi.org/10.3982/ECTA8416>
- Bennedsen, M., Nielsen, K. M., Perez-Gonzalez, F., & Wolfenzon, D. (2007). Inside the Family Firm: The Role of Families in Succession Decisions and Performance. *The Quarterly Journal of Economics*, 122(2), 647–691. <https://doi.org/10.1162/qjec.122.2.647>
- Bernheim, B. D., Lemke, R. J., & Scholz, J. K. (2004). Do Estate and Gift Taxes Affect the Timing of Private Transfers? *Journal of Public Economics*, 88(12), 2617–2634. <https://doi.org/10.1016/j.jpubeco.2003.11.004>
- Beznoska, M., Hentze, T., & Stockhausen, M. (2020). The inheritance and gift tax in Germany: Reform potentials for tax revenue, efficiency and distribution. <http://hdl.handle.net/10419/224552>
- Black, S. E., Devereux, P. J., Landaud, F., & Salvanes, K. G. (2023). Where Does Wealth Come From? Measuring Lifetime Resources in Norway. *Journal of Economic Perspectives*, 37(4), 115–136. <https://doi.org/10.1257/jep.37.4.115>
- Black, S. E., Devereux, P. J., Landaud, F., & Salvanes, K. G. (2024). The (Un)Importance of Inheritance. *Journal of the European Economic Association*, jvae056. <https://doi.org/10.1093/jeea/jvae056>
- Bloom, N., & Van Reenen, J. (2007). Measuring and Explaining Management Practices Across Firms and Countries. *The Quarterly Journal of Economics*, 122(4), 1351–1408. <https://doi.org/10.1162/qjec.2007.122.4.1351>
- Bø, E. E., Halvorsen, E., & Thoresen, T. O. (2019). Heterogeneity of the Carnegie Effect. *Journal of Human Resources*, 54(3), 726–759. <https://doi.org/10.3368/jhr.54.3.0915.7366R1>
- Boadway, R., Chamberlain, E., & Emmerson, C. (2010). Taxation of Wealth and Wealth Transfers. In J. A. Mirrlees, S. Adam, T. Besley, R. Blundell, S. Bond, R. Chote, M. Gammie, P. Johnson, G. Myles, & J. Poterba (Hrsg.), *Dimensions of tax design: The Mirrlees review* (S. 737–836). Oxford University Press.
- Boas, H. F., Johannesen, N., Kreiner, C. T., Larsen, L. T., & Zucman, G. (2024). *Taxing Capital in a Globalized World: The Effects of Automatic Information*

- Exchange* (No. w32714; S. w32714). National Bureau of Economic Research. <https://doi.org/10.3386/w32714>
- Bomare, J., & Le Guern Herry, S. (2025). *Avoiding Transparency through Offshore Real Estate: Evidence from the United Kingdom*. SSRN. <https://doi.org/10.2139/ssrn.5260099>
- Bönke, T., Werder, M. V., & Westermeier, C. (2017). How Inheritances Shape Wealth Distributions: An International Comparison. *Economics Letters*, 159, 217–220. <https://doi.org/10.1016/j.econlet.2017.08.007>
- Boserup, S. H., Kopczuk, W., & Kreiner, C. T. (2016). The Role of Bequests in Shaping Wealth Inequality: Evidence from Danish Wealth Records. *American Economic Review*, 106(5), 656–661. <https://doi.org/10.1257/aer.p20161036>
- Bøyum, S., & Pedersen, J. (2023). Equality of Opportunity and Inheritance Taxation. In M. Sardoč (Hrsg.), *Handbook of Equality of Opportunity* (S. 1–19). Springer International Publishing. https://doi.org/10.1007/978-3-319-52269-2_69-1
- Bradbury, K., & Triest, R. K. (2016). Inequality of Opportunity and Aggregate Economic Performance. *RSF: The Russell Sage Foundation Journal of the Social Sciences*, 2(2), 178–201. <https://doi.org/10.7758/rsf.2016.2.2.08>
- Brown, J. R., Coile, C. C., & Weisbenner, S. J. (2010). The Effect of Inheritance Receipt on Retirement. *Review of Economics and Statistics*, 92(2), 425–434. <https://doi.org/10.1162/rest.2010.11182>
- Bruce, D., & Mohsin, M. (2006). Tax Policy and Entrepreneurship: New Time Series Evidence. *Small Business Economics*, 26(5), 409–425. <https://doi.org/10.1007/s11187-005-5602-8>
- Brülhart, M., & Parchet, R. (2014). Alleged Tax Competition: The Mysterious Death of Bequest Taxes in Switzerland. *Journal of Public Economics*, 111, 63–78. <https://doi.org/10.1016/j.jpubeco.2013.12.009>
- Brülhart, M., & Schmidheiny, K. (2018). Taxpayers Seek Strategies to Avoid Wealth Tax. *CESifo DICE Report*, 16(2), 19–21.
- Brunetti, M. J. (2006). The Estate Tax and the Demise of the Family Business. *Journal of Public Economics*, 90(10), 1975–1993. <https://doi.org/10.1016/j.jpubeco.2006.05.012>
- Brys, B., Perret, S., Thomas, A., & O'Reilly, P. (2016). *Tax Design for Inclusive Economic Growth* (OECD Taxation Working Papers No. 26; OECD Taxation Working Papers, Bd. 26). <https://doi.org/10.1787/5jlv74ggk0g7-en>
- Burgherr, D. (2021). The Costs of Administering a Wealth Tax. *Fiscal Studies*, 42(3–4), 677–697. <https://doi.org/10.1111/1475-5890.12276>

- Burman, L. E., McClelland, R., & Lu, C. (2018). *The Effects of Estate and Inheritance Taxes on Entrepreneurship*. Tax Policy Center.
- Cagetti, M., & De Nardi, M. (2009). Estate Taxation, Entrepreneurship, and Wealth. *The American Economic Review*, 99(1), 85–111.
<https://doi.org/10.1257/aer.99.1.85>
- Caruana-Galizia, P., & Caruana-Galizia, M. (2016). Offshore Financial Activity and Tax Policy: Evidence from a Leaked Data Set. *Journal of Public Policy*, 36(3), 457–488. <https://doi.org/10.1017/s0143814x16000027>
- Casi, E., Spengel, C., & Stage, B. M. B. (2020). Cross-Border Tax Evasion After the Common Reporting Standard: Game Over? *Journal of Public Economics*, 190, 104240. <https://doi.org/10.1016/j.jpubeco.2020.104240>
- Castañeda, A., Díaz-Giménez, J., & Ríos-Rull, J. (2003). Accounting for the U.S. Earnings and Wealth Inequality. *Journal of Political Economy*, 111(4), 818–857. <https://doi.org/10.1086/375382>
- Chapman, K., Hariharan, G., & Southwick, L. (1996). Estate Taxes and Asset Accumulation. *Family Business Review*, 9(3), 253–268.
<https://doi.org/10.1111/j.1741-6248.1996.00253.x>
- Chen, Y.-L. (2015). *The Factors and Implications of Rising Housing Prices in Taiwan*. <https://www.brookings.edu/articles/the-factors-and-implications-of-rising-housing-prices-in-taiwan/>
- Clark, D. E., & Hunter, W. J. (1992). The Impact of Economic Opportunity, Amenities and Fiscal Factors on Age-Specific Migration Rates. *Journal of Regional Science*, 32(3), 349–365. <https://doi.org/10.1111/j.1467-9787.1992.tb00191.x>
- Conley, D. (2001). Capital for College: Parental Assets and Postsecondary Schooling. *Sociology of Education*, 74(1), 59–72.
<https://doi.org/10.2307/2673145>
- Conway, K. S., & Houtenville, A. J. (2001). Elderly Migration and State Fiscal Policy: Evidence from the 1990 Census Migration Flows. *National Tax Journal*, 54(1), 103–123. <https://doi.org/2021031208092500661>
- Conway, K. S., & Rork, J. C. (2006). State „Death“ Taxes and Elderly Migration—The Chicken or the Egg? *National Tax Journal*, 59(1), 97–128.
<https://doi.org/2021031208025200853>
- Cour des Comptes. (2024). *Inheritance Tax* (Communication to the Finance Committee of the National Assembly).
<https://www.ccomptes.fr/sites/default/files/2025-01/20240925-summary-Inheritance-tax.pdf>

- Cowell, F. A., Van De Gaer, D., & He, C. (2018). Chapter 1 Inheritance Taxation: Redistribution and Predistribution. In J. A. Bishop & J. G. Rodríguez (Hrsg.), *Research on Economic Inequality* (Bd. 26, S. 1–13). Emerald Publishing Limited. <https://doi.org/10.1108/S1049-258520180000026002>
- Cox, D. (1987). Motives for Private Income Transfers. *Journal of Political Economy*, 95(3), 508–546. <https://doi.org/10.1086/261470>
- Crawford, R., & Hood, A. (2016). Lifetime Receipt of Inheritances and the Distribution of Wealth in England. *Fiscal Studies*, 37(1), 55–75. <https://doi.org/10.1111/j.1475-5890.2016.12087>
- Cremer, H., & Pestieau, P. (2011). Wealth and Wealth Transfer Taxation: A Survey. In E. Albi & J. Martínez-Vazquez (Hrsg.), *The Elgar Guide to Tax Systems* (S. 183–217). Edward Elgar Publishing.
- Dao, M. C. (2020). *Wealth Inequality and Private Savings: The Case of Germany* (No. 20/107; IMF Working Paper). <https://www.imf.org/en/Publications/WP/Issues/2020/06/26/Wealth-Inequality-and-Private-Savings-The-Case-of-Germany-49471>
- Davies, J. B., & Shorrocks, A. F. (2000). Chapter 11 The Distribution of Wealth. In *Handbook of Income Distribution* (Bd. 1, S. 605–675). Elsevier. [https://doi.org/10.1016/S1574-0056\(00\)80014-7](https://doi.org/10.1016/S1574-0056(00)80014-7)
- De Nardi, M. (2004). Wealth Inequality and Intergenerational Links. *The Review of Economic Studies*, 71(3), 743–768. <https://doi.org/10.1111/j.1467-937X.2004.00302.x>
- De Nardi, M., & Fella, G. (2017). Saving and Wealth Inequality. *Review of Economic Dynamics*, 26, 280–300. <https://doi.org/10.1016/j.red.2017.06.002>
- De Nardi, M., & Yang, F. (2016). Wealth Inequality, Family Background, and Estate Taxation. *Journal of Monetary Economics*, 77, 130–145. <https://doi.org/10.1016/j.jmoneco.2015.10.005>
- Dherbécourt, C. (2017). *Peut-on éviter une société d'héritiers? Estimation haute Estimation basse* (No. 51; La note d'analyse). France Stratégie. https://www.strategie.gouv.fr/files/files/Publications/2017%20SP/2017-01-04%20-%20NA%2051%20-%20Peut-on%20%C3%A9viter%20une%20soci%C3%A9t%C3%A9%20d%27h%C3%A9ritiers/na_51-transmissions-ok_0.pdf
- Dherbécourt, C., Fack, G., Landais, C., & Stantcheva, S. (2021). Rethinking Inheritance. *Notes du conseil d'analyse économique*, 69(9), 1–12. <https://doi.org/10.3917/ncae.069.0001>

Doorley, K., & Pestel, N. (2020). Labour Supply after Inheritances and the Role of Expectations. *Oxford Bulletin of Economics and Statistics*, 82(4), 843–863. <https://doi.org/10.1111/obes.12353>

Dräger, J. (2022). The Role of Parental Wealth in Children's Educational Pathways in Germany. *European Sociological Review*, 38(1), 18–36. <https://doi.org/10.1093/esr/jcab027>

Drometer, M., Frank, M., Hofbauer Pérez, M., Rhode, C., Schworm, S., & Stitteneder, T. (2018). Wealth and Inheritance Taxation: An Overview and Country Comparison. *CESifo DICE Report*, 16(2), 45–54.

Druedahl, J., & Martinello, A. (2022). Long-Run Saving Dynamics: Evidence from Unexpected Inheritances. *The Review of Economics and Statistics*, 104(5), 1079–1095. https://doi.org/10.1162/rest_a_01004

Durán-Cabré, J. M., Esteller Moré, A., Mas-Montserrat, M., & Salvadori, L. (2019). The Tax Gap as a Public Management Instrument: Application to Wealth Taxes. *Applied Economic Analysis*, 27(81), 207–225. <https://doi.org/10.1108/AEA-09-2019-0028>

Durante, R., Putterman, L., & Van Der Weele, J. (2014). Preferences for Redistribution and Perception of Fairness: An Experimental Study. *Journal of the European Economic Association*, 12(4), 1059–1086. <https://doi.org/10.1111/jeea.12082>

Eder, A. (2016). The Impact of Inheritances on the Retirement Behavior of Older Europeans. *Empirica*, 43(2), 299–331. <https://doi.org/10.1007/s10663-016-9331-9>

Elinder, M., Erixson, O., & Ohlsson, H. (2012). The Impact of Inheritances on Heirs' Labor and Capital Income. *The B.E. Journal of Economic Analysis & Policy*, 12(1). <https://doi.org/10.1515/1935-1682.3324>

Elinder, M., Erixson, O., & Waldenström, D. (2018). Inheritance and Wealth Inequality: Evidence from Population Registers. *Journal of Public Economics*, 165, 17–30. <https://doi.org/10.1016/j.jpubeco.2018.06.012>

Eller, M. B., & Johnson, B. W. (1999, August). Using a Sample of Federal Estate Tax Return to Examine the Effects of Audit Revaluation on Pre-audit Estimates. *Turning Administrative Systems into Information Systems, Statistics of Income Division, Internal Revenue Service, as presented at the 1999 Joint Statistical Meetings of the American Statistical Association, August 1999*. <https://www.irs.gov/pub/irs-soi/estaudit.pdf>

Eller, M. B., Erard, B., & Ho, C.-C. (2001). Noncompliance with the Federal Estate Tax. In W. G. Gale, J. R. Hines, & J. Slemrod (Hrsg.), *Rethinking Estate and Gift Taxation* (S. 375–410). Brookings Institution Press.

Erard, B. (1998). *Estate Tax Underreporting Gap Study: A Report prepared for the IRS Economic Analysis and Modeling Group*. Internal Revenue Service.

Erixson, O., & Escobar, S. (2020). Deathbed Tax Planning. *Journal of Public Economics*, 185(C), 1–16. <https://doi.org/10.1016/j.jpubeco.2020.104170>

Escobar, S. (2017). *Inheritance Tax Evasion: Spousal Bequests and Underreporting of Inheritances in Sweden*. Working Paper. <https://ieb.ub.edu/wp-content/uploads/2018/06/Escobar.pdf>

Escobar, S., Ohlsson, H., & Selin, H. (2023). Giving to the Children or the Taxman? Lessons from a Swedish Inheritance Tax Loophole. *European Economic Review*, 153, 104382. <https://doi.org/10.1016/j.euroecorev.2023.104382>

Euroeconomics. (n.d.). Inheritance tax and gift tax. <https://easytaxspain.com/inheritance-tax-and-gift-tax/>

European Commission. (2025). *Annual Report on Taxation 2025 – Review of Taxation Policies in the EU Member States*. Publications Office of the European Union. <https://doi.org/10.2778/6367826>

Fagereng, A., Mogstad, M., & Rønning, M. (2021). Why Do Wealthy Parents Have Wealthy Children? *Journal of Political Economy*, 129(3), 703–756. <https://doi.org/10.1086/712446>

Federal Public Service Finance. (n.d.). Death. <https://fin.belgium.be/en/private-individuals/death>

Fessler, P., & Schürz, M. (2018). Private Wealth Across European Countries: The Role of Income, Inheritance and the Welfare State. *Journal of Human Development and Capabilities*, 19(4), 521–549. <https://doi.org/10.1080/19452829.2018.1507422>

Financial Administration of the Republic of Slovenia. (n.d.). I inherited. https://www.fu.gov.si/en/life_events_individuals/i_inherited/

Financial Administration of the Republic of Slovenia. (n.d.). Inheritance and gift tax. https://edavki.durs.si/EdavkiPortal/OpenPortal/CommonPages/Opdynp/PageD.aspx?category=davek_na_dediscine_in_darila_ddd_preb&lng=en

Fize, E., Grimprel, N., & Landais, C. (2022). Can Inheritance Taxation Promote Equality of Opportunities? *LSE Public Policy Review*, 2(4). <https://doi.org/10.31389/lseppr.73>

Friedman, S., Gronwald, V., Summers, A., & Taylor, E. (2024). *Tax Flight? Britain's Wealthiest and Their Attachment to Place* (No. 131; International

Inequalities Institute Working Paper).

https://eprints.lse.ac.uk/121396/1/III_Working_Paper_131_Tax_Flight.pdf

Gale, W. G., Hines Jr., J. R., & Slemrod, J. (Hrsg.). (2001). *Rethinking Estate and Gift Taxation*. Brookings Institution Press.

<https://www.jstor.org/stable/10.7864/j.ctvc5bwx>

Gale, W., & Perozek, M. G. (2001). Do Estate Taxes Reduce Saving? In W. G. Gale, J. R. Hines, & J. Slemrod (Hrsg.), *Rethinking Estate and Gift Taxation* (S. 216–257). Brookings Institution Press.

Gale, W., & Slemrod, J. (2001). Rethinking the Estate and Gift Tax: Overview. *NBER Working Paper, 8205*. <https://doi.org/10.3386/w8205>

Gale, W., Hall, O., & Sabelhaus, J. (2024). *A Preliminary Report on Taxing the Great Wealth Transfer*. Brookings Institution. https://www.brookings.edu/wp-content/uploads/2024/12/20241209_TPC_Galeetal_GreatWealthTransfer.pdf

Garbinti, B., & Georges-Kot, S. (2016). Time to Smell the Roses? Risk Aversion, the Timing of Inheritance Receipt, and Retirement. *INSEE Working Paper, G2016/01*.

Genschel, P., Limberg, J., & Seelkopf, L. (2024). Revenue, Redistribution, and the Rise and Fall of Inheritance Taxation. *Comparative Political Studies, 57*(9), 1475–1505. <https://doi.org/10.1177/00104140231194065>

Glogowsky, U. (2021). Behavioral Responses to Inheritance and Gift Taxation: Evidence from Germany. *Journal of Public Economics, 193*, 104309. <https://doi.org/10.1016/j.jpubeco.2020.104309>

Goupille-Lebret, J., & Infante, J. (2018). Behavioral Responses to Inheritance Tax: Evidence from Notches in France. *Journal of Public Economics, 168*, 21–34. <https://doi.org/10.1016/j.jpubeco.2018.09.016>

Government of the Grand Duchy of Luxembourg. (2014, 27 November). Making a gift or Donation. Guichet.lu.

<https://guichet.public.lu/en/citoyens/fiscalite/immobilier/achat-vente-donation/faire-donation.html>

Government of the Grand Duchy of Luxembourg. (2019, 2 October). How to calculate taxes on an inherited estate. Guichet.lu.

