

CONFRONTING WEALTH INEQUALITY IN IRELAND

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FOREWORD

Ireland is at a turning point. While living costs bite and public services face mounting pressure, wealth at the very top continues to concentrate—bringing not only deeper inequality but a threat to our unity as a society. We know that extremism thrives on inequality. This is a threat we cannot ignore.

We know that Ireland is vulnerable to external economic shocks and that we may face a fiscal crunch in the years ahead, with an ageing population and rising demands for healthcare, long-term care, pensions. We know younger people especially need more access to affordable housing and that our public services need investment. It is clear also that we need to address the precarious nature of the corporation tax revenue upon which we are so reliant.

A well-designed net wealth tax offers a practical response to set Ireland on a more sustainable fiscal footing. It is also a fair response.

This excellent report shows in detail how a net wealth tax could be designed. A wealth tax set at a rate of 3% could yield €2.7 billion for the Exchequer. A rate of 2% could yield up to €1.7 billion and a 1% rate has a €1 billion yield. Indeed, the revenue collected could be higher if hidden wealth at the top was better captured through stronger transparency and enforcement. This would be a substantial contribution to the public purse.

This report builds on Oxfam's work for over a decade documenting inequality and proposing measures to confront that inequality worldwide. It also tackles the issue of Ireland's positioning on tax and inequality on the global stage, proposing a leadership role for Ireland in the coming years.

I'd like to thank the authors of this report, Dr Tom McDonnell, Sorley McCaughey and Ciarán Nugent for this very important contribution to the public policy debate.

Jim Clarken, Oxfam Ireland CEO



EXECUTIVE SUMMARY

Excessive wealth inequality will create power imbalances within any society. Such imbalances are ultimately a threat to social cohesion and solidarity as well as to the impartiality of political processes. In extreme cases wealth inequality represents a threat to democracy itself. Total household wealth is invariably a multiple of annual economic output. Wealth is much more unevenly distributed than income within any given population – and Ireland is no exception - though there are significant differences between countries in their levels of wealth concentration. CSO data for 2023 indicates that the top 10 percent of households owned 50 percent of all net wealth and the top 1 percent owned 13 percent of all wealth.^[i] Wealth concentration tends to worsen over time in the absence of countervailing policy interventions with tax policy a particularly important tool.

Political lobbying by the wealthy coupled with administrative difficulties have led to a reduction in the prevalence of net wealth taxes globally over recent decades. However, recent negotiations at the EU and at the United Nations have brought the taxation of high net worth individuals back to the fore while administrative capacities have improved immensely in recent years.

In this report we consider the merits of various options for the taxation of wealth in Ireland with a particular focus on the taxation of household net wealth. Crucially, the broad design principles identified in this report should apply equally well in many other economies around the world albeit with certain tweaks to reflect national level wealth levels and concentrations. Well-designed and carefully implemented wealth taxes offer significant potential as policy tools for governments to ameliorate levels of inequality and poverty within their populations helping to fund essential services and supports such as infrastructure, education, health and pensions. In addition, carefully designed taxes on wealth and the components of wealth may be less economically distortive than taxes on income and less regressive than most taxes on consumption. Finally, analysis from the 2022 Commission on Taxation and Welfare (COTW)^[ii] and from the Department of Finance^[iii] shows that Ireland will face a fiscal crunch in the years and decades to come. A net wealth tax would play some role in helping to fill this fiscal gap.

Ireland has not had a recurrent tax on net wealth since it abandoned the tax in 1978. There are advantages and disadvantages to reintroducing such a tax. The COTW took the view that a new tax on wealth should not be introduced without first attempting to substantially fix Ireland's other taxes on capital and wealth^[iv]. The inference is that if reforms to these other taxes do not proceed – for example due to political economy resistance - then the introduction of a net wealth tax could be explored as an alternative. In this report we go further and argue that the potential introduction of a net wealth tax should be seen as complementary to the reform of other taxes on wealth and to reforms to ensure the equality of taxation for all forms of personal capital income.

Arguments in favour of a wealth tax range from the potential revenue yield, to social justice considerations and social solidarity, to potential economic benefits, and to administrative advantages such as assisting in the fight against tax evasion and criminality. The taxation of wealth, by highlighting the levels of wealth inequality in society, also raises the spotlight on wider issues around the potentially harmful effects of wealth concentration e.g. through its effects on the balance of power and influence in a country and society. If our core policy goals include horizontal and vertical equity then we can

understand the wealth tax as a complement to income tax, which reflects