<https://guichet.public.lu/en/citoyens/sante/fin-vie/deces/droits-succession-heritage.html>

Grossman, P. J. (1990). Fiscal Competition Among States in Australia: The Demise of Death Duties. *Publius: The Journal of Federalism, 20*(4), 145–159. <https://doi.org/10.1093/oxfordjournals.pubjof.a037899>

Grossmann, V., & Strulik, H. (2010). Should Continued Family Firms Face Lower Taxes than other Estates? *Journal of Public Economics*, 94(1), 87–101. <https://doi.org/10.1016/j.jpubeco.2009.10.005>

Grünberger, K., Derndorfer, J., & Schnetzer, M. (2024). *Inheritances in Austria: A Model Estimation of Intergenerational Wealth Transfers up to 2050*. https://www.researchgate.net/publication/389165943_Inheritances_in_Austria_A_model_estimation_of_intergenerational_wealth_transfers_up_to_2050/citation/download

Guo, Y. (2024). *Inheritance, Wealth Distribution, and Estate Taxation*. SSRN. <https://doi.org/10.2139/ssrn.4684342>

Guyton, J., Langetieg, P., Reck, D., Risch, M., & Zucman, G. (2022). Tax Evasion by the Wealthy: Measurement and Implications. In R. Chetty, J. N. Friedman, J. C. Gornick, B. Johnson, & A. B. Kennickell (Hrsg.), *Measuring distribution and mobility of income and wealth*. The University of Chicago Press. <https://www.nber.org/system/files/chapters/c14439/c14439.pdf>

Hällsten, M., & Pfeffer, F. T. (2017). Grand Advantage: Family Wealth and Grandchildren's Educational Achievement in Sweden. *American Sociological Review*, 82(2), 328–360. <https://doi.org/10.1177/0003122417695791>

Halvorsen, E., Hubmer, J., Ozkan, S., & Salgado, S. (2024). *Why Are the Wealthiest So Wealthy? New Longitudinal Empirical Evidence and Implications for Theories of Wealth Inequality* (Nos. 2014–013; Federal Reserve Bank of St. Louis Working Paper). <https://doi.org/10.20955/wp.2024.013>

Hebous, S., Klemm, A., Michielse, G., & Osorio-Buitron, C. (2024). *How to Tax Wealth*. (Bd. 2024/001). International Monetary Fund. <https://www.imf.org/en/Publications/imf-how-to-notes/Issues/2024/03/08/How-to-Tax-Wealth-544948>

Hedlund, A. (2020). Estate Taxation and Human Capital with Information Externalities. *Macroeconomic Dynamics*, 24(3), 568–600. <https://doi.org/10.1017/S1365100518000366>

Henrekson, M., & Waldenström, D. (2016). Inheritance Taxation in Sweden, 1885–2004: The Role of Ideology, Family Firms, and Tax Avoidance. *Economic History Review*, 69(4), 1228–1254. <https://doi.org/10.1111/ehr.12280>

Hines, J. R. (2013). Income and Substitution Effects of Estate Taxation. *American Economic Review*, 103(3), 484–488. <https://doi.org/10.1257/aer.103.3.484>

Hines, J. R., Potrafke, N., Riem, M., & Schinke, C. (2019). Inter Vivos Transfers of Ownership in Family Firms. *International Tax and Public Finance*, 26(2), 225–256. <https://doi.org/10.1007/s10797-018-9508-1>

- Holtz-Eakin, D. (1999). The Death Tax: Investments, Employment, and Entrepreneurs. *Tax Notes*, 84(5), 782–792.
- Holtz-Eakin, D., & Marples, D. (2001). Distortion Costs of Taxing Wealth Accumulation: Income Versus Estate Taxes. *NBER Working Paper*, 8261.
- Holtz-Eakin, D., & Smith, C. T. (2009). *Changing Views of the Estate Tax: Implications for Legislative Options*.
<https://www.washingtonpolicy.org/library/docLib/estatetaxpb.pdf>
- Holtz-Eakin, D., Joulfaian, D., & Rosen, H. S. (1993). The Carnegie Conjecture: Some Empirical Evidence. *The Quarterly Journal of Economics*, 108(2), 413–435. <https://doi.org/10.2307/2118337>
- Holtz-Eakin, D., Joulfaian, D., & Rosen, H. S. (1994a). Entrepreneurial Decisions and Liquidity Constraints. *The RAND Journal of Economics*, 25(2), 334. <https://doi.org/10.2307/2555834>
- Holtz-Eakin, D., Joulfaian, D., & Rosen, H. S. (1994b). Sticking it Out: Entrepreneurial Survival and Liquidity Constraints. *Journal of Political Economy*, 102(1), 53–75. <https://doi.org/10.1086/261921>
- Hood, A., & Joyce, R. (2017). *Inheritances and Inequality Across and Within Generations*. <https://doi.org/10.1920/BN.IFS.2017.0192>
- Horioka, C. Y. (2014). Are Americans and Indians More Altruistic Than the Japanese and Chinese? Evidence from a New International Survey of Bequest Plans. *Review of Economics of the Household*, 12(3), 411–437. <https://doi.org/10.1007/s11150-014-9252-y>
- Horioka, C. Y. (2021). Is the Selfish Life-Cycle Model More Applicable in Japan and, If so, Why? A Literature Survey. *Review of Economics of the Household*, 19(1), 157–187. <https://doi.org/10.1007/s11150-020-09511-0>
- Horioka, C. Y., Gahramanov, E., Hayat, A., & Tang, X. (2021). The Impact of Bequest Motives on Labor Supply and Retirement Behavior in Japan: A Theoretical and Empirical Analysis. *Journal of the Japanese and International Economies*, 62, 101166. <https://doi.org/10.1016/j.jjie.2021.101166>
- Houben, H., & Maiterth, R. (2011). Endangering of Businesses by the German Inheritance Tax? — An Empirical Analysis. *Business Research*, 4(1), 32–46. <https://doi.org/10.1007/BF03342725>
- Hugo, G. J. (1983). Interstate Migration in Australia, 1976-81. *Australian Bulletin of Labour*, 9, 102–130.
- Inheritance. (n.d.). Podatki.gov.pl. <https://www.podatki.gov.pl/en/inheritance/>

International Bar Association. (2025, 18 August). International estate planning guides. <https://www.ibanet.org/internationalestateplanningguides>

International Bar Association. (n.d.). International estate planning guides: Czechia. <https://www.ibanet.org/document?id=estate-planning-guides-Czech-Republic-Sept-23>

Jakobsen, K., Jakobsen, K., Kleven, H., & Zucman, G. (2020). Wealth Taxation and Wealth Accumulation: Theory and Evidence from Denmark. *Quarterly Journal of Economics*, 135(1), 329–388. <https://doi.org/10.1093/qje/qjz032>

Jappelli, T., Padula, M., & Pica, G. (2014). Do Transfer Taxes Reduce Intergenerational Transfers?: Transfer Taxes. *Journal of the European Economic Association*, 12(1), 248–275. <https://doi.org/10.1111/jeea.12044>

Johannesen, N. (2023). The End of Bank Secrecy: Implications for Redistribution and Optimal Taxation. *Oxford Review of Economic Policy*, 39(3), 565–574. <https://doi.org/10.1093/oxrep/grad024>

Johannesen, N., Reck, D., Risch, M., Slemrod, J., Guyton, J., & Langetieg, P. (2024). The Offshore World According to FATCA: New Evidence on the Foreign Wealth of US Households. *Tax Policy and the Economy*, 38, 61–99. <https://doi.org/10.1086/730052>

Johns, J. (2024). *Estate and Inheritance Taxes by State, 2024* [Dataset]. <https://taxfoundation.org/data/all/state/estate-inheritance-taxes/>

Joulfaian, D. (2004). Gift Taxes and Lifetime Transfers: Time Series Evidence. *Journal of Public Economics*, 88(9–10), 1917–1929. <https://doi.org/10.1016/j.jpubeco.2003.06.002>

Joulfaian, D. (2005). Choosing Between Gifts and Bequests. How Taxes Affect the Timing of Wealth Transfers. *Journal of Public Economics*, 89(11–12), 2069–2091. <https://doi.org/10.1016/j.jpubeco.2004.11.005>

Joulfaian, D. (2006). Inheritance and Saving. *NBER Working Paper*, 12569. <https://doi.org/10.3386/w12569>

Joulfaian, D., & McGarry, K. (2004). Estate and Gift Tax Incentives and Inter Vivos Giving. *National Tax Journal*, 57(2), 429–444. <https://doi.org/10.17310/ntj.2004.2S.04>

Joulfaian, D., & Wilhelm, M. O. (1994). Inheritance and Labor Supply. *The Journal of Human Resources*, 29(4), 1205. <https://doi.org/10.2307/146138>

Kaplan, S. N., & Rauh, J. D. (2013). Family, Education, and Sources of Wealth among the Richest Americans, 1982–2012. *American Economic Review*, 103(3), 158–162. <https://doi.org/10.1257/aer.103.3.158>

- Karagiannaki, E. (2017). The Impact of Inheritance on the Distribution of Wealth: Evidence from Great Britain. *Review of Income and Wealth*, 63(2), 394–408. <https://doi.org/10.1111/roiw.12217>
- Kaymak, B., & Poschke, M. (2016). The Evolution of Wealth Inequality Over Half a Century: The Role of Taxes, Transfers and Technology. *Journal of Monetary Economics*, 77, 1–25. <https://doi.org/10.1016/j.jmoneco.2015.10.004>
- Keen, M., & Slemrod, J. (2017). Optimal Tax Administration. *Journal of Public Economics*, 152, 133–142. <https://doi.org/10.1016/j.jpubeco.2017.04.006>
- Kindermann, F., Mayr, L., & Sachs, D. (2020). Inheritance Taxation and Wealth Effects on the Labor Supply of Heirs. *Journal of Public Economics*, 191, 104127. <https://doi.org/10.1016/j.jpubeco.2019.104127>
- Klevmarcken, N. A. (2004). On the Wealth Dynamics of Swedish Families, 1984–98. *Review of Income and Wealth*, 50(4), 469–491. <https://doi.org/10.1111/j.0034-6586.2004.00136.x>
- Kopczuk, W. (2007). Bequest and Tax Planning: Evidence from Estate Tax Returns. *The Quarterly Journal of Economics*, 122(4), 1801–1854. <https://doi.org/10.1162/qjec.2007.122.4.1801>
- Kopczuk, W. (2010). *Economics of Estate Taxation: A Brief Review of Theory and Evidence*. w15741. <https://doi.org/10.3386/w15741>
- Kopczuk, W. (2013a). Incentive Effects of Inheritances and Optimal Estate Taxation. *American Economic Review*, 103(3), 472–477. <https://doi.org/10.1257/aer.103.3.472>
- Kopczuk, W. (2013b). Taxation of Transfers and Wealth. In A. A. Auerbach, R. Chetty, M. Feldstein, & E. Saez (Hrsg.), *Handbook of Public Economics* (Bd. 5, S. 329–390). Elsevier.
- Kopczuk, W., & Lupton, J. P. (2007). To Leave or Not to Leave: The Distribution of Bequest Motives. *The Review of Economic Studies*, 74(1), 207–235. <https://doi.org/10.1111/j.1467-937X.2007.00419.x>
- Kopczuk, W., & Slemrod, J. (2001). The Impact of the Estate Tax on the Wealth Accumulation and Avoidance Behavior of Donors. In W. G. Gale, J. R. Hines, & J. Slemrod (Hrsg.), *Rethinking Estate and Gift Taxation* (S. 299–349). Brookings Institution Press.
- Kopczuk, W., & Slemrod, J. (2005). Denial of Death and Economic Behavior. *The B.E. Journal of Theoretical Economics*, 5(1). <https://doi.org/10.2202/1534-5963.1207>

- Krenek, A., Schratzenstaller, M., Grünberger, K., & Thiemann, A. (2022). INTAXMOD – Inheritance and Gift Taxation in the Context of Ageing. *WIFO Working Papers*, 645. <https://www.wifo.ac.at/publication/pid/13799453>
- Krug, P., & Langenmayr, D. (2024). *Taxing Transitions: Inheritance Tax and Family Firm Succession* (SSRN Scholarly Paper No. 4800777). Social Science Research Network. <https://doi.org/10.2139/ssrn.4800777>
- Kukk, M., Meriküll, J., & Rõõm, T. (2023). The Gender Wealth Gap in Europe: Application of Machine Learning to Predict Individual-level Wealth. *Review of Income and Wealth*, 69(2), 289–317. <https://doi.org/10.1111/roiw.12596>
- Kuziemko, I., Norton, M. I., Saez, E., & Stantcheva, S. (2015). How Elastic Are Preferences for Redistribution? Evidence from Randomized Survey Experiments. *American Economic Review*, 105(4), 1478–1508. <https://doi.org/10.1257/aer.20130360>
- Laitner, J. (2000). Simulating the Effects on Inequality and Wealth Accumulation of Eliminating the Federal Gift and Estate Tax. *University of Michigan Business School Working Paper*, 2000–3. <https://www.bus.umich.edu/otpr/papers/2000-3.PDF>
- Leenders, W., Lejour, A., Rabaté, S., & Van 'T Riet, M. (2023). Offshore Tax Evasion and Wealth Inequality: Evidence from a Tax Amnesty in the Netherlands. *Journal of Public Economics*, 217, 104785. <https://doi.org/10.1016/j.jpubeco.2022.104785>
- Lei, R., & Planterose, B. (2025). *Homeowners' Responses to Inheritance Tax Reform: Evidence from France (forthcoming)*.
- Leitner, S. (2016). Drivers of Wealth Inequality in Euro Area Countries: The Effect of Inheritance and Gifts on Household Gross and Net Wealth Distribution Analysed by Applying the Shapley Value Approach to Decomposition. *European Journal of Economics and Economic Policies: Intervention*, 13(1), 114–136. <https://doi.org/10.4337/ejeep.2016.01.10>
- Lindkvist, H. (1990). *Kapitalemigration*. Unpublished PhD thesis.
- López-Laborda, J., & Rodrigo, F. (2022). Mobility of Top Income Taxpayers in Response to Regional Differences in Personal Taxes: Evidence from Spain. *Economics*, 16(1), 152–169. <https://doi.org/10.1515/econ-2022-0016>
- Malo, M. Á., & Sciulli, D. (2021). Wealth Transfers and Labour Supply: Impact of Inheritances and Gifts by Gender in Europe. *International Journal of Manpower*, 42(8), 1450–1478. <https://doi.org/10.1108/IJM-09-2020-0425>
- Mas Montserrat, M. (2019). What Happens When Dying Gets Cheaper? Behavioural Responses to Inheritance Taxation. *Job Market Paper*, March.

https://ucfs.nek.uu.se/digitalAssets/796/c_796916-l_1-k_phd-workshop-ucfs-mas-montserrat.pdf

McGarry, K. (2001). The Cost of Equality: Unequal Bequests and Tax Avoidance. *Journal of Public Economics*, 79(1), 179–204.
[https://doi.org/10.1016/S0047-2727\(00\)00100-6](https://doi.org/10.1016/S0047-2727(00)00100-6)

McGarry, K., & Schoeni, R. F. (1995). Transfer Behavior in the Health and Retirement Study: Measurement and the Redistribution of Resources within the Family. *The Journal of Human Resources*, 30(0), S184–S226.
<https://doi.org/10.2307/146283>

Menkhoff, L., & Miethé, J. (2019). Tax Evasion in New Disguise? Examining Tax Havens' International Bank Deposits. *Journal of Public Economics*, 176, 53–78. <https://doi.org/10.1016/j.jpubeco.2019.06.003>

Micó-Millán, I. (2023). *The Effects of Inheritance and Gift Taxation on Upward Wealth Mobility at the Bottom: Lessons from Spain*. Universidad Carlos III de Madrid, i. https://isabelmicomillan.github.io/isabelmicoweb/IMM_2023.pdf

Micó-Millán, I. (2024). *Inheritance Tax Avoidance Through the Family Firm* (Documentos de Trabajo No. 2446).
<https://www.bde.es/f/webbe/SES/Secciones/Publicaciones/PublicacionesSerias/DocumentosTrabajo/24/Files/dt2446e.pdf>

Ministry of Finance of the Republic of Bulgaria. (n.d.). Inheritance tax.
<https://www.minfin.bg/en/780>

Miralles-Marcelo, J. L., Miralles-Quirós, M. D. M., & Lisboa, I. (2014). The Impact of Family Control on Firm Performance: Evidence from Portugal and Spain. *Journal of Family Business Strategy*, 5(2), 156–168.
<https://doi.org/10.1016/j.jfbs.2014.03.002>

Morelli, S., Nolan, B., Palomino, J. C., & Van Kerm, P. (2021). Inheritance, Gifts and the Accumulation of Wealth for Low-Income Households. *Journal of European Social Policy*, 31(5), 533–548.
<https://doi.org/10.1177/09589287211040419>

Morelli, S., Nolan, B., Palomino, J. C., & Van Kerm, P. (2025). The Influence of Inheritances on Wealth Inequality in Rich Countries. *Journal of Public Economics*, 247, 105398. <https://doi.org/10.1016/j.jpubeco.2025.105398>

Moretti, E., & Wilson, D. J. (2023). Taxing Billionaires: Estate Taxes and the Geographical Location of the Ultra-Wealthy. *American Economic Journal: Economic Policy*, 15(2), 424–466. <https://doi.org/10.1257/pol.20200685>

Naess-Schmidt, H. S., Thorø Pedersen, S., Harhoff, F., Winiarczyk, M., & Jervelund, C. (2011). *Study on Inheritance Taxes in EU Member States and*

Possible Mechanisms to Resolve Problems of Double Inheritance Taxation in the EU. Copenhagen Economics.

Nekoei, A., & Seim, D. (2023). How Do Inheritances Shape Wealth Inequality? Theory and Evidence from Sweden. *The Review of Economic Studies*, 90(1), 463–498. <https://doi.org/10.1093/restud/rdac016>

Neumann, B. A., & Scheuer, N. (2024). *The Impact of Bequest Taxation on Wealth Inequality: Theory and Evidence* (No. 5; Research Papers in Economics). University Trier. <https://www.econstor.eu/bitstream/10419/296576/1/1888693274.pdf>

Niimi, Y. (2019). The Effect of the Recent Inheritance Tax Reform on Bequest Behaviour in Japan. *Fiscal Studies*, 40(1), 45–70. <https://doi.org/10.1111/1475-5890.12181>

Niimi, Y., & Horioka, C. Y. (2019). The Wealth Decumulation Behavior of the Retired Elderly in Japan: The Relative Importance of Precautionary Saving and Bequest Motives. *Journal of the Japanese and International Economies*, 51(3), 52–63. <https://doi.org/10.1016/j.jjie.2018.10.002>

Nolan, B., Palomino, J. C., Van Kerm, P., & Morelli, S. (2021). Intergenerational Wealth Transfers and Wealth Inequality in Rich Countries: What Do We Learn from Gini Decomposition? *Economics Letters*, 199, 109701. <https://doi.org/10.1016/j.econlet.2020.109701>

Nolan, B., Palomino, J., Van Kerm, P., & Morelli, S. (2020). *The Wealth of Families: The Intergenerational Transmission of Wealth in Britain in Comparative Perspective*. Institute for New Economic Thinking. <https://orbilu.uni.lu/bitstream/10993/45441/1/report-Intergenerational-Wealth-Transfers-Report-Aug-2020.pdf>

Nordblom, K., & Ohlsson, H. (2006). Tax Avoidance and Intra-Family Transfers. *Journal of Public Economics*, 90(8–9), 1669–1680. <https://doi.org/10.1016/j.jpubeco.2005.10.005>

OECD. (2021). *Inheritance Taxation in OECD Countries*. OECD. <https://doi.org/10.1787/e2879a7d-en>

OECD. (2024). *Comparative Tables of Revenue Statistics in OECD Member Countries* [Dataset].

OECD. (2025). *Taking Stock of Progress on Transparency and Exchange of Information for Tax Purposes: Report to G20 Finance Ministers and Central Bank Governors*. OECD Publishing. <https://doi.org/10.1787/afddc8c5-en>

oesterreich.gv.at. (2025, August 1). *Erben und Vererben*. https://www.oesterreich.gv.at/en/themen/gesetze_und_recht/erben_und_vererben/2/2/Seite.795020. [\[Erben und...eich.gv.at\]](https://www.oesterreich.gv.at)

- Office for Budget Responsibility. (2025). *Economic and fiscal outlook. March 2025*.
https://obr.uk/docs/dlm_uploads/OBR_Economic_and_fiscal_outlook_March_2025.pdf
- Office of Tax Simplification. (2018). *Inheritance Tax Review—First Report: Overview of the Tax and Dealing with Administration*. Office of Tax Simplification.
https://assets.publishing.service.gov.uk/media/5bf67ee4e5274a2af111f68b/Final_Inheritance_Tax_Report_-_web_copy.pdf
- Office of the Commissioner for Revenue. (2019). Inheritance tax.
https://cfr.gov.mt/en/property_shares_transfers/Pages/Inheritance-Tax.aspx
- Ohlsson, H. (2007). Tax Avoidance—A Natural Experiment. *Uppsala Economics Working Paper, No. 2007:13*. <https://doi.org/10.2139/ssrn.965428>
- Ohlsson, H. (2011). The Legacy of the Swedish Gift and Inheritance Tax, 1884–2004. *European Review of Economic History, 15*(3), 539–569.
<https://doi.org/10.1017/S1361491611000049>
- Ohlsson, H., Roine, J., & Waldenström, D. (2020). Inherited Wealth over the Path of Development: Sweden, 1816-2016. *Journal of the European Economic Association, 18*(3), 1123–1157. <https://doi.org/10.1093/jeea/jvz038>
- Önder, A. S., & Schlunk, H. (2015). State Taxes, Tax Exemptions, and Elderly Migration. *Journal of Regional Analysis and Policy, 45*(1), 47–67.
<https://doi.org/10.22004/ag.econ.243979>
- Page, B. (2003). Bequest Taxes, Inter Vivos Gifts, and the Bequest Motive. *Journal of Public Economics, 87*(5), 1219–1229. [https://doi.org/10.1016/S0047-2727\(01\)00177-3](https://doi.org/10.1016/S0047-2727(01)00177-3)
- Page, B., & Seawright, J. (2023). The Wealthy as a Barrier to Tax Reform. *Oxford Review of Economic Policy, 39*(3), 643–665.
<https://doi.org/10.1093/oxrep/grad036>
- Palomino, J. C., Marrero, G. A., Nolan, B., & Rodríguez, J. G. (2022). Wealth Inequality, Intergenerational Transfers, and Family Background. *Oxford Economic Papers, 74*(3), 643–670. <https://doi.org/10.1093/oenp/gpab052>
- Pérez-González, F. (2006). Inherited Control and Firm Performance. *The American Economic Review, 96*(5), 1559–1588.
<https://doi.org/10.1257/aer.96.5.1559>
- Peters, H., & Schwarz, P. (2013). *Bequests and labor supply in Germany* (Working Paper No. 173; TranState Working Papers). Universität Bremen, Collaborative Research Center 597.
<https://www.econstor.eu/bitstream/10419/82632/1/767304578.pdf>

- Peters, Y., & Ensink, S. J. (2015). Differential Responsiveness in Europe: The Effects of Preference Difference and Electoral Participation. *West European Politics*, 38(3), 577–600. <https://doi.org/10.1080/01402382.2014.973260>
- Pfeffer, F. T. (2011). Status Attainment and Wealth in the United States and Germany. In T. M. Smeeding, R. Erikson, & M. Jäntti (Hrsg.), *Persistence, Privilege, and Parenting* (S. 109–137). https://www.diw.de/de/diw_01.c.777950.de/s_6908.html
- Piketty, T. (2011). On the Long-Run Evolution of Inheritance: France 1820–2050. *The Quarterly Journal of Economics*, 126(3), 1071–1131. <https://doi.org/10.1093/qje/qjr020>
- Piketty, T. (2020). *Capital and Ideology*. Harvard University Press. <https://doi.org/10.4159/9780674245075>
- Piketty, T., & Saez, E. (2013). A Theory of Optimal Inheritance Taxation. *Econometrica*, 81(5), 1851–1886. <https://doi.org/10.3982/ECTA10712>
- Piketty, T., & Zucman, G. (2015). Chapter 15—Wealth and Inheritance in the Long Run. In A. B. Atkinson & F. Bourguignon (Hrsg.), *Handbook of Income Distribution* (Bd. 2, S. 1303–1368). Elsevier. <https://shs.hal.science/halshs-01109067/file/PikettyZucman2014HIDRevised.pdf>
- Piketty, T., Saez, E., & Zucman, G. (2023). Rethinking Capital and Wealth Taxation. *Oxford Review of Economic Policy*, 39(3), 575–591. <https://doi.org/10.1093/oxrep/grad026>
- Podlipnik, J. (2019). Heirs' responsibility for the decedent's tax debts in the Republic of Slovenia. *Hrvatska i komparativna javna uprava*.
- Poland. (1983, July 28). Act on tax on inheritance and donations. Global-Regulation. <https://www.global-regulation.com/translation/poland/2985885/the-act-of-28-july-1983-on-tax-on-inheritance-and-donations.html>
- Poterba, J. M. (1997). The Estate Tax and After-Tax Investment Returns. *NBER Working Paper*, 6337. <https://doi.org/10.3386/w6337>
- Poterba, J. M. (2001). Estate and Gift Taxes and Incentives for Inter Vivos Giving in the US. *Journal of Public Economics*, 79(1), 237–264. [https://doi.org/10.1016/S0047-2727\(00\)00102-X](https://doi.org/10.1016/S0047-2727(00)00102-X)
- PwC. (2024). PwC tax guide 2024: Stamp tax. <https://www.pwc.pt/en/pwcinforfisco/tax-guide/2024/stamp-tax.html>
- PwC. (2025). Croatia – individual – other taxes. <https://taxsummaries.pwc.com/croatia/individual/other-taxes>

- PwC. (2025). Cyprus – individual – other taxes.
<https://taxsummaries.pwc.com/cyprus/individual/other-taxes>
- PwC. (2025). Czech Republic – individual – other taxes.
<https://taxsummaries.pwc.com/czech-republic/individual/other-taxes>
- PwC. (2025). Denmark – individual – other taxes.
<https://taxsummaries.pwc.com/denmark/individual/other-taxes>
- PwC. (2025). France – individual – other taxes.
<https://taxsummaries.pwc.com/france/individual/other-taxes>
- PwC. (2025). Germany – individual – other taxes.
<https://taxsummaries.pwc.com/germany/individual/other-taxes>
- PwC. (2025). Greece – individual – other taxes.
<https://taxsummaries.pwc.com/greece/individual/other-taxes>
- PwC. (2025). Hungary – individual – other taxes.
<https://taxsummaries.pwc.com/hungary/individual/other-taxes>
- PwC. (2025). Italy – individual – other taxes.
<https://taxsummaries.pwc.com/italy/individual/other-taxes>
- PwC. (2025). Lithuania – individual – other taxes.
<https://taxsummaries.pwc.com/lithuania/individual/other-taxes>
- PwC. (2025). Portugal – individual – other taxes.
<https://taxsummaries.pwc.com/portugal/individual/other-taxes>
- PwC. (2025). Slovak Republic – individual – other taxes.
<https://taxsummaries.pwc.com/slovak-republic/individual/other-taxes>
- PwC. (2025). Spain – individual – other taxes.
<https://taxsummaries.pwc.com/spain/individual/other-taxes>
- Repetti, J. R. (1999). Entrepreneurs and the Estate Tax. *Tax Notes*, 84, 1541–1544.
- Republic of Slovenia, Financial Administration, I inherited,
https://www.fu.gov.si/en/life_events_individuals/i_inherited/
- Revenue. (n.d.). CAT thresholds, rates and aggregation rules.
<https://www.revenue.ie/en/gains-gifts-and-inheritance/cat-thresholds-rates-and-aggregation-rules/index.aspx>
- Roine, J., & Waldenström, D. (2015). Long-Run Trends in the Distribution of Income and Wealth. In A. B. Atkinson & F. Bourguignon (Hrsg.), *Handbook of*

- Income Distribution* (Bd. 2A, S. 469–592). Elsevier.
<https://doi.org/10.1016/B978-0-444-59428-0.00008-4>
- Saez, E., & Zucman, G. (2019). *Progressive Wealth Taxation* (Brookings Papers on Economic Activity). University of California. <https://gabriel-zucman.eu/files/SaezZucman2019BPEA.pdf>
- Salas-Rojo, P., & Rodríguez, J. G. (2022). Inheritances and Wealth Inequality: A Machine Learning Approach. *The Journal of Economic Inequality*, 20(1), 27–51. <https://doi.org/10.1007/s10888-022-09528-8>
- Sandford, C., & Morrissey, O. (1985). *The Irish Wealth Tax: A Case Study in Economics and Politics* [Report]. ESRI. <https://esri.ie/publications/the-irish-wealth-tax-a-case-study-in-economics-and-politics>
- Scheuer, F., & Slemrod, J. (2020). Taxation and the Superrich. *Annual Review of Economics*, 12(1), 189–211. <https://doi.org/10.1146/annurev-economics-081919-115106>
- Scheve, K., & Stasavage, D. (2012). Democracy, War, and Wealth: Lessons from Two Centuries of Inheritance Taxation. *American Political Science Review*, 106(1), 81–102. <https://doi.org/10.1017/S0003055411000517>
- Schmalbeck, R. L. (2001). Avoiding Federal Wealth Transfer Taxes. In W. G. Gale, J. R. Hines, & J. Slemrod (Hrsg.), *Rethinking Estate and Gift Taxation* (S. 113–158). Brookings Institution Press.
- Schneebaum, A., Rehm, M., Mader, K., & Hollan, K. (2018). The Gender Wealth Gap Across European Countries. *Review of Income and Wealth*, 64(2), 295–331. <https://doi.org/10.1111/roiw.12281>
- Schratzstaller, M. (2025). Behavioral Responses to Inheritance Taxation – a Review of the Empirical Literature. *Economic Analysis and Policy*, 85, 238–260. <https://doi.org/10.1016/j.eap.2024.11.026>
- Seelkopf, L., Bubek, M., & Genschel, P. (2019). *Tax Introduction Database* [Dataset]. <https://tid.seelkopf.eu/>
- Seelkopf, L., Bubek, M., Eihmanis, E., Ganderson, J., Limberg, J., Mnaili, Y., Zuluaga, P., & Genschel, P. (2021). The Rise of Modern Taxation: A New Comprehensive Dataset of Tax Introductions Worldwide. *The Review of International Organizations*, 16(1), 239–263. <https://doi.org/10.1007/s11558-019-09359-9>
- Semyonov, M., & Lewin-Epstein, N. (2013). Ways to Richness: Determination of Household Wealth in 16 Countries†. *European Sociological Review*, 29(6), 1134–1148. <https://doi.org/10.1093/esr/jct001>

- Service-public.fr. (2024, 7 November). Quels sont les droits à payer sur une donation selon le lien avec le donateur ? <https://www.service-public.fr/particuliers/vosdroits/F14203>
- Sila, U., & Sousa, R. M. (2014). Windfall Gains and Labour Supply: Evidence from the European Household Panel. *IZA Journal of Labor Economics*, 3(1), 1. <https://doi.org/10.1186/2193-8997-3-1>
- Slovenia. (n.d.). Inheritance and Gift Tax Act. PISRS. <https://pisrs.si/pregledPredpisa?id=ZAKO4705>
- Sommer, E. (2017). Wealth Transfers and Tax Planning: Evidence for the German Bequest Tax. *IZA Discussion Paper*, 11120.
- Spilerman, S., & Wolff, F.-C. (2013). *Parental Wealth and Resource Transfers: How They Matter in France For Home Ownership and Living Standards* (SSRN Scholarly Paper No. 2243091). <https://papers.ssrn.com/abstract=2243091>
- Stantcheva, S. (2021). Understanding Tax Policy: How do People Reason? *The Quarterly Journal of Economics*, 136(4), 2309–2369. <https://doi.org/10.1093/qje/qjab033>
- State Tax Inspectorate of the Republic of Lithuania. (n.d.). Personal income tax. <https://www.vmi.lt/evmi/en/gyventoju-pajamu-mokestis2>
- Sturrock, D., Groot, S., & Möhlmann, J. (2022). Wealth, Gifts and Estate Planning at the End of Life. *Institute for Fiscal Studies Working Paper*, 22/29.
- Suari-Andreu, E. (2023). Labour Supply, Retirement, and Consumption Responses of Older Europeans to Inheritance Receipt. *Empirical Economics*, 64(1), 33–75. <https://doi.org/10.1007/s00181-022-02242-4>
- Suari-Andreu, E., Alessie, R. J. M., Angelini, V., & Van Ooijen, R. (2024). Giving with a Warm Hand: Evidence on Estate Planning and Inter-Vivos Transfers. *Economic Policy*, eiae023. <https://doi.org/10.1093/epolic/eiae023>
- Tait, A. A. (1967). *The Taxation of Personal Wealth*. University of Illinois Press.
- Tisch, D., & Schechtel, M. (2025). The Gender (tax) Gap in Parental Transfers. Evidence from Administrative Inheritance and Gift Tax Data. *Socio-Economic Review*, 23(2), 671–694. <https://doi.org/10.1093/ser/mwae038>
- Troup, E., Barnett, J., & Bullock, K. (2020). *The Administration of a Wealth Tax* (No. 11; Evidence paper). Wealth Tax Commission. https://www.wealthandpolicy.com/wp/EP11_Administration.pdf
- Tsoutsoura, M. (2015). The Effect of Succession Taxes on Family Firm Investment: Evidence from a Natural Experiment. *The Journal of Finance*, 70(2), 649–688. <https://doi.org/10.1111/jofi.12224>

Tur-Sinai, A., Künemund, H., & Vogel, C. (2022). Inheritances and Work for Pay—Will the Expected Wave of Bequests Undermine Active Ageing Policies? *European Journal of Ageing*, 19(4), 1251–1261. <https://doi.org/10.1007/s10433-022-00706-1>

UBS. (2023). *Billionaire Ambitions Report 2023. The Changing of the Guard*. UBS Evidence Lab. <https://advisors.ubs.com/mediahandler/media/631713/Billionaires%202023%20Report%20single%20page.pdf>

Valtiovarainministeriö. (2025, September 22). Hallituksen esitys eduskunnalle laeiksi perintö- ja lahjaverolain ja eräiden muiden lakien muuttamisesta (HE 94/2025 vp). Finlex. https://www.finlex.fi/fi/hallituksen-esitykset/2025/94#OT1_OT1_OT0

Ventura, L., & Horioka, C. Y. (2020). The Wealth Decumulation Behavior of the Retired Elderly in Italy: The Importance of Bequest Motives and Precautionary Saving. *Review of Economics of the Household*, 18(3), 575–597. <https://doi.org/10.1007/s11150-020-09486-y>

Vidal, G., Thiemann, A., Salazar, L., & Noguera, J. A. (2025). Bridging the Wealth Gap: Simulating Universal Inheritance in Four EU Countries. *Journal of European Social Policy*, 35(2), 173–188. <https://doi.org/10.1177/09589287241311147>

Villalonga, B., & Amit, R. (2006). How Do Family Ownership, Control and Management Affect Firm Value? *Journal of Financial Economics*, 80(2), 385–417. <https://doi.org/10.1016/j.jfineco.2004.12.005>

von Löffelholz, H. D., & Rappen, H. (2003). *Kosten der Besteuerung in Deutschland*.

Voss, P. R., Gunderson, R. J., & Manchin, R. (1988). Death Taxes and Elderly Interstate Migration. *Research on Aging*, 10(3), 420–450. <https://doi.org/10.1177/0164027588103007>

Waldenström, D. (2015). Fiscal lessons: Ten years without the Swedish inheritance tax. *Journal of Public Economics*, 127, 1–12. <https://worldtaxpayers.org/2016/09/fiscal-lessons-ten-years-without-the-swedish-inheritance-tax/>

Wei, H., & Yang, Z. (2022). The Impact of Inheritance on the Distribution of Wealth: Evidence from China. *Review of Income and Wealth*, 68(1), 234–262. <https://doi.org/10.1111/roiw.12513>

Winter, R., & Zental, J. (2025). Better Early than Never – The Effects of Anticipated Gift Tax Changes on Business Transfers. *CESifo Working Papers*

(11687). https://www.ifo.de/DocDL/cesifo1_wp11687.pdf;
<https://doi.org/10.2139/ssrn.5159917>;

Wolff, E. N. (1996). Discussant's Comments on Douglas Holtz-Eakin, 'The Uneasy Case for Abolishing the Estate Tax'. *Tax Law Review*, 51(3), 517–522.

Wolff, E. N., & Gittleman, M. (2014). Inheritances and the Distribution of Wealth or Whatever Happened to the Great Inheritance Boom? *The Journal of Economic Inequality*, 12(4), 439–468. <https://doi.org/10.1007/s10888-013-9261-8>

Wu, D.-K. (2024). *Inheritance Tax and Wealth Inequality: Evidence from Austria*. SSRN. <https://doi.org/10.2139/ssrn.4764478>

Zucman, G. (2024). *A Blueprint for a Coordinated Minimum Effective Taxation Standard for Ultra-High-Net-Worth Individuals*. EU Tax Observatory. <https://www.taxobservatory.eu/www-site/uploads/2024/06/report-g20.pdf>

5. Exit taxes

5.1. Introduction

The aim of Chapter 5 is to map exit tax provisions currently in place in EU Member States and to categorise and compare exit tax provisions based on key criteria. This chapter will also discuss key challenges from the point of view of tax authorities and taxpayers.

5.1.1. General characteristics of exit taxes

Exit taxes, also known as expatriation or emigration taxes, are taxes levied on unrealised gains on a transfer of residence or assets (Hernández González-Barreda 2024). The aim is to tax the value increases of assets, hidden reserves, and any untaxed income that arose on the taxing state's territory when the taxpayer ceases to be a tax-resident of the state. The purpose of exit taxes is to protect tax bases by preventing the escape of untaxed revenue by emigration, and to ensure that capital gains accrued on an asset are assessed for tax purposes at the time the holder becomes non-resident. Exit taxes are typically used as a complement and extension to capital gains taxation. In a situation where a country levies a capital gains tax but does not have an exit tax, the gains that an individual makes while living in the country are not taxed if the individual emigrates before realising the asset. Even if the emigration itself were not motivated by tax reasons this would result in lost tax revenue and unequal treatment of comparable taxpayers. Saez and Zucman (2019) note that the concern that the wealthy can avoid wealth taxes by moving their residence abroad is potentially more serious in the European context than in the US, since there is tax competition across EU Member States, and because income and wealth taxes in the EU depend on the current country of residence, whereas US citizens remain under US taxation for as long as they remain citizens.

Exit taxation typically takes the form of a capital gains tax that is applied to a certain calculated measure of the *increase* in value of an individual's assets. The calculated increase in value is then regarded as capital income in the taxation of the individual whose tax residence ends. The tax is typically levied in connection with emigration, a notable exception being the United States. US citizens living abroad remain liable to tax and an exit tax is applied only upon the relinquishment of citizenship. Central characteristics of exit tax policies that differ between countries levying exit taxes include deferral options, residence conditions, and thresholds. There are also differences across countries in the assets taxed. The tax is typically imposed on value gains from shareholdings, investment portfolios, participations in private companies, intellectual property and financial instruments. In the case of business property, it is crucial whether

the gains are attributable to a permanent establishment (PE) that the business has in the country. According to the OECD Model Tax Convention (OECD MTC), if the assets attributable to a PE remain in the exit state the state retains taxing rights even if the individual holding the assets emigrates. If the assets are transferred, then the exit state loses its taxing rights but can impose an exit tax on value gains. Thus, in the case of business property there is room for an individual exit tax only if the individual who has been conducting business in the country and had a PE there emigrates, and also transfers the PE to a different country or transfers assets between PE:s in different countries.

There is a shortage of careful estimates of the tax revenue potential or implications of exit taxes. Due to the residence conditions and value thresholds applied, the share of the population required to pay the tax is typically relatively small. However, a recent policy report by Advani et al. (2024) from the Centre for the Analysis of Taxation (CenTax) argues that the revenue potential of exit taxes can be significant due to the concentration of capital gains among a small number of people.

5.1.2. Exit taxes in the report

Exit taxes are essentially taxes on unrealised capital gains, and the behavioural response margins, potential distorting effects and associated challenges that are relevant to capital income and wealth taxes are also relevant to exit taxes.

Unrealised capital gains arise when the market value of an asset that has been purchased exceeds the purchase price before the asset has been sold. Taxing unrealised gains can be used to tackle tax avoidance and tax minimisation strategies and to prevent inefficient capital allocation due to lock-in effects (the rationale for taxing unrealised capital gains is discussed in detail in Chapter 3). Capital gains taxation can also mitigate vertical inequality, since capital gains are typically highly concentrated at the top of the income and wealth distributions. Similarly, taxing capital gains can enhance horizontal equality, as preferential tax treatment of capital favours capital income relative to labour income.

Despite the arguments in favour of taxing unrealised capital gains, there are also challenges. As unrealised capital gains do not generate observable cash flows, they are more difficult to evaluate than other forms of capital income. Taxpayers' liquidity issues and potential losses arising from the taxation of unrealised gains are also challenges that are characteristic of both exit taxes and other capital gains taxation. Both the arguments in favour of capital gains taxation and associated challenges, as well as the effects of capital gains taxes on investment and capital outflow, are discussed in detail in Chapters 2 and 3.

A behavioural margin that is somewhat specific to exit taxes is international migration, and the literature review in this chapter will focus on the migration

effects of taxation. Conversely, migration responses are also of interest for other wealth and income taxes.

A central potential distorting effect of exit taxes is that they may also lead to a decrease in international migration in cases where the purpose of migration is not to avoid taxes. If the taxes decrease labour mobility, they could have detrimental effects, for instance, on the international expansion of businesses, the building of international networks, and the transfer of skills and human capital across national borders. Conversely, tax provisions could also make EU Member States less attractive from the perspective of foreign labour and entrepreneurs, including individuals from third countries. The plausibility of these risks is evaluated on the basis of economic literature on tax incentives and international migration, and on the analyses of existing policies in Section 5.2. Exit taxes could also affect the timing of migration if wealthy individuals could bring forward or postpone migration to minimise their tax burden. This could take place especially when a new exit tax is introduced or when changes are made to existing policies.

Unfortunately, there is no high-quality economic research on migration responses to exit taxes. However, looking at the economic literature on migration responses to taxation more broadly, fairly regular patterns emerge. First, high-earning or high-net-worth individuals are often more responsive to changes in tax policy than the rest of the population. For other segments of the population, migration elasticities with respect to taxes are relatively low. In the economic migration literature, low migration propensities are typically thought to be a consequence of high migration costs. It is important to note that in economics, migration costs are understood in a wide sense and cover the total monetary and non-monetary costs an individual or a household faces when moving between locations. The monetary costs can include items such as travel expenses and legal and administrative costs, while the non-monetary component can include, for instance, the social and psychological costs of being separated from family and friends and other social networks and having to adjust to a foreign language and culture. For a significant part of the population, the economic incentives to migrate internationally, including tax incentives, would then simply not be large enough to make them migrate. Second, a general finding in research on migration responses to income tax differentials is that migration elasticities with respect to domestic taxes are smaller than the elasticities with respect to foreign taxes. Whether the latter regularity also holds in the case of exit taxes and high-net-worth individuals who are required to file them is uncertain.

The main takeaway from the literature on the migration effects of tax incentives is that the high-net-worth individuals whom exit taxes typically concern are more likely to react to tax incentives by migrating than the rest of the population (Kleven et al., 2020). Therefore, if a country has a capital gains tax policy in place, it is a likely scenario that taxpayers would migrate to countries with lower or non-existent capital gains taxes to reduce their tax burden. This speaks in

favour of complementing a capital gains tax with an exit tax policy. On the other hand, exit tax policy can also decrease immigration of high-net-worth individuals. The effects on immigration of groups with lower worth and incomes are likely to be small, both because their migration decisions are less likely to be affected by tax incentives and because the applied value thresholds and residence requirements can be planned so as to minimise the effects on temporary labour migration.

To minimise the detrimental effects on labour mobility, it can be essential to set residence conditions so that temporary labour migration is not affected. That is, the duration of residence required for the exit tax to be triggered should be long enough that migration periods typical of temporary labour migration would fall short of the time limits. Setting sufficiently high value thresholds is also important. From the point of view of international competitiveness in attracting labour, it is worth highlighting that a significant share of big European economies levy exit taxes, as do a number of other industrialised countries, so simply having an exit tax should not make a country stand out as an unattractive destination for labour or capital. It is rather the details of the policy design and measures that matter.

From the taxpayers' perspective, it is important to avoid situations where the same capital gain would be taxed both in the country of origin and in the country to which they are migrating. Double taxation could arise if the former country of residence applies an exit tax when the taxpayer ceases to be a tax resident, and the new country of residence taxes the capital gain when it is realised on the disposal of the asset. Tax treaties can be used to avoid double taxation by providing allocation rules regarding the taxation of capital gains and by providing for exchange of information between authorities in the two countries. Liquidity issues can also be a problem, and it is therefore important to include deferral options in the exit tax legislation.

Another central challenge is that exit tax provisions are inevitably relatively complex and costly due to the need to value the assets being taxed. This complexity both imposes an administrative burden on the tax authorities and creates uncertainties and compliance costs for the taxpayer. From the point of view of the taxpayer, uncertainties concerning the calculated values of assets can also lead to tax risks, the presence of which can distort economic decisions.

Despite the associated challenges, it is also worth noting that a policy of not levying an exit tax and thus leaving capital gains untaxed in the case of a taxpayer emigrating also creates a distortion. An economically more efficient policy would be to tax the capital gains accrued during residence (in the case of emigration), and to exempt gains accrued before becoming tax resident (in the case of immigration). Such a policy, as well as the practicalities of the necessary exchange of information between the authorities of the two countries, can be agreed upon in a tax treaty. The role of information exchange in tackling

tax avoidance and evasion, along with institutional settings, are discussed in Chapter 1 on net wealth taxes.

The following Section 5.1 discusses the exit tax policies in European countries. Section 5.2 provides an overview of the exit tax policies in EU Member States, and Section 5.3 reviews the relevant academic literature and related policy reports. As research on exit taxes is scarce, the literature review discusses other closely related strands of literature to provide a comprehensive picture. The literature review first briefly discusses the migrant self-selection literature and then proceeds to the migration effects of income taxation and the migration effects of capital and wealth taxation.

5.2. Exit tax policies in European countries

Austria

In Austria, exit tax applies primarily to individuals who transfer their tax residence abroad, taxing unrealised capital gains on certain assets at a rate of 27.5%, which aligns with the capital gains tax rate. Exit tax can also arise if Austria's taxing rights over the assets cease for reasons other than emigration, for example, when the assets are inherited by a person resident abroad. This tax covers assets such as shares, bonds, and other securities that have appreciated in value while the individual was a resident of Austria. In some cases, the payment of the exit tax can be deferred upon request if the individual moves to another EU/EEA country. Deferred exit tax becomes payable in particular if the assets are sold or if the person moves to a third country (PwC, 2025).

Belgium

In Belgium, there is no general exit tax except within the scope of the Cayman tax, which is anti-abuse legislation.

In the context of a potential tax reform in Belgium, however, the country's incoming government coalition is considering a major tax reform that includes the introduction of an exit tax. This new tax would apply to individuals relocating their tax residence outside Belgium, treating their financial assets as transferred for valuable consideration. A 10% tax would be levied on capital gains accrued up to the point of moving. This proposal marks a shift from the current system, which lacks a general exit tax except in anti-abuse scenarios, and aims to ensure the taxation of gains accumulated under Belgium's tax jurisdiction before residents move to potentially lower-tax destinations.

A recent proposal from the Belgian government has an exit tax applicable to individuals who transfer their tax residence abroad. Gains accrued before 2026 would be exempt, with the acquisition value set at the market value on 31 December 2025, unless the original acquisition value is higher. This reform represents a major shift in Belgium's approach to taxing private wealth and aims to improve fairness and fiscal sustainability. This proposal is currently being evaluated (PwC, 2025).

Bulgaria

Bulgaria does not apply an exit tax to individuals.

Croatia

Croatia does not apply an exit tax to individuals leaving the country.

Irrespective of an individual moving out of Croatia, there may be circumstances where, unless prescribed exemptions apply, other Croatian taxes apply (PwC, 2025):

- personal income tax on disposals of property and property rights (24%) and financial assets (12%).
- real estate transfer tax on transfers of real estate ownership (3%).

ATAD1 rules should be given due consideration (EUR-Lex, 2022).

Cyprus

Cyprus does not apply an exit tax to individuals.

Czechia

In Czechia, there is no specific exit tax applicable to individuals who transfer their residence abroad. However, Czech tax residents are subject to personal income tax on their worldwide income, and any capital gains realised while they were residents are taxed accordingly. The only exceptions to this rule are asset transfers related to securities financing, assets provided as collateral, and similar arrangements, provided that the assets are set to revert to the Member State of transfer within 12 months (PwC, 2025).

Denmark

Exit taxation applies to individuals who have been considered tax resident in Denmark and who are leaving Denmark with assets – including but not limited to shares, options, bonds, certain pension plans, and certain property investments. Assets that remain liable to tax in Denmark are not included on the exit tax (for example, immovable property in Denmark). The tax rate is generally 27%, aligned with the capital gains tax rate (Warschow, 2024).

If, during an individual's time in Denmark, their ties were to a country with which Denmark does not have a DTT, then Denmark's domestic rules determine whether the individual was tax resident. If the individual is considered tax resident under domestic rules at the time of departure, Denmark will apply exit taxation (regardless of a DTT). Specific exit-tax rules apply to each type of asset. However, exit tax on shares, bonds, claims, and financial contracts applies only if the individual has been subject to full Danish taxation (resident, or resident and treaty-resident) for at least seven of the past ten years at the date of departure (i.e. the date on which resident-based taxation ceases).

The rules apply to both Danish and foreign assets, shares, investment funds, financial contracts, deposit accounts, and similar arrangements.

If the exit tax rules apply, the assets concerned are treated as sold on the date of departure, and the individual becomes liable for Danish exit tax on the deemed gain (*'fracflytterskat'* in Danish). It may be possible to apply for a deferral of payment of the exit tax, provided a number of conditions are met and recurring obligations are fulfilled, such as providing security (deferral terms vary depending on the type of asset involved). The deferral agreement will vary depending on the assets or investment type in question (PwC, 2025). These rules are not unique to Denmark. Many countries with exit taxes impose similar deferral conditions, monitoring, and enforcement requirements. Denmark's system is mirrored by several other jurisdictions (especially in Europe), such as France, the Netherlands and Germany, which also require such things as financial security (guarantees) and recurring compliance obligations for exit tax to be deferred.

Estonia

There is no separate exit tax law for individuals, but unrealised gains accrued during Estonian residence are taxed at the standard rate (22%) upon departure, since residents are taxed on worldwide income. However, if an individual has any outstanding tax liabilities or obligations, these must be settled before leaving the country. Additionally, Estonia has various tax treaties with other countries to avoid double taxation, which can affect the tax obligations of individuals moving abroad. These tax obligations include an exit procedure (required by the Estonian Tax and Customs Board), involving the filing of a final

income tax return for the part of the year that the person was living in Estonia (up to the date of exit) and paying any taxes that are due for that year. The departing individual must also obtain a certificate of tax compliance (sometimes called a tax clearance certificate) from the tax authorities, confirming that they have no tax debts.

Finland

Finland does not have an exit tax for individuals who transfer their residence abroad. In 2022, the Finnish government published a proposal for an exit tax that would have come into force in 2023. However, the government did not proceed with it. The proposed tax would have applied to unrealised capital gains on certain assets, such as shares, options, bonds, certain pension plans, and virtual currencies. The tax rate would have been aligned with the capital gains tax rates, which are 30% for gains up to EUR 30 000 and 34% for gains exceeding that amount.

The exit tax would have applied to individuals who had been tax residents in Finland for at least four out of the ten years preceding their move abroad. It would have been imposed on the increase in value of the assets while the individual was a resident of Finland. However, the payment of the exit tax could have been deferred until the assets were actually sold, provided certain conditions were met (Frände & Stellato, 2024).

France

French tax residents who move their tax residence outside France may be taxed on unrealised gains when they leave. The rule applies if they were French tax residents for at least six of the ten years preceding departure. It covers shares and other equity interests (listed or unlisted), co-investments and carried interest, and units or rights in investment funds, as well as unrealised gains tied to an earn-out held directly by members of the tax household. The tax is triggered if, at the date of departure, either the taxpayer (and household) holds more than 50% of a company's share capital or the total value of the relevant securities exceeds EUR 800 000. Liability for French income tax and social surtaxes is computed on the unrealised capital gains as of the date of departure from France at the ordinary capital gains tax rate, currently at the flat tax rate of 30% (comprising 12.8% flat income tax + 17.2% social surtaxes), excluding high earners' surtax of 3%/4%).

Payment of the exit tax can be deferred via a stay of payment which is granted automatically or upon request, depending on the country to which the individual relocates their residence (automatic stay for EU or other eligible countries; otherwise, a stay subject to guarantees – of 12.8% of unrealised gains – if outside the EU to non-eligible countries).

The exit tax automatically expires two years after the date of departure from France (if the shares are valued at below EUR 2 570 000) or 5 years (if the value of the shares exceeds EUR 2 570 000). It is worth noting that a provision of the 2025 draft Finance bill, rejected on 4 December 2024, aimed to increase this period to 15 years.

Assets structured through a life insurance policy or a PEA, and real estate assets held directly or indirectly, are outside the scope of the exit tax (PwC, 2025).

Germany

In Germany, the exit tax applies to individuals who transfer their residence abroad and own a substantial shareholding in a corporation. The German Foreign Tax Act contains regulations concerning exit taxation for individuals if certain requirements are met. Specifically, if an individual has been subject to unlimited tax liability in Germany for seven of the preceding twelve years and holds at least 1% of a corporation as a private asset, they fall within the exit tax rules.

The exit tax is triggered when the individual's unlimited tax liability in Germany is terminated, typically due to relocation. As a result, the capital gains of a deemed sale of the shares are taxed under German income tax regulations. The capital gains are taxed according to the partial income method (60% of the profit is taxable; income tax rate up to 45%), plus the solidarity surcharge (5.5% of the income tax due) and, where applicable, church tax (8% or 9% of the income tax due). In the case of holding companies, the company must carry out significant business activities, not just passive asset holding, for the exit tax rules to apply. A deferral may be granted, particularly in the case of an intention to return, whereby the assessment and tax assessment are carried out beforehand and a security is required. If the taxpayer becomes subject to unlimited tax liability in Germany again within seven years, the exit tax can be retroactively waived (extension up to five years possible upon request). Upon application, payment of the exit tax may be deferred in seven equal annual, interest-free installments, usually against security. If the taxpayer intends to return, payment of the annual installments may be waived. Whether a deferral can be granted beyond this is being examined under European law (PwC, 2025). The German exit tax regime, including the deferral options, is in accordance with EU law.

In the case of commercial partnerships (as opposed to asset-managing partnerships, which are transparent), hidden reserves are taxed on exit, regardless of the size of the share and how long someone has been liable for tax in Germany. In this context, 'transparent' means that the partnership itself is not taxed as a separate entity; instead, its income and gains are attributed

directly to the partners, who are taxed individually. The exit regulation also applies to business-oriented partnerships.

In case of relocation to an EU/EEA country, an irrevocable application for the creation of a balancing item according to § 4g of the German Income Tax Act (EStG) is possible, with uniform dissolution within five years. Unlike § 6 AStG, there is no return provision.

The capital gains are taxed according to the partial income method (60% of the profit is taxable; income tax rate up to 45%), plus the solidarity surcharge (5.5% of the income tax due) and, where applicable, church tax (8% or 9% of the income tax due). The partial income procedure applies if hidden reserves relate to shares in corporations. However, the hidden reserves are only taxed if Germany loses the right of taxation under double tax treaties.

The exit tax provision also applies in cases where taxation rights are restricted, for example under the credit method in double tax treaties or § 34c EStG.

Greece

In Greece, in principle, there is no exit tax imposed on individuals.

A form of exit taxation applies to legal entities when they transfer their tax residence, financial assets, or permanent establishment abroad. This tax is imposed on unrealised capital gains on certain assets, such as shares, bonds, and other securities. The tax is calculated at the corporate income tax rate applicable in the year of exit (currently 22%). It was established in Greek legislation on the basis of Article 5 of the Anti-Tax Avoidance/BEPS Directive (European Union, 2016).

Hungary

In Hungary, there is no specific exit tax for individuals who transfer their residence abroad. The country operates under a worldwide tax system, meaning that Hungarian tax residents and domiciled individuals are subject to tax on their worldwide income and gains. Non-residents are taxed on income derived from Hungarian sources, excluding capital gains on securities and movable property. Therefore, when an individual leaves Hungary, they are not subject to an exit tax on their unrealised capital gains.

Ireland

In Ireland, there is no specific exit tax for individuals who transfer their residence abroad. The country operates under a worldwide tax system,

meaning that Irish tax residents and domiciled individuals are subject to tax on their worldwide income and gains.

When an individual leaves Ireland, they are not subject to an exit tax on their unrealised capital gains. However, there is specific anti-avoidance legislation that seeks to tax Irish domiciled individuals on gains arising on disposals made during a period of temporary non-residence when the following conditions are met (Revenue, n.d.):

- the period of non-residence in Ireland was less than five years,
- the gain is realised on shares in a company, or on shares they had the right to acquire on the last day they were resident in Ireland prior to becoming non-resident, and
- on the last day before the individual became non-resident in Ireland, the shares, or the rights that the individual beneficially owned had a market value equal to or in excess of 5% of the issue share capital in the company or valued in excess of EUR 500 000, which deems an individual to have disposed of an asset.

Italy

Italian tax law does not provide for an exit tax on individuals who transfer their residence abroad.

Nevertheless, if the individual performs an entrepreneurial activity, the relocation of their tax residence entails the application of an exit tax on the potential capital gain arising from the transfer of the business, pursuant to Article 166 of the Italian Tax Code.

The capital gain is determined as the difference between the fair market value of the transferred going concern and its tax cost basis. In the case of the transfer occurring between Italy and another EU Member State (or EEA member), under specific conditions, it is possible to defer the taxation over a period of five years, including the one in which the transfer occurs.

The tax rate for individuals is up to 43% on the sum of all income realised in a given year, depending on the aggregate amount. However, the entrepreneur may separately tax the capital gain arising from the transfer of the going concern. In such a case, the applicable tax rate will be reduced to half of the average tax rate applied over the past two years (PwC, 2025).

Latvia

In Latvia, there is no specific exit tax for individuals who transfer their residence abroad. The country operates under a worldwide tax system, meaning that

Latvian tax residents are subject to tax on their worldwide income and gains. Non-residents are taxed on income derived from Latvian sources, excluding income from the alienation of financial instruments present in the public circulation, also from the alienation of debt securities of Latvia or another European Union Member State or a European Economic Area State and local governments. Therefore, when an individual leaves Latvia, they are not subject to an exit tax on their unrealised capital gains.

Lithuania

In Lithuania, there is no specific exit tax for individuals who transfer their residence abroad. The country operates under a worldwide tax system, meaning that Lithuanian tax residents and domiciled individuals are subject to tax on their worldwide income and gains. Non-residents are taxed on income derived from Lithuanian sources, excluding capital gains on securities and movable property. Therefore, when an individual leaves Lithuania, they are not subject to an exit tax on their unrealised capital gains.

Luxembourg

Individuals leaving Luxembourg may be taxed under certain circumstances upon realisation of a capital gain.

Capital gains on shares from Luxembourg-based entities realised by a non-Luxembourg tax resident individual are taxable in Luxembourg only if the shares are disposed of within six months of their acquisition and the shareholding (held directly or indirectly, alone or together with the household (spouse or partner and minor children)) exceeds 10% of the share capital of the Luxembourg company upon disposal of the shares or at any time during the preceding five years (Guichet.lu, 2023).

A taxable capital gain may also arise in the case of disposal of a substantial shareholding in a Luxembourg company by a taxpayer who was a Luxembourg resident for more than 15 years and became a non-Luxembourg tax resident less than 5 years from the realisation of the capital gain.

In the case of any double tax treaty preventing double taxation concluded between Luxembourg and the country of residence allocating the exclusive right to tax capital gain on shares to the individual's country of residence, Luxembourg will not tax the capital gains referred to above.

Malta

Malta does not impose an exit tax on individuals who transfer their tax residence abroad. Therefore, when an individual leaves Malta, they are not

subject to an exit tax on their unrealised capital gains. That said, tax treaty considerations aside, under Malta's DTTs, capital gains on movable property are typically taxable only in the owner's state of residence. This means that if an individual emigrates from Malta and later sells assets such as shares or other movable capital, Malta generally cannot tax those gains once the person is tax resident elsewhere. In other words, under a DTT, such gains would be exempt from Maltese tax and only taxed by the new country of residence.

Netherlands

In general, the Netherlands does not have an exit tax. However, there is an exit tax for individuals who own a substantial interest (at least 5% of a company's shares, voting rights or profit rights) in a Dutch entity. This tax applies to unrealised capital gains on shares, options and other securities.

In the event of emigration, a deemed disposal of shares occurs. Subsequently, the Netherlands will issue a protective assessment for the income tax due. The taxpayer then has the option of settling the tax immediately or requesting a deferral of payment until the income from the substantial interest is realised. To obtain deferral, a written request must be submitted to the tax authorities, and sufficient security for payment must be provided. However, this requirement does not apply to emigration within the European Union or European Economic Area, where the request for and provision of security may be omitted.

The deferred payment ends if the conditions are no longer met or when a realisation event occurs under Dutch tax rules. In such cases, the tax due under the protective assessment is collected. This situation arises, for instance, when the shares are sold or gifted. In the case of a gift, under certain conditions the tax claim may be deferred.

Poland

In Poland, the exit tax was introduced in 2019 as part of the implementation of EU Directive 2016/1164, aimed at preventing tax avoidance practices. The tax applies to unrealised gains when an individual moves their assets to another country or changes their residence status, thereby depriving Poland of the right to tax income from the disposal of the individual's property.

According to the Polish PIT Act, the assets of an individual changing their tax residence include items other than those linked to business activity:

- all rights and duties in a company other than a legal person;
- shares in a company;
- derivative financial instruments; and

- participation units in capital funds.

The exit tax rate is set at 19% or 3%. The 19% tax rate applies when the tax value of an asset can be determined. This applies to situations where the transferred assets have a specific market value (for example, shares in companies, stocks, and securities); this rate is more commonly applied. The 3% tax rate applies when the tax value of an asset cannot be determined. It applies to situations where the transferred assets do not have a specific market value, or that value cannot be precisely determined.

The exit tax covers assets with a value exceeding PLN 4 million, which include rights and obligations in a partnership, shares in a company, stocks and other securities, derivatives, and certificates. It applies not only to assets acquired during the individual's Polish tax residence but also to those acquired before their arrival in Poland. However, several exemptions apply to individuals, including assets held for private purposes, such as personal belongings and properties not used for business purposes. Furthermore, certain provisions delay the tax assessment for temporary asset transfers that return to Poland within 12 months (PwC, 2025).

Portugal

In general, Portugal does not have a specific exit tax for individuals who transfer their tax residence abroad. Therefore, when an individual leaves Portugal, they are not usually subject to an exit tax on their unrealised capital gains.

Nonetheless, there are specific situations where exit tax applies, namely (PwC, 2025):

- In the case of crypto-assets. Termination of the individual's Portuguese tax residence is deemed a disposal for consideration of crypto-assets that have previously benefitted from a deferral of taxation under the Portugal-specific crypto regime, which means that, as a rule, taxation should arise if the individual becomes a non-resident in Portugal for tax purposes. In this case, the taxable income is determined by the excess of the market value at the date of loss of tax residence status in Portugal over the acquisition value, plus any necessary and effective expenses incurred on acquisition.
- In the case of gains derived from share plans covered by the special tax regime applicable to this type of plan, which establishes deferral of taxation of the income generated within the plan until certain conditions are met; one of these is loss of tax residence in Portugal. Under this regime, gains derived from the said share plans are taxable only on 50% of the respective amount at a flat rate of 28% (notwithstanding the option to be taxed under the applicable progressive tax rates). At the time of loss of tax residence status in Portuguese territory, the taxable gain

corresponds to the positive balance between the market value and the exercise price of the option or right, increased by any amount paid for the acquisition of said option or right.

- Under the tax neutrality regime applicable to share-for-share exchanges, mergers, or demergers, shareholders are not subject to taxation upon receiving shares of the acquiring company, provided certain conditions and requirements are met (deferral of taxation until the subsequent sale of the shares received). The same occurs when there is a contribution of assets to pay up the capital of a company, which results from the transfer of all assets linked to the performance of business and professional activities by an individual. However, if the shareholder is a Portuguese tax resident at the time of the transaction and subsequently ceases to be a resident, the deferred tax liability becomes immediately due (depending on the new country of residence, the taxpayer may request payment of the exit tax in instalments, subject to interest and compliance with several formalities). The capital gains amount is assessed based on the specific circumstances.

Romania

In Romania, there is no exit tax applicable to individuals who transfer their tax residence or assets abroad. The transfer of assets is subject to the general tax regime, depending on the individual's tax residence status.

Slovakia

Slovakia does not have a specific exit tax for individuals who transfer their tax residence abroad. The country operates under a worldwide tax system, meaning that Slovak tax residents and domiciled individuals are subject to tax on their worldwide income and gains. Non-residents are taxed on income derived from Slovak sources, excluding capital gains on securities and movable property.

Slovenia

When an individual leaves Slovenia, they must notify the Slovenian tax authorities to determine their residence status. If they leave for less than six months and maintain residential ties in Slovenia, such as a permanent home or family, they remain a Slovenian resident and are taxed on their worldwide income. However, if they plan to live abroad for more than six months and shift their economic and personal interests to another country, they become a non-resident of Slovenia. As a non-resident, they are only taxed on income sourced in Slovenia. This includes income from employment or services provided in Slovenia, income paid by Slovenian residents or foreign business units in

Slovenia, business activities conducted in Slovenia, income from Slovenian real estate, and securities or equity issued by Slovenia. Non-residents with real estate in Slovenia must pay property tax and a building land use charge, and if they sell real estate, they are liable for real estate sales tax (Financial Administration of the Republic of Slovenia, n.d.).

Spain

In Spain, the exit tax applies to individuals who transfer their tax residence abroad. If personal income tax (PIT) taxpayers cease to be tax residents in Spain, they must declare any income not yet allocated in their last PIT return or file a supplementary tax return to declare this income without penalties, late payment interest, or surcharges.

An exit tax will be levied on unrealised capital gains of those PIT taxpayers who lose their tax residence in Spain and own qualifying shares or interests in collective investment institutions (CIIs).

This applies to PIT taxpayers who have been resident in Spain for tax purposes for at least ten of the fifteen tax periods prior to the last tax period for which a PIT return should be filed, and who hold shares or interests whose market value exceeds EUR 4 million or represent at least 25% ownership with a value over EUR 1 million. Payment of the exit tax may be deferred upon the taxpayer's request in cases of temporary relocation for work reasons to a country or territory that is not considered a non-cooperative jurisdiction, or if the relocation is to a country with which Spain has a Double Taxation Treaty (DTT) containing an exchange-of-information clause.

If the taxpayer returns to Spain within five years (extendable to ten years for work-related relocations) without transferring the shares or interests, the deferred debt and any accrued interest will be waived.

If the taxpayer regains the status of PIT taxpayer without having transferred the ownership of the shares or interests, they may request the rectification of the self-assessment and claim a refund of the paid tax corresponding to the latent capital gains (PwC, 2025). Since 2024, taxpayers have also been allowed to file an amended self-assessment for this purpose.

The exit tax shall not apply when the taxpayer transfers their tax residence to another EU or EEA Member State, unless, within 10 years following the last tax period subject to this tax, any of the following circumstances occur (in case of occurrence, they must include the amount in their last Personal Income Tax for this tax):

1. The shares or units are transferred inter vivos.

2. The taxpayer ceases to be a resident in an EU or EEA Member State.
3. The obligation to notify the Spanish tax authorities, as required by law, is not fulfilled.

Sweden

Sweden applies an exit tax mechanism known as the “ten-year rule.” Under this rule, individuals who leave Sweden and change their tax residence may still be subject to Swedish tax on capital gains realised within ten years of departure, provided the assets were acquired while they were Swedish tax residents (PwC, 2025). This rule covers most capital assets acquired during Swedish residence, and the standard tax rate for capital gains is 30% (Swedish Tax Agency, n.d.).

In 2017, a new exit tax law was proposed to modify the ten-year rule by taxing unrealised capital gains of individuals leaving Sweden at 30% at the time of exit. The proposal faced significant criticism due to concerns about discouraging highly productive foreigners from moving to Sweden, incentivising early emigration, and potentially leading to personal bankruptcies and a chilling effect on investment (Copenhagen Economics, 2018). Ultimately, the legislative proposal was suspended, but the debate highlighted the challenges of implementing exit taxes on unrealised gains.

5.2.1. Comparison of exit tax provisions in Member States

Of the 27 European Union Member States, eight (Austria, Denmark, France, Germany, the Netherlands, Poland, Spain and Sweden) have exit tax legislation in place (see **Figure 14**). In addition, Portugal has an exit tax that applies in specific situations. Of the 18 Member States that do not have any kind of exit tax legislation, seven (Czechia, Estonia, Latvia, Lithuania, Hungary, Ireland and Slovakia) operate a worldwide tax system, and may tax capital gains from domestic sources after emigration depending on whether the taxpayer is considered tax resident.

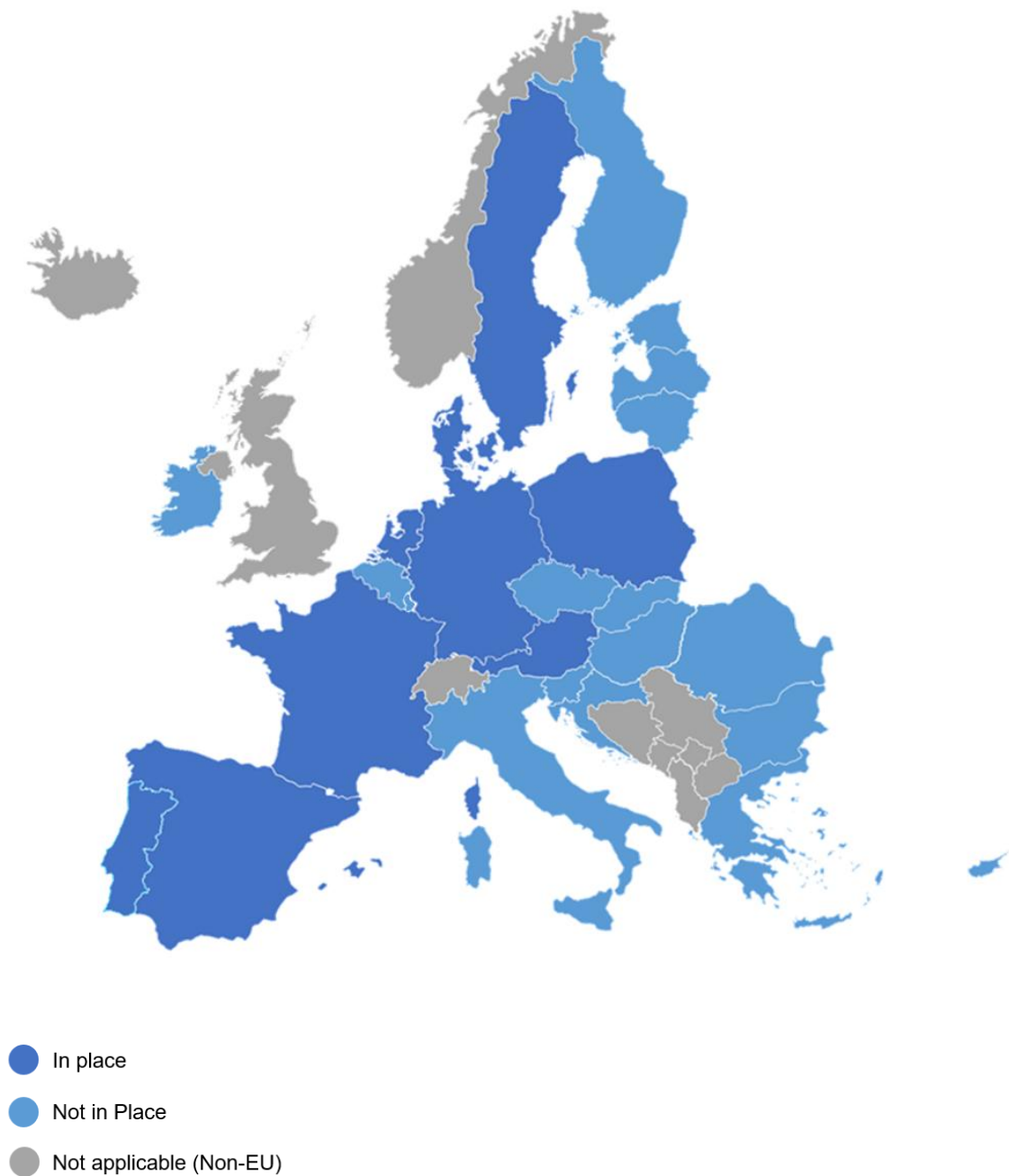
Most countries that levy an exit tax provide a deferral option, the only exception being Poland. In Sweden, the tax is not triggered upon emigration in the first place, but only when the asset is sold, provided it is sold within ten years of emigration. Whether deferral is granted can vary between asset types and depends on the destination country and other conditions. Typically, deferral is granted if migration is to EU or EEA countries. In addition, several jurisdictions require the provision of security for deferral to be possible.

Few reliable estimates exist of the tax revenue potential or implications of exit taxes. Calculations for the UK are provided in a recent policy report by researchers from the Centre for the Analysis of Taxation (CenTax) (Advani et

al., 2024). The study combines information on company ownership based on *the Persons of Significant Control (PSC)* register from Companies House with information on company values from Bureau van Dijk's Orbis database and analyses changes in residence among owners of UK companies between April 2023 and April 2024. Looking at UK nationals with major shareholdings in UK companies, the report finds a net outflow of at least GBP 5.1 bn and estimates that the UK loses at least GBP 500 million a year due to not taxing capital gains realised by individuals leaving the country. It is also worth pointing out that, by shareholder value, three-quarters of the analysed emigration was to countries where the assets can be sold without paying taxes. Due to data limitations, the figures are likely to underestimate the total value of capital gains and tax revenue. Interestingly, about three-quarters of the total shareholding value among those who left was attributable to just ten individuals out of the 2,400 individuals who left the country during the study period.

An important implication of the high concentration of capital gains is that even an exit tax with a high filing threshold can, in principle, provide significant revenue. For example, according to Hourani & Perret (2025), roughly 70% of unrealised capital gains are held by the top decile of income earners. However, the revenue potential of an exit tax depends on a number of factors, including the specifics of the tax policy and behavioural responses. To obtain reliable revenue estimates, economic studies on behavioural responses to exit tax policy would be needed, but applicable research is currently lacking. From a policy-design perspective, the revenue potential should also be weighed against compliance and administrative costs, robust estimates of which are also largely missing. Also, given the small absolute number of emigrants with substantial capital gains, in practice revenue is highly volatile across years. In this sense, an exit tax can be seen as a supplemental policy, rather than a central source of revenue.

Figure 14 – European Union Member States according to whether there is an exit tax policy in place



Source: Own elaboration.

5.2.2. Conclusion

This section provides a concise overview of exit taxation for individuals who transfer their tax residence abroad or otherwise trigger a loss of taxing rights.

Broadly, many jurisdictions do not levy a general exit tax on individuals; others tax unrealised gains, typically on financial assets, subject to residence conditions, value or ownership thresholds, and specific timing rules. Where exit taxes apply, regimes frequently allow deferral or postponement of payment, often conditional on providing security and meeting recurring obligations, and may grant relief in defined return or non-disposal scenarios. Overall, approaches differ in scope, triggers and administration, but converge on taxing gains accrued under the departing jurisdiction's taxing rights.

Several Member States apply exit taxation to individuals in defined circumstances. Broadly, these regimes tax unrealised gains on financial assets when taxing rights cease, often through a deemed disposal at departure. Application commonly depends on factors such as residency duration and ownership or value thresholds, and may involve administrative steps like protective assessments or a formal exit procedure. Payment is frequently deferrable, typically subject to conditions (e.g. security and recurring obligations), with relief available in certain non-disposal or return scenarios. Scope can exclude specific structures or asset classes, and targeted exemptions or temporary transfer rules may apply. Overall, approaches converge on taxing gains accrued under the departing jurisdiction while providing conditional deferral and compliance requirements.

To conclude, regimes differ in scope, triggering conditions, treatment of unrealised gains, and availability of deferral, while several jurisdictions retain no specific exit tax for individuals but rely on general tax and treaty rules or targeted anti-avoidance provisions

5.3. Challenges associated with exit taxes

5.3.1. Literature review on migration responses to taxation

Migrant self-selection

In the economic migration literature, a central concept in understanding migration flows has been migrant self-selection. The self-selection literature, initiated by Borjas (1987), emphasises the idea that work-related migration decisions are likely to be driven by cross-country differences in returns to skills. Economic migrants are *self-selected* in that they differ in their individual labour market characteristics from those who do not migrate. In the case of positive self-selection, the migrants are, on average, better educated, more capable or ambitious, or otherwise have characteristics that are beneficial in the labour market. Conversely, in the case of *negative self-selection*, migrants are less educated and less skilled. A number of studies using data from European

countries support the hypothesis that migrants from rich and redistributive countries tend to be positively selected. Parey et al. (2017) use survey data on German university graduates and split destination countries into those with lower and those with higher returns to high skills relative to Germany. According to the findings, migrants to less equal countries are positively self-selected, whereas migrants to more equal countries are negatively self-selected in terms of earnings. A study by Borjas et al. (2019) uses full-population registry data from Denmark from 1995 to 2010 to study the self-selection of prime working-age migrants. The findings show that Danish emigrants are better educated than the rest of the population, and positively self-selected both in terms of earnings and in terms of residual earnings after taking into account the component of earnings that is explained by education and socio-economic characteristics observed in the data. Kauppinen & Poutvaara (2024) find qualitatively similar results using comparative data from Finland.

Even though differences in returns to skills are one determinant of migration flows, a more general understanding of both causes and consequences of migration is needed to guide policy. Pekkala Kerr et al. (2016) provide an extensive discussion of factors determining international high-skilled migration flows, and argue that factors such as agglomeration advantages, productivity spillovers, intra-firm relocation of workers in multinational enterprises, and links between higher education abroad and overseas job opportunities both affect migration flows and make the consequences of migration unclear. Even though the emigration of high-skilled workers increases concerns about brain drain, high-skilled emigration can also create connections to global sources of knowledge and capital. Moreover, some migrants will return with increased skills and social capital.

Migration responses to tax-policy

Despite the importance of the topic, empirical evidence on migration responses to tax policy has been scarce due to methodological challenges and the lack of applicable data. From an exit tax perspective, it is essential to understand mobility responses to capital and wealth taxation.

Due to the scarcity of evidence on migration responses to capital income and wealth taxes, a review of the literature on migration responses to income taxation is presented. The aim is to identify general patterns in migration responses to taxation among high-earning or wealthy individuals that could also be relevant for exit taxes.

Migration responses to income taxation

Much of the recent research on migration responses to income taxation has focused on high-earning individuals (Kleven et al. 2013, Kleven et al. 2014).

Some papers have also studied individuals in occupations for which detailed information on earnings and taxes in different countries is available. Kleven et al. (2013) study the location choices of professional football players across European clubs, and find evidence of strong mobility responses to tax rates. As professional athletes can be considered a particularly mobile group of workers, it is unclear how much one can generalise from the findings to other population segments, and the authors suggest that the results provide an upper bound on the migration response to taxes. As the upper bound is large, the results suggest that mobility induced by income tax may also occur on other labour markets. Akcigit et al. (2016) study the effect that taxation has on the mobility of top inventors using international panel data on the European and US patent offices combined with data on international marginal top income tax rates. According to the analysis, top income tax rates strongly affect the location choices of top inventors.

Kleven et al. (2014) analyse the effects of a preferential tax scheme for high-skilled foreign workers in Denmark. The scheme that was introduced in 1991 allowed new high-earning immigrants to be taxed at a considerably lower tax rate for a period of three years. The scheme also applied to Danish citizens who had lived abroad and had tax residence there for at least three years (extended to at least 10 years from 2011). According to the findings, the scheme doubled the number of high-earning foreign workers in Denmark relative to slightly lower-paid foreigners who were not eligible for the scheme. The study also finds a negative effect of the reduction in the tax rate on pre-tax earnings of the foreign migrants.

Using registry sources, researchers have also studied both internal migration across tax jurisdictions in countries with a federal structure (Young et al., 2016; Martinez, 2017; Agrawal & Foremny, 2019), and international migration to and from countries that have rich administrative tax and earnings data and records of migration events (Kleven et al., 2014; Kalin et al., 2022).

Kalin et al. (2022) use registry data sources and estimated earnings and taxes in potential destination countries to study emigration from Finland. The study finds very small migration elasticities with respect to domestic labour income taxes and larger elasticities for foreign taxes. Muñoz (2023) studies the effects of top income tax rates on top earners' migration, using an individual-level dataset on mobility in 21 European countries. The study exploits the differential effects of changes in top tax rates on individuals at different earnings levels and finds that top earners' location choices are significantly affected by the top income tax rates.

Migration responses to taxes on wealth and capital

Bakija & Slemrod (2004) examine how changes in tax policies affect the reported locations of wealthy elderly people across states in the US. According

to the findings, the number of federal estate tax return filers reported as residing in each state is negatively affected by the level of taxes imposed on high-income and high-wealth people in that state. The findings are most convincing for estate, inheritance and sales taxes, whereas there is also weaker evidence of similar effects for income and property taxes. The evidence is consistent with the notion that wealthy individuals change their real or reported state of residence to avoid high taxes. Another study on elderly migration and estate, inheritance and gift taxes in the US is by Conway & Rork (2006). According to their findings, it is possible that the causality runs in the other direction. That is, states that are destinations for high elderly migration may reduce their taxes subsequently. Unlike in Bakija & Slemrod (2004), the analysis is not restricted to the wealthy elderly. It is therefore possible that the residence choices of the wealthiest elderly would be affected by taxes, even if overall elderly migration were not. Brülhart & Parchet (2014) study bequest taxation in Switzerland, and do not find a relationship between bequest tax rates and the migration patterns of elderly taxpayers. A more thorough review of migration responses to inheritance taxation is provided in Chapter 4.

A recent study on migration responses to wealth taxation is Jakobsen et al. (2024). The study uses administrative data on wealth, firm ownership structure, and international migration events from Sweden and Denmark, and estimates international migration responses to changes in wealth taxation and the economic implications of tax-induced migration. The main analysis focuses on the repeal of the Swedish wealth tax in 2006. The statutory marginal tax rate had been stable at 1.5% until 2007, when it dropped to 0%. The study finds that a 1% increase in the net-of-tax rate reduces the emigration rate of wealthy taxpayers by 0.17 percentage points and increases the in-migration rate by 0.05 percentage points. The estimated effect on migration flows translates into a modest effect on the stock of wealthy individuals in Sweden, as a 1% increase in the net-of-tax rate increases the stock by less than 1%. This is explained by the low general mobility of wealthy individuals. The paper finds similar results using data from Denmark, focusing on two large wealth tax reforms in Denmark. In order to study how the effects of wealth taxes on migration further affect the aggregate economy, the study combines the estimated migration elasticities with the estimated effects of migration events on a range of economic outcomes. According to the analysis, the effects of wealth tax-induced migration on economic activity are moderate. In the long run, a one percentage point increase in the top wealth tax rate would decrease aggregate employment by 0.05%, aggregate investment by 0.07%, and aggregate value added by 0.13%.

The paper also estimates tax revenue implications of migration responses to wealth taxation. For each additional dollar of revenue raised by the wealth tax, 0.16 dollars are lost due to migration responses. Changes in savings, investment, avoidance, and evasion imply a loss of 0.54 dollars per additional dollar of tax revenue. Migration responses would thus be much less important for policy design than the intensive-margin responses. Importantly, migration

responses are not large enough to make the abolition of wealth taxes self-financing.

Interestingly, the study is also able to look into the implications of migration by entrepreneurs on the economic activity of the firms they control. The out-migration of the owners affects the performance of the firms mainly through firm closures. The effects of in-migration are similar in scale, but with the opposite sign. Moreover, substantial re-allocation takes place, as closed firms are absorbed by other companies through mergers and acquisitions. Losses in employment and earnings experienced by employees also remain small. Previous literature on the effects of CEOs and managers on firm performance has found large negative effects of CEO death or retirement on firm and employee outcomes (Smith et al., 2019; Jäger & Heining, 2022), but the effects of migration are much smaller in magnitude. For example, Smith et al. (2019) estimated a 26 percentage point decrease in the probability of firm survival after retirement of the owner and an 82% decrease in profits per employee. After conditioning on firm survival, the estimated decrease in profits per employee is 45%, while the effect of owner out-migration found by Jakobsen et al. is negligible. Owner migration therefore seems less disruptive for firm performance than other reasons for the absence of the owner, as owners retain control of the firms after migration or the firms are absorbed through mergers and acquisitions.

Advani et al. (2025) study the effect of taxes on the migration of the very rich using administrative data and policy variation from the UK foreign-domiciled (non-dom) status, a policy that allowed foreign-born immigrants not to pay UK tax on foreign-source earnings and investment returns unless remitted to the UK. The study combines data covering the full population of taxpayers claiming non-dom status with a 2018 reform that removed access to the remittance basis for long-stayers. The reform led to a 19% fall in the share of income they retained after tax. According to the findings, the tax hike led only to modest emigration responses. The emigration rate increased temporarily by six percentage points after the reform, from a base of roughly 5%, before reverting to its pre-reform level.

Chapter 1 provides a review on research of wealth taxes and internal migration.

5.3.2. Overview of challenges related to exit taxes

As exit taxes are essentially taxes on unrealised capital gains, potential distorting effects and associated challenges that are relevant to capital income and wealth taxes are also relevant for exit taxes. As unrealised capital gains do not generate observable cash flows, they are more difficult to evaluate than other forms of capital income. Taxpayers' liquidity issues and potential losses arising from the taxation of unrealised gains are also challenges characteristic of both exit taxes and other capital gains taxation. The arguments in favour of

capital gains taxation, the associated challenges, and the effects of capital gains taxes on investment and capital outflow are discussed in detail in Chapters 2 and 3.

A central potential distorting effect of exit taxes is that they may also lead to a decrease in international migration in cases where the purpose of migration is not to avoid taxes. If the taxes reduce labour mobility, they could have detrimental effects, for instance, on the international expansion of businesses, the building of international networks, and the transfer of skills and human capital across national borders. Conversely, tax provisions could also make EU Member States less attractive from the perspective of foreign labour and entrepreneurs, including individuals from third countries.

There is no high-quality economic research on migration responses to exit taxes. The main takeaway from the literature on the migration effects of tax incentives is that high-net-worth individuals affected by exit taxes are more likely than the rest of the population to react to tax incentives by migrating. If a country has a capital gains tax policy in place, it is highly possible that taxpayers would migrate to countries with lower or non-existent capital gains taxes to reduce their tax burden. This speaks in favour of complementing a capital gains tax with an exit tax policy. On the other hand, exit tax policy can also decrease the immigration of high-net-worth individuals. The effects on immigration of groups with lower wealth and incomes are likely to be small, both because their migration decisions are less likely to be affected by tax incentives, and because the value thresholds and residence requirements can be planned to minimise the effects on temporary labour migration. To minimise the detrimental effects on labour mobility, it is important to set residence conditions so that temporary labour migration is not affected. Setting sufficiently high value thresholds is also important. From the perspective of international competitiveness in attracting labour, it is worth highlighting that a significant share of big European economies have exit-tax policies, as do a number of other industrialised countries. Simply having an exit tax should therefore not make a country stand out as an unattractive destination for labour or capital. It is rather the details of policy design and measures that matter. Exit taxation might also shorten the stay of foreign individuals planning to stay in a country for a limited time, as they have an incentive to emigrate before they fulfil the residence condition. A further problem is that unless tax policy allows for loss offset, the asymmetric taxation of gains and losses leads to distortions when risky investments are effectively taxed at a higher rate than less risky ones.

From the taxpayers' perspective, it is important to avoid situations in which the same gain would be taxed in both the country of origin and the destination. Double taxation could arise if the former country of residence applies an exit tax when the taxpayer ceases to be a tax resident, and the new country of residence taxes the gain when it is realised on the disposal of the asset. Tax treaties can be used to avoid double taxation by providing allocation rules regarding the taxation of capital gains and by providing for the exchange of

information between authorities in the two countries. Liquidity issues can also be a problem, and it is therefore important to include deferral options in the exit tax legislation.

A central challenge and caveat is that exit tax provisions are inevitably relatively complex due to the need to value the assets being taxed, the need to determine the moment the tax residency ends, the need for taxpayer enforcement after emigration, and the management of deferrals as well as risks of double taxation. In addition to imposing an administrative burden on the tax authorities, the complexity also creates uncertainties and compliance costs for the taxpayer. From the latter's perspective, uncertainties concerning the calculated value of assets can also lead to tax risks, the occurrence of which can distort economic decisions.

Countries can aim to tackle the afore mentioned challenges in their policy design. For instance, limiting taxes to a narrow enough asset category can alleviate the costs related to valuation and tax compliance. However, international coordination and collaboration are central in tackling the key challenges. National tax administrations can use exchange of information and automated data flows and enforce liabilities after emigration, reducing the need for guarantees. In the EU the legal framework that mandates exchange of information on taxpayers between Member States is outlined in the Directive on Administrative Cooperation in the field of taxation (DAC). The widespread policy of not requiring a guarantee in the case of a deferral option being used is made possible by the exchange of information between Member States. Developing this cooperation further would lessen the administrative burden at the Member State level. To evaluate the practicality of exit tax policies at large, robust estimates of the administrative costs would be needed, but they are largely lacking.

5.4. References

Advani, A., Burgherr, D., & Summers, A. (2025). Taxation and migration by the super-rich. *CESifo Working Paper*.

Advani, A., Poux, C., & Summers, A. (2024). Business owners who emigrate: Evidence from Companies House records. *CenTax Policy Brief*.

Agrawal, D. R., & Foremny, D. (2019). Relocation of the rich: Migration in response to top tax rate changes from Spanish reforms. *The Review of Economics and Statistics*, 101(2), 214–232.

Akcigit, U., Baslandze, S., & Stantcheva, S. (2016). Taxation and the international mobility of inventors. *American Economic Review*, 106(10), 2930–2981.

- Bakija, J., & Slemrod, J. (2004). Do the rich flee from high state taxes? Evidence from federal estate tax returns. *NBER Working Paper No. 10645*.
- Borjas, G. J. (1987). Self-selection and the earnings of immigrants. *American Economic Review*, 77(4), 531–553.
- Borjas, G. J., Kauppinen, I., & Poutvaara, P. (2019). Self-selection of emigrants: Theory and evidence on stochastic dominance in observable and unobservable characteristics. *The Economic Journal*, 129(617), 143–171.
- Brülhart, M., & Parchet, R. (2014). Alleged tax competition: The mysterious death of bequest taxes in Switzerland. *Journal of Public Economics*, 111, 63–78.
- Brülhart, M., Gruber, J., Krapf, M., & Schmidheiny, K. (2019). Behavioral responses to wealth taxes: Evidence from Switzerland. *CESifo Working Paper No. 7908*.
- Conway, K. S., & Rork, J. C. (2006). State “death” taxes and elderly migration—The chicken or the egg? *National Tax Journal*, 59(1), 97–128.
- Copenhagen Economics. (2018). The effects of introducing an exit tax in Sweden. <https://copenhageneconomics.com/wp-content/uploads/2021/12/copenhagen-economics-2018-the-effects-of-introducing-an-exit-tax-in-sweden.pdf>
- EUR-Lex. (2022, January 1). Directive (EU) 2016/1164 of 12 July 2016 (ATAD) — Consolidated version. <http://data.europa.eu/eli/dir/2016/1164/2022-01-01>
- European Union. (2016). Directive (EU) 2016/1164 of 12 July 2016. EUR-Lex. <https://eur-lex.europa.eu/eli/dir/2016/1164/oj/eng>
- Financial Administration of the Republic of Slovenia. (n.d.). Leaving Slovenia. https://www.fu.gov.si/en/zivljenjski_dogodki_prebivalci/leaving_slovenia
- Frände, J., & Stellato, S. (2024). What are the key tax considerations for private clients in Finland? Lexology. <https://www.lexology.com/library/detail.aspx?q=10385c9b-9a1c-4966-925f-d35801276af0>
- Guichet.lu. (2023, October 5). Identifying and reporting income from the purchase or sale of shares or other securities. <https://guichet.public.lu/en/citoyens/fiscalite/declaration-impot-decompte/capitaux-mobiliers/banque-dividende-interets/achat-vente-actions.html>
- Hernández González-Barreda, P. (2019). *Exit taxes: One size should not fit all*. In *Combating tax avoidance in the European Union*. Kluwer. <https://ssrn.com/abstract=4762535>

Hourani, D., & Perret, S. (2025). Taxing capital gains: Country experiences and challenges (No. 72). OECD Publishing.

Jäger, S., & Heining, J. (2022). How substitutable are workers? Evidence from worker deaths. *NBER Working Paper*.

Jakobsen, K., Kleven, H., Kolsrud, J., Landais, C., & Muñoz, M. (2024). Taxing top wealth: Migration responses and their aggregate economic implications. *NBER Working Paper No. 32153*.

Kalin, S., Kauppinen, I., Kotakorpi, K., & Pirttilä, J. (2022). Migration and tax policy: Evidence from Finnish full population data. *VATT Working Papers*, 150.

Kauppinen, I., & Poutvaara, P. (2024). Decomposing migrant self-selection: Education, occupation, and unobserved abilities. *ILR Review*, 78(1), 86–112.

Kleven, H. J., Landais, C., & Saez, E. (2013). Taxation and international migration of superstars: Evidence from the European football market. *American Economic Review*, 103(5), 1892–1924.

Kleven, H. J., Landais, C., Saez, E., & Schultz, E. (2014). Migration and wage effects of taxing top earners: Evidence of the foreigners' tax scheme in Denmark. *Quarterly Journal of Economics*, 129(1), 333–378.

Kleven, H.J., Landais, C., Muñoz, M. & Stantcheva S. 2020. "Taxation and Migration: Evidence and Policy Implications." *Journal of Economic Perspectives*, 34 (2): 119–42.

Martinez, I. (2017). Beggar-thy-neighbour tax cuts: Mobility after a local income and wealth tax reform in Switzerland. *LISER Working Paper 2017-08*.

Moretti, E., & Wilson, D. J. (2017). The effect of state taxes on the geographical location of top earners: Evidence from star scientists. *American Economic Review*, 107(7), 1858–1903.

Muñoz, M. (2020). Do European top earners react to labour taxation through migration? *Paris School of Economics, Mimeo*.

Parey, M., Ruhose, J., Waldinger, F., & Netz, N. (2017). The selection of high-skilled emigrants. *Review of Economics and Statistics*, 99(5):776-792 105(1).

Pekkala Kerr, S., Kerr, W., Özden, Ç., & Parsons, C. (2016). Global talent flows. *Journal of Economic Perspectives*, 30(4), 83–106.

PwC Belgium. (2025, July 8). New draft bill with respect to the taxation of capital gains realised upon the disposal of financial assets. PwC News.

<https://news.pwc.be/new-draft-bill-with-respect-to-the-taxation-of-capital-gains-realised-upon-the-disposal-of-financial-assets/>

- PwC. (2025). Austria – individual – income determination. <https://taxsummaries.pwc.com/austria/individual/income-determination>
- PwC. (2025). Croatia – individual – income determination. <https://taxsummaries.pwc.com/croatia/individual/income-determination>
- PwC. (2025). Czech Republic. <https://taxsummaries.pwc.com/czech-republic/>
- PwC. (2025). Denmark – individual – other taxes. <https://taxsummaries.pwc.com/denmark/individual/other-taxes>
- PwC. (2025). France – individual – other taxes. <https://taxsummaries.pwc.com/france/individual/other-taxes>
- PwC. (2025). Germany – individual – income determination. <https://taxsummaries.pwc.com/germany/individual/income-determination>
- PwC. (2025). Italy – individual – taxes on personal income. <https://taxsummaries.pwc.com/italy/individual/taxes-on-personal-income>
- PwC. (2025). Luxembourg – individual – taxes on personal income. <https://taxsummaries.pwc.com/luxembourg/individual/taxes-on-personal-income>
- PwC. (2025). Poland – individual – other taxes. <https://taxsummaries.pwc.com/poland/individual/other-taxes>
- PwC. (2025). Portugal – individual – income determination. <https://taxsummaries.pwc.com/portugal/individual/income-determination>
- PwC. (2025). Spain – individual – other taxes. <https://taxsummaries.pwc.com/spain/individual/other-taxes>
- Revenue. (n.d.). Legislative tools to challenge tax avoidance. <https://www.revenue.ie/en/self-assessment-and-self-employment/tax-avoidance/legislative-tools-to-challenge-tax-avoidance.aspx>
- Saez, E., and Zucman, G. (2019b) 'Progressive Wealth Taxation', Brookings Papers on Economic Activity, Fall, 2019
- Smith, M., Yagan, D., Zidar, O., & Zwick, E. (2019). Capitalists in the twenty-first century. *Quarterly Journal of Economics*, 134(4), 1675–1745.
- Swedish Tax Agency. (n.d.). Moving from Sweden. <https://www.skatteverket.se/servicelankar/otherlanguages/inenglishengelska/individualsandemployees/movingfromsweden.4.7be5268414bea064694c58f.html>
- Warschow, T. (2024). An EU perspective on the Danish exit tax rules for individual shareholders. *EC Tax Journal*, 12(4). <https://khpplc.co.uk/wp->

Young, C., Varner, C., Lurie, I. Z., & Prisinzano, R. (2016). Millionaire migration and taxation of the elite: Evidence from administrative data. *American Sociological Review*, 81(3), 421–446.

Summary, conclusions and main takeaways

This report provides a comprehensive overview of the current state of the academic literature and discussion on wealth-related taxation by gathering and synthesising extensive information, including the most recent empirical evidence, on five types of wealth-related taxes: net wealth taxes, recurrent (unrealised) capital gains taxes, non-recurrent (realised) capital gains taxes, inheritance and gift taxes, and exit taxes. The report also includes country overviews of the most important provisions for each tax, as well as country case studies on the experiences of selected countries with net wealth taxes, providing a bird's-eye view of their current prevalence in the EU and the wide variety of forms and design features they can take. One focus of the report is the role that wealth-related taxes can play in generating revenue and achieving a more equitable distribution of wealth, while simultaneously minimising any negative impacts on efficiency.

In practice, wealth-related taxes exhibit substantial heterogeneity across Member States regarding the scope of covered assets, tax schedules and thresholds, preferential treatment of certain assets and the conditions under which they are granted, administrative procedures, and the governmental level to which they are assigned.

There are also notable differences in the prevalence of wealth-related taxes in the EU. A net wealth tax is currently levied in only one EU country (Spain), and unrealised capital gains taxes are applied only to specific, narrowly defined cases. On the other hand, most EU Member States have realised capital gains taxes in place, although they often provide exemptions, thresholds, or holding period rules that may partially or fully reduce the tax liability under certain conditions. Inheritance and gift taxes are likewise in place in most Member States, typically with higher allowances and lower rates for close relatives, and with manifold further exemptions. In several Member States without dedicated inheritance or gift taxes (still) in place, stamp duty taxes, transfer taxes, or taxes on subsequent capital gains or income are applied instead. Finally, exit taxes are also relatively widespread in the EU, although again often limited to narrowly defined assets or circumstances – most commonly financial assets or specific cross-border transfers.

Wealth-related taxes have two overarching objectives: to generate additional tax revenues in as fair and efficient a way as possible, and to strengthen horizontal and vertical equity, in particular by ensuring that HNWIs pay their fair share.

While the wealth-related taxes covered in this report broadly share these twin objectives, they all differ in terms of design, exact mechanisms of action, and the aspect of wealth benefits they seek to capture. Capital gains taxes are levied on the gains derived from assets and constitute a component of comprehensive income taxation. However, as pointed out by Piketty et al. (2022), capital gains do not fully capture the range of benefits conferred by holding wealth. In principle, this is in contrast to net wealth taxes, which are levied on the capital stock. Inheritance and gift taxes attempt to level the playing field and strengthen equality of opportunity by taxing intergenerational transfers. Finally, exit taxes are typically in place as a supplementary measure to capital gains taxes, usually levied upon emigration rather than upon capital gain realisation. They protect tax bases, ensure that capital gains accrued during residence are taxed, and act as a deterrent to taxpayers who might consider migrating to avoid other wealth taxes. This means that exit taxes are in principle complementary rather than interchangeable with other wealth-related taxes, in contrast to the other taxes discussed in this report. As such, they may not share the same problems or induce the same behavioural responses, even if the associated burden upon taxpayers is comparable.

Regardless of the specific wealth-related tax, the revenues it generates are broadly dependent on four partially interrelated factors: tax design, taxpayers' behavioural responses, institutional design, and costs associated with the implementation and enforcement of the tax. None of the wealth-related taxes levied in the EU generate substantial tax revenue, and revenues have been decreasing in a number of Member States over the long run. This is on account of numerous exemptions and reliefs, as well as tax avoidance and planning, and declining tax rates. The revenue potential of wealth-related taxes is also dependent on the institutional framework at the national and international levels, for example third-party reporting, audits, and international cooperation. The relevant features of institutional frameworks are often weak, which further reduces the revenue potential of wealth-related taxes.

By design, some wealth-related taxes are more likely than others to create a significant administrative burden. All else being equal, the administrative burden of a tax will be higher if it is recurrent (which requires ongoing valuation of assets) and concerns a larger number of taxpayers. Valuation is more straightforward for a tax on realised capital gains, while it is more difficult for unrealised capital gains due to the inability to rely on observable cash flows to determine the (change in) value. Taxes on accrual create a significant administrative burden due to the need for recurrent, timely valuations. At the same time, it should be underlined that the existing tax system and institutional framework it is embedded in are decisive for the ultimate cost of administering a

tax. This includes exemption thresholds, the number of reliefs and exemptions, anti-avoidance and valuation rules, the degree of automation and digitalisation, the extent of third-party reporting, and the degree to which the tax synergises with other taxes in place (for instance, by using data collected through them for asset valuation purposes).

Table 16 presents a concise overview and synthesis of the existing empirical evidence on the effects of net wealth taxes, realised capital gains taxes, and inheritance taxes. For some of the effects of the wealth-related taxes discussed in the theoretical literature, the empirical evidence is scarce, patchy, or outdated. Moreover, given the extent to which the broader national tax system and institutional setting can determine responses to a tax, any evidence from one country cannot easily be generalised to others. For instance, many empirical analyses on inheritance taxation study the US, which differs significantly from the EU and other European countries in the institutional framework and tax system design. All these factors severely limit the ability to draw broader conclusions applicable to a wider set of countries.

Table 16 – Empirical evidence on the effects of net wealth taxes, realised capital gains taxes, and inheritance taxes

Area	Net wealth tax	Non-recurrent capital taxes	Gift & inheritance taxes (effects for bequeathers)
<i>Tax avoidance and planning</i>	Existing empirical evidence points to significant avoidance and planning responses.	High risk of avoidance through avoiding direct sales, the deferral of gains realisation, or the strategic realisation of losses to offset taxable gains.	The incentives for tax planning and avoidance are strong. Mixed evidence of “deathbed planning”, but with only moderate impact on revenues. Evidence of asset shifting, with significant revenue impacts.
<i>Evasion</i>	Lack of evidence directly linking the introduction of net wealth taxes with evasion; however, it is likely significant.	Very limited evidence suggesting tax evasion in response to capital gains taxes; likely due to the existence of simpler ways to avoid them.	Evidence of evasion; however, the range for the strength of the effect is broad and is based on the United States.
<i>Investment and entrepreneurship</i>	Mixed evidence on the impacts, ranging from positive to negative. Overall, evidence suggests that the effects are likely minor.	Higher capital gains taxes associated with reductions in the number and quality of start-up investments; lower capital gains taxes can incentivise firm-level investment. However, changes are not only dictated by decreases in the cost of capital. Lower investment can also be a sign of caution and result in a greater chance of success for those start-ups that do receive funding.	Weak or unreliable evidence of adverse effects.

Area	Net wealth tax	Non-recurrent capital taxes	Gift & inheritance taxes (effects for bequeathers)
<i>Mobility responses</i>	Intranational mobility responses can be relatively strong. However, international migration appears to be modest.		Intranational responses are overall modest, and higher for older and/or wealthy potential donors. The limited evidence on international mobility suggests it is low.
<i>Other behavioural responses</i>	Some evidence of increased saving to prepare for future tax payments. It is more likely to distort the choice of savings vehicles used.	The avoidance strategies employed result in lock-in effects, whereby investors retain an asset solely to defer taxation, distorting investment decisions.	Inheritance leads to modest disincentives to work; an inheritance tax may counter this effect.

Source: Own elaboration.

In the case of all wealth-related taxes implemented in practice, reliefs and exemptions for certain assets are commonplace among European tax regimes. While these can lower the administrative costs associated with, for example, the valuation of difficult-to-value assets, the numerous exemptions in place add to the complexity of the taxes in question. Moreover, narrowing the tax base in this way limits the progressivity of the tax (as it frequently disproportionately benefits the wealthy), erodes the revenue potential, and undermines its overall redistributive potential by creating opportunities for a wide range of tax planning and avoidance strategies. These include, for instance, exploiting the privileged treatment of inter vivos transfers, or shifting to tax-exempt or preferentially treated assets (such as business assets). For these reasons, despite the redistributive intent of these taxes, their impact can in practice be very limited, in some cases to the point of regressivity at the very top of the wealth distribution. Exempting or preferentially treating certain assets is also a source of horizontal inequity. At the same time, existing evidence points the way to closing these gaps. For instance, in the case of inheritance taxation, a (complete) integration of gift and inheritance taxation would prevent prospective bequeathers from exploiting favourably taxed gift transfers to lower their tax burden.

High net worth individuals (HNWIs) are often treated separately in discussions of wealth-related taxes, both due to differences in their behavioural responses to taxation and because of growing pressure for this group to pay their fair share in taxes.

Existing empirical evidence indicates that the behavioural responses of those higher up the wealth distribution tend to be more pronounced. HNWIs are more likely to respond to wealth taxation by migrating, avoiding, or even evading wealth-related taxes. First, taxpayers with lower net worth and capital incomes are less likely to fall within the scope of the taxes in question. Second, tax-planning opportunities are more readily available to this group, due to the

greater flexibility of its asset portfolios, higher likelihood of holding tax-privileged assets (such as business assets), and better access to legal advice.

Based on extensive reviews of the theoretical literature and empirical evidence on both the potential and documented impacts of each tax, particularly concerning the impact of their various design features, behavioural responses, and equity–efficiency trade-offs, certain general takeaways can be identified.

First, wealth-related taxes could become more important in EU Member States in the future. Wealth inequality is high and has been increasing in a number of Member States during the last decades. Similarly, inheritances are unevenly distributed and can be expected to gain yet further in importance. At the same time, there are indications that the concentration of wealth and inheritances at the top is on the rise in a number of Member States and that very wealthy individuals do not contribute their fair share to the financing of European welfare states. Against this backdrop, the use of wealth-related taxes could be intensified to counter wealth inequality and ensure a fair contribution of the very wealthy to public finances.

Second, the taxation of wealth is associated with an equity–efficiency trade-off. Empirical evidence suggests that wealth-related taxes may negatively impact savings and investment as well as entrepreneurship. However, the extent of such effects is likely limited overall, and recent empirical findings point to possible efficiency-enhancing effects of wealth-related taxes: for example, a net wealth tax may provide incentives for a more productive use of assets, and the taxation of inheritances may increase labour supply and output. Therefore, altogether, the equity–efficiency trade-off that wealth-related taxes are riddled with may be less pronounced than is often claimed, and could be mitigated by the appropriate design of the overall system of wealth taxation.

Third, the benefits of wealth-related taxes depend on the design of the overall system of the taxation of wealth. While the specific design of wealth-related taxes needs to be adapted to country-specific economic and institutional framework conditions, some general conclusions apply. First of all, the taxation of actual returns from assets via capital income taxes is associated with fewer distortions and may be more equitable compared to the taxation of stocks of wealth. However, capital income taxes, and specifically the taxation of capital gains, need to be designed in a way that ensures a comprehensive and adequate taxation of returns from assets and thereby renders a net wealth tax unnecessary. As a complement to the taxation of returns to assets, intergenerational transfers should be subject to inheritance and gift taxes. Should broad-based capital income taxes and inheritance taxes not exist, the case for a net wealth tax acting as a substitute is stronger.

Fourth, tax design is key for effective tax collection, allowing both revenue and distributive objectives of wealth-related taxes to be met. Generally, tax exemptions should be limited to ensure progressivity and revenue and to

prevent tax avoidance and planning. Furthermore, the institutional framework is also of importance. Centralised tax design, third-party reporting, voluntary disclosure programmes and robust tax enforcement – for example, through audits – as well as specifically targeting high net wealth individuals – for example, through setting up specialised tax units – can reduce tax avoidance and evasion at the national level. In addition, tail provisions – for example, exit taxes – can help secure tax revenue. International coordination, particularly by further extending the increasing network of automatic exchange of information, is crucial for closing loopholes that may otherwise be used for tax evasion.

Fifth, political economy considerations are important, as wealth-related taxes are among the most disputed taxes. Political resistance and negative public perception remain major obstacles to wealth-related taxes. While tax policy is more responsive to the preferences of the wealthy, public (mis)conceptions about the burden of taxes and actual levels of wealth inequality also play an important role. Even in countries with stronger preferences for a more equitable wealth distribution, public opinion regarding some of these taxes (for example, inheritance taxes) tends to be negative. At the same time, informing voters of actual inequality levels, their own position in the wealth distribution, and the limited proportion of households liable for such a tax could contribute to greater voter support for such explicitly redistributive taxes (see e.g. Bastani & Waldenström, 2021; Perret, 2021). Improving public understanding of tax incidence and inequality could thus enhance the political feasibility of wealth-related taxes.

References

Bastani, S., & Waldenström, D. (2021). Perceptions of inherited wealth and the support for inheritance taxation. *Economica*, 88(350), 532-569.

Perret, S. (2021). Why were most wealth taxes abandoned and is this time different? *Fiscal Studies*, 42(3–4), Article 3–4. <https://doi.org/10.1111/1475-5890.12278>

Piketty, T., Saez, E., & Zucman, G. (2023). Rethinking Capital and Wealth Taxation. *Oxford Review of Economic Policy*, 39(3), 575–591. <https://doi.org/10.1093/oxrep/grad026>

Annex A

Table 17 – Past and present net wealth taxes around the world

Country	Name of tax	Year of introduction	Year of repeal	Tax rates in % ⁸⁾ (top rate introduction year)	Reasons for introduction	Reasons for repeal	Revenue as % GDP ¹⁾	Revenue as % total tax revenue ¹⁾
Spain ⁷⁾	Impuesto Extraordinario sobre el Patrimonio (Extraordinary Wealth Tax)	1977	2008	0.2 to 2.5 (8)	Complement income and inheritance tax; encourage more productive use of assets; redistributive goals	Failure to achieve redistributive goals; promotion of investment	0.26	0.81
Spain ⁷⁾	Impuesto sobre el Patrimonio (Wealth Tax)	2011	N/A	0.2 to 3.5 (0.2 to 3.5)	revenue generation	N/A	0.21	0.57
Switzerland ⁷⁾	'impôt sur la fortune', 'Vermögenssteuer', 'imposte sulla sostanza' (Wealth tax)	1840	N/A	0.06 to 0.94 ²⁾ (N/A)	Revenue generation; redistributive goals	N/A	1.16	4.28
Norway ⁶⁾⁷⁾	Formuesskatt (Wealth Tax)	1892	N/A	1 to 1.1 (N/A)	redistributive goals	N/A	0.61	1.48

Country	Name of tax	Year of introduction	Year of repeal	Tax rates in % ⁸⁾ (top rate introduction year)	Reasons for introduction	Reasons for repeal	Revenue as % GDP ¹⁾	Revenue as % total tax revenue ¹⁾
France ⁶⁾	Impôt sur les Grandes Fortunes (Tax on Large Fortunes)	1982	1986	0.5 to 1.5 (1.5)	redistributive goals	promotion of investment and entrepreneurship; ideological reasons	0.11	0.27
France ⁶⁾	Impôt de Solidarité sur la Fortune (Solidarity Tax on Wealth)	1989	2017	0.5 to 1.5 (1.5)	redistributive goals	Fear of capital flight and migration; failure to achieve redistributive goals; promotion of investment and entrepreneurship	0.22	0.48
Ireland ⁶⁾	Wealth tax	1975	1978	1 (1)	redistributive goals	failure to achieve redistributive goals; low revenue		Under 0.5% of total tax revenue (OECD, 1979)
Austria ⁶⁾	Vermögensteuer (Wealth Tax)	1940/1954	1994	1 (2)	revenue generation	tax evasion; low revenue; high burden for firms ³⁾	0.14	0.34

Country	Name of tax	Year of introduction	Year of repeal	Tax rates in % ⁸⁾ (top rate introduction year)	Reasons for introduction	Reasons for repeal	Revenue as % GDP ¹⁾	Revenue as % total tax revenue ¹⁾
Denmark ⁶⁾	Formueskat (Wealth Tax)	1903	1997	1 (1.5)	redistributive goals	low revenue; failure to achieve redistributive goals; tax evasion; high administrative costs	0.06	0.13
Germany ⁶⁾	Vermögensteuergesetz (Wealth Tax)	1923/1952	1996	1 (10)	complement income tax; redistributive goals	ruled unconstitutional; low revenue; high administrative costs	0.11	0.30
The Netherlands ⁶⁾	Vermogensbelasting (Wealth Tax)	1892	2001	0.7 (0.2)	revenue generation; redistributive goals	fear of capital flight and migration; promotion of investment and entrepreneurship	0.18	0.49
Finland ⁶⁾	Varallisuusvero (Wealth Tax)	1920	2006	0.8 (6)	redistributive goals	Fear of capital flight and migration; tax evasion; high administrative costs	0.08	0.18

Country	Name of tax	Year of introduction	Year of repeal	Tax rates in % ⁸⁾ (top rate introduction year)	Reasons for introduction	Reasons for repeal	Revenue as % GDP ¹⁾	Revenue as % total tax revenue ¹⁾
Luxembourg ⁶⁾	Impôt sur la fortune (Wealth tax)	1934	2006	0.5 (0.5)	Complement income tax; encourage more productive use of assets; redistributive goals	double taxation as wealth tax was levied on individuals and legal persons ⁴⁾		
Sweden ⁶⁾	Förmögenhetsskatt (Wealth Tax)	1910	2007	1.5 (0.5)	complement income tax; redistributive goals	Fear of capital flight and migration; failure to achieve redistributive goals; promotion of investment and entrepreneurship; tax evasion	0.19	0.42
Iceland ⁶⁾	Wealth tax	1096/1970	2005	1.5 (N/A)	revenue generation	Fear of capital flight and migration; promotion of investment and entrepreneurship	N/A	N/A
Iceland ⁶⁾	Emergency wealth tax	2010	2014	1.5 (1.5)	revenue generation	Tax was re-introduced temporarily	N/A	N/A

Country	Name of tax	Year of introduction	Year of repeal	Tax rates in % ⁸⁾ (top rate introduction year)	Reasons for introduction	Reasons for repeal	Revenue as % GDP ¹⁾	Revenue as % total tax revenue ¹⁾
India ⁶⁾	Wealth Tax Act	1957	2015	1 ³⁾ (2)	complement income tax; revenue generation; redistributive goals	high administrative burden; administrative challenges; low revenue; tax evasion	N/A	25) ⁵⁾ (1959/60) 0.09 (indiabudget.gov.in)
Sri Lanka ⁶⁾	N/A	1959	1992	N/A (2)	Complement income tax; redistributive goals; encourage more productive use of assets	Tax evasion; low revenue; administrative challenges		2 ⁵⁾ (1964/65)
Japan ⁶⁾	富裕税 (Wealth Tax)	1950	1953	0.5 to 3 (3)	complement income tax; redistributive goals; encourage more productive use of assets	tax evasion; low revenue; failure to achieve redistributive goals; administrative challenges	N/A	0.3% ⁵⁾ (1952/53)
Pakistan ⁶⁾	N/A	1963	2003	1 to 2 (2)	Complement income tax; redistributive goals; encourage more productive use of assets	Low revenue; narrow scope; administrative challenges	N/A	N/A
Algeria ⁶⁾	N/A	2018 (?)	N/A	0.15 to 1 (1)	Revenue generation	N/A	N/A	N/A

Country	Name of tax	Year of introduction	Year of repeal	Tax rates in % ⁸⁾ (top rate introduction year)	Reasons for introduction	Reasons for repeal	Revenue as % GDP ¹⁾	Revenue as % total tax revenue ¹⁾
Argentina ⁶⁾	Impuesto al patrimonio (Wealth Tax)	1951	1989	1.5 (N/A)	Complement corporate income tax	public opposition	N/A	N/A
Argentina ⁶⁾	Impuesto al patrimonio (Wealth Tax)	1991	N/A	0.5 to 1.25 (1)	Revenue generation; redistributive goals	N/A	0.52	1,85
Colombia ⁶⁾	"impuesto al patrimonio" (Tax on Wealth) or "impuesto a la riqueza" (Tax on Wealth)	1935	1992	N/A (N/A)	Complement income tax; encourage more productive use of assets; redistributive goals	double taxation	N/A	N/A
Colombia ⁶⁾	Impuesto al patrimonio (Tax on Wealth)	2002	N/A	0.5 to 1.5 (1.2)	revenue generation	N/A	0.09	0.45
Chile ⁶⁾	Impuesto al patrimonio (Tax on Wealth)	1968	1974	1 to 2 (1 to 2)	N/A	N/A	N/A	N/A
El Salvador ⁶⁾		1986	1994	Up to 2% (N/A)	N/A	N/A	N/A	N/A
Bolivia ⁶⁾	Impuesto a las Grandes Fortunas (The Tax on Great Fortunes)	2020	N/A	1.4 to 2.4 (2.4)	Revenue generation	N/A	0.06	0.24
Uruguay ⁶⁾	Impuesto al Patrimonio (Tax on Wealth)	1967	N/A	0.1 to 0.4 (1)	revenue generation; redistributive goals	N/A	0.02	0.05

Country	Name of tax	Year of introduction	Year of repeal	Tax rates in % ⁸⁾ (top rate introduction year)	Reasons for introduction	Reasons for repeal	Revenue as % GDP ¹⁾	Revenue as % total tax revenue ¹⁾
Ecuador ⁶⁾	Contribucion patrimonial (Wealth Contribution)	2022	2023	1 to 1.5 (1 to 1.5)	revenue generation	Tax was introduced temporarily	N/A	N/A
Venezuela ⁶⁾	Impuesto sobre gran patrimonio (High net wealth tax)	2020	N/A	0.25 to 1.5 (0.25 to 1.5)	revenue generation; ideological reasons	N/A		
Nicaragua ⁶⁾	El impuesto directo sobre el capital (Direct Tax on Capital)	1939	1962	N/A (N/A)	revenue generation, distributional goals	tax evasion; administrative challenges		

Sources: Tanabe (1967); Drometer et al. (2018) ; OECD (2018); Perret (2021); Krenek & Schratzenstaller(2022); Limberg & Seelkopf (2022); Hebous et al. (2024); Ola (2024) (2024); World Bank (2024); OECD (2025)); https://issuu.com/publicacionescepal/docs/fiscalpanorama2021_en_495267f5bc4e95/s/14077546; own research and compilation. – Shaded: existing wealth taxes. – 1) For historical wealth taxes: last year before repeal; for existing wealth taxes: 2023. – 2) Tax schedules are progressive in most Swiss cantons, tax rates differ across cantons. – 3) The net wealth tax included individuals and legal persons. – 4) Luxembourg retained the wealth tax on legal persons. – 5) Share in national tax revenue excluding subnational tax revenue. – 6) National level. – 7) Subnational level. – 8) For abolished wealth taxes: last year before repeal

Annex B

Table 18 – Inheritance taxation and tax avoidance and planning

Author(s)	Country	Time Period	Details	Method (data)	Key findings
Tait (1967)	UK	1912, 1960	Estate tax Ex-post	Comparison of actual and estimated tax revenues (tax data)	Considerable extent of tax avoidance: 34% to 50% of potential tax base
Wolff (1996)	United States	1993	Estate tax Ex-post	Comparison of actual and estimated tax base (tax data, survey data)	Considerable extent of tax avoidance: actual tax collections one fourth of estimated tax collections
Poterba (1997)	United States	1995	Estate tax Ex-post	Comparison of actual and estimated tax base (tax data, survey data)	Close correspondence of estimated and actual tax collections
Kopczuk (2007)	United States	1977	Estate tax Ex-post	Regression analysis (tax data, survey data)	Reported wealth decreases by 5%-10% for short-term and by 15%-20% for longer-term fatally ill bequeathers
Erixson and Escobar (2020)	Sweden	2002-2004	Inheritance tax Ex-post	Difference-in-differences (administrative data, tax data)	- No evidence for significant tax planning for fatally ill bequeathers - Positive correlation between terminal illness and wealth accumulation/tax payments for spouses following repeal of inheritance tax
Ohlsson et al. (2020)	Sweden	1810-2016	Inheritance tax Ex-post	Comparison of macro-based and tax-based estimated tax base (tax data, macro data)	Considerable extent of tax avoidance: tax-assessed tax base small fraction of macro-implemented tax base
Suari-Andreu et al. (2024)	Netherlands	2006-2013	Inheritance tax Ex-post	Regression analysis (administrative data, tax data, register data)	Net wealth decreases for non-sudden deaths by 7.3% for singles and 4.5% for couples
Sommer (2017)	Germany	2007-2011	Inheritance and gift tax	Bunching (tax data)	Elasticity of bequests 0.02 at the highest
Glogowsky (2021)	Germany	2002, 2009-2017	Inheritance tax Ex-post	Bunching (tax data)	Short-run net-of-tax elasticities for taxable gifts below 0.1, for inheritances even smaller for top 30%
Micó-Millan (2024)	Catalonia (Spain)	2011-2019	Inheritance tax Ex-post	Difference-in-differences (tax data, census data)	1 percentage point increase in tax differential between assets leads to increase in tax-favoured assets of 17% (20% for top 0.5% heirs)

Source: updated table 3 in Schratzenstaller (2025).

Table 19 – Inheritance taxation and wealth accumulation

Author(s)	Country	Time Period	Details	Method (data)	Key findings
Chapman et al. (1996)	United States	1958-1994	Federal estate tax Ex-post	Regression analysis (time series data)	Elasticity of estate tax revenues w.r.t. to marginal estate tax rate 2
Laitner (2000)	United States	1995	Federal estate tax Ex-ante	Intergenerational general equilibrium simulation model (survey data)	Repeal of estate tax: - Altruistic bequest motive: capital stock does not change - Non-altruistic donors: savings increase - Elasticity of bequests w.r.t. net-of-tax rate 0.3
Holtz-Eakin and Marples (2001)	United States	1992	Federal and state estate taxes Ex-post Ex-ante	Regression analysis (survey data) Simulation analysis (survey data)	- Elasticity of wealth accumulation w.r.t. estate tax rate 1.4 - Elasticity of level of desired bequests w.r.t. expected estate tax rate 0.5
Kopczuk and Slemrod (2001)	United States	1916-1996	Federal estate tax Ex-post	- Regression analysis (tax data, time series data) - Pooled cross-sectional analysis (tax data)	- Elasticity of reported bequests w.r.t. marginal estate tax rate 0.4 to 0.7 - Marginal tax rate over 50% at age of 45 reduces reported wealth by 10.5% (elasticity of reported wealth w.r.t. net-of-tax rate 0.16)
Castañeda et al. (2003)	United States	n.a.	Federal estate tax Ex-ante	Quantitative general equilibrium model (survey data, tax data)	Abolition of estate tax increases stock of capital by 0.37%
Joulfaian (2006)	United States	1951-2001	Federal estate tax Ex-post	Regression analysis (tax data)	Elasticity of taxable estates w.r.t. marginal estate tax rate 0.1
Cagetti and De Nardi (2009)	United States	1989-1995	Federal estate tax Ex-ante	Quantitative general equilibrium model (survey data)	Abolition of estate tax increases total capital accumulation by 0.78%
De Nardi and Yang (2016)	United States	1990s	Estate tax Ex-ante	Quantitative general equilibrium model (survey data, tax data)	Elasticity of estate tax base w.r.t. changes of estate tax rate between 10% and 60% -0.158 to 0.082

Table 19 (continued) – Inheritance taxation and wealth accumulation

Author(s)	Country	Time Period	Details	Method (data)	Key findings
Jappelli et al. (2014)	Italy	1993-2006	Estate, inheritance and gift tax Ex-post	Difference-in-differences (survey data)	- Repeal of inheritance tax increases probability of making real estate wealth transfers by 2 percentage points and square meter transferred between 2.5 and 7 percentage points - Semi-elasticity of square meters transferred of 4%
Goupille-Lebret and Infante (2018)	France	2003-2013	Inheritance tax Ex-post	- Bunching (longitudinal life insurance data, tax data) - Difference-in-differences (longitudinal life insurance data, tax data)	- Elasticity of life insurance contributions w.r.t. net-of-tax rate 0.1 in the medium run - Elasticity of life insurance contributions w.r.t. net-of-tax rate 0.36 in the medium, 0.23 in the long run
Niimi (2019)	Japan	2013	Inheritance tax Ex-ante	Regression analysis (survey data)	Only few households intend to decrease wealth accumulation due to inheritance tax increase
Micó-Millan (2024)	Catalonia (Spain)	2011-2019	Inheritance tax Ex-post	Difference-in-differences (tax data, census data)	Increase of effective inheritance tax rates does not reduce declared inheritances

Source: updated table 4 in Schratzenstaller (2025).

Table 20 – Inheritance taxation and entrepreneurship and firm development

Author(s)	Country	Time Period	Details	Method (data)	Key findings
Astrachan and Tutterow (1996)	United States	1995	Estate tax Ex-ante	Survey (survey data)	Expected limited business growth in 60% of firms due to estate taxation
Holtz-Eakin (1999)	United States	1999	Estate tax Ex-post Ex-ante	- Regression analysis (survey data) - Regression analysis (survey data)	- Less past employment growth in firms whose owners would be subject to estate tax - Less future employment growth in firms whose owners would be subject to estate tax
Bruce and Mohsin (2006)	United States	1950-1999	Federal estate tax Ex-post	Regression analysis (tax data)	Negligible influence of tax exemption for small businesses and farmers on self-employment
Cagetti and De Nardi (2009)	United States	1989-1995	Estate tax Ex-ante	Quantitative general equilibrium model (survey data)	Estate tax influences saving and investment decision of larger but not of smaller firms

Source: Schratzenstaller (2025).

Table 21 – Inheritance taxation and residential choice

Author(s)	Country	Time Period	Details	Method (data)	Key findings
Clark and Hunter (1992)	United States	1970-1980	State inheritance and estate taxes Ex-post	Regression analysis (tax data)	Significant negative effect of state-level inheritance and estate taxes on elderly in-migration
Voss et al. (1988)	United States	1975-1980	State inheritance and estate taxes Ex-post	Regression analysis (census data)	Significant negative effect of state-level inheritance and estate taxes on elderly in-migration
Conway and Houtenville (2001)	United States	1985	State and local estate taxes Ex-post	Gravity model of migration (census data, tax data)	Positive effect of low estate taxes on elderly in-migration
Bakija and Slemrod (2004)	United States	1965-1998	State estate taxes Ex-post	Regression analysis (tax data)	High estate taxes lead to relocation of elderly to low tax states, moderate effect
Conway and Rork (2006)	United States	1970, 1980, 1990, 2000	State inheritance and estate taxes Ex-post	Regression analysis, difference-in-differences (census data, tax data)	- Significant negative effect of state inheritance and estate taxes on elderly in-migration based on cross-sectional data - No significant effect of state inheritance and estate taxes on elderly in-migration based on panel data
Önder and Schlunk (2015)	United States	1995-2000	State inheritance taxes Ex-post	Gravity model of migration (census data)	Significant positive effect of lack of incremental state inheritance taxes on elderly in-migration
Moretti and Wilson (2023)	United States	1982-2017	State estate taxes Ex-post	Difference-in-differences (rich list data, tax data)	- Decrease of number of Forbes 400 richest Americans by 35% in estate tax states compared to non-estate tax states; implied semi-elasticity -0.33 - Significant increase of billionaires' tax sensitivity with age - On average, introducing estate taxes associated with positive cost-benefit ratio (additional estate tax revenues versus forgone income tax revenues)
Hugo (1983)	Australia	1977-1981	State estate taxes Ex-post	n.a. (census data)	- In-migration particularly of older persons to Queensland five years after repeal of estate tax - Out-migration from other states

Table 21 (continued) – Inheritance taxation and residential choice

Author(s)	Country	Time Period	Details	Method (data)	Key findings
Grossman (1990)	Australia	1972-1985	State estate taxes Ex-post	Regression analysis (census data, tax data)	- Significant positive effect of repeal of estate tax on in-migration to Queensland three years after repeal of estate tax particularly of older persons - Significant effect on out-migration from other states
Brülhart and Parchet (2014)	Switzerland	1973-2008	Cantonal inheritance taxes Ex-post	Regression analysis (tax data)	Significant, but small effect of cross-cantonal inheritance tax rate differences on location decisions of very wealthy retired taxpayers
López-Laborda and Rodrigo (2022)	Spain	2006-2012	Autonomous communities' inheritance taxes Ex-post	Regression analysis (tax data)	Significant, but small effect of cross-autonomous community inheritance tax rate differences on residential choice of top 1% of income distribution
Lindkvist (1990)	Sweden	1975-1984	Inheritance tax Ex-post	Interviews	Swedish taxation, including inheritance taxation, major driver of decision to migrate abroad for most respondents

Source: Schratzenstaller (2025).

Table 22 – Inheritance taxation and inter vivos transfers

Author(s)	Country	Time Period	Details	Method (data)	Key findings
McGarry (2001)	United States	1992, 1993	Federal estate and gift taxes Ex-post	Regression analysis (survey data)	Maximizing tax-free giving would reduce the actual aggregate tax bill of the elderly by 65%
Poterba (2001)	United States	1995	Federal estate and gift taxes Ex-post	Regression analysis (survey data)	45% of households use option of tax-free inter vivos transfers
Page (2003)	United States	1983, 1986	State estate and gift taxes Ex-post	Regression analysis (survey data, tax data)	1 percentage point increase in marginal bequest tax rate raises desired gifts by \$ 4,000 over 3 years period
Bernheim et al. (2004)	United States	1989, 1992, 1995, 1998, 2001	Federal estate and gift taxes Ex-post	Regression analysis (survey data)	Relative level of estate and gift tax rates influences timing of gifts
Joulfaian and McGarry (2004)	United States	1992-2000 1936-1992	Federal estate and gift taxes Ex-post	Regression analysis (survey data, tax data)	<ul style="list-style-type: none"> - Lifetime transfers make up for less than 10% of terminal wealth - Transitory elasticity of gifts w.r.t. future gift tax 8.4, w.r.t. current gift tax 8.4 - Permanent elasticity of gifts w.r.t. gift taxation close to zero
Joulfaian (2004)	United States	1933-1998	Federal estate and gift taxes Ex-post	Regression analysis (tax data)	Gifts by the wealthy highly responsive to changes in gift tax rates
Joulfaian (2005)	United States	1977-1989	Federal and state estate and gift taxes Ex-post Ex-ante	Regression analysis (tax data) Simulations (tax data)	<p>Top 2% of population</p> <ul style="list-style-type: none"> - Reducing difference between estate and gift tax rates decreases probability of making gifts - Elimination of gift and estate taxes may reduce gifts by over 64%
Ohlsson (2007)	Sweden	2004	Inheritance tax Ex-post	Regression analysis (tax data)	<ul style="list-style-type: none"> - Two thirds of eligible heirs use legal tax avoidance opportunity through tax-exempt inter vivos transfers - One fourth of eligible heirs pursue tax minimization

Table 22 (continued) – Inheritance taxation and inter vivos transfers

Author(s)	Country	Time Period	Details	Method (data)	Key findings
Ohlsson (2011)	Sweden	1942-1949	Inheritance and gift taxes Ex-post	Regression analysis (tax data)	Strong increase of inter vivos transfers before reform of inheritance taxation
Escobar et al. (2023)	Sweden	2002-2004	Inheritance tax Ex-post	Bunching (tax data)	Implied tax base elasticity around 1.5
Sommer (2017)	Germany	2007-2011	Inheritance and gift taxes Ex-post	Bunching (tax data)	Elasticity of gifts 0.021 at the highest
Hines et al. (2019)	Germany	2000-2013	Inheritance and gift taxes Ex-post	Regression analysis (survey data, balance sheet data)	Tax relief for inter vivos transfers of family firms significantly influences rates and timing of inter vivos ownership transfers
Glogowsky (2021)	Germany	2002, 2009-2017	Inheritance and gift taxes Ex-post	Bunching (tax data)	Short-run elasticity of taxable wealth transfers w.r.t. net-of-tax rate below 0.1
Arrondel and Laferrère (2001)	France	1992	Inheritance tax Ex-post	Regression analysis (administrative data, survey data)	Tax sensitivity of inter vivos transfers larger in wealthy households
Lei and Planterose (2025)	France	2011-2022	Inheritance and gift taxes Ex-post	Difference-in-differences (administrative data, survey data)	Tax sensitivity of inter vivos real estate transfers larger in wealthy and older households
Niimi (2019)	Japan	2013	Inheritance tax Ex-ante	Regression analysis (survey data)	Parents with altruistic bequest motive use inter vivos transfers more than parents with no or weak bequest motive
Sturrock et al. (2022)	Netherlands	2013-2015	Gift and inheritance tax Ex-post	Bunching Difference-in-differences (administrative data)	Frisch elasticity of gifts w.r.t. net-of-tax rate between 9 (for those giving gifts around EUR 27,000) and 1 (for those giving gifts of around EUR 125,000)

Source: updated Table 7 in Schratzenstaller (2025).

Table 23 – Inheritance taxation and tax evasion

Author(s)	Country	Time Period	Details	Method (data)	Key findings
Erard (1998)	United States	1992	Estate tax Ex-post	Regression analysis (audit data)	13% evasion of potential tax base (tax gap)
Eller and Johnson (1999)	United States	1992	Estate tax Ex-post	Analysis of audits of estate tax assessments (audit data)	10% of tax filers use (illegal) tax planning strategies Audit increased pre-audit tax liabilities by 5.5%
Eller et al. (2001)	United States	1992	Estate tax Ex-post	Regression analysis of audits of estate tax assessments (audit data)	In 60% of audited cases assessed estate increased after audit
Escobar (2017)	Sweden	2004	Inheritance tax Ex-post	Regression discontinuity approach (registry data)	- Reported estates 17% lower and share of estates completely evading tax 26% larger prior to inheritance tax repeal - Reduction of inheritance tax revenues up to 55%

Source: Schratzenstaller (2025).

Getting in touch with the EU

In person

All over the European Union there are hundreds of Europe Direct centres. You can find the address of the centre nearest you online (european-union.europa.eu/contact-eu/meet-us_en).

On the phone or in writing

Europe Direct is a service that answers your questions about the European Union. You can contact this service:

- by freephone: 00 800 6 7 8 9 10 11 (certain operators may charge for these calls),
- at the following standard number: +32 22999696,
- via the following form: european-union.europa.eu/contact-eu/write-us_en.

Finding information about the EU

Online

Information about the European Union in all the official languages of the EU is available on the Europa website (european-union.europa.eu).

EU publications

You can view or order EU publications at op.europa.eu/en/publications. Multiple copies of free publications can be obtained by contacting Europe Direct or your local documentation centre (european-union.europa.eu/contact-eu/meet-us_en).

EU law and related documents

For access to legal information from the EU, including all EU law since 1951 in all the official language versions, go to EUR-Lex (eur-lex.europa.eu).

EU open data

The portal data.europa.eu provides access to open datasets from the EU institutions, bodies and agencies. These can be downloaded and reused for free, for both commercial and non-commercial purposes. The portal also provides access to a wealth of datasets from European countries.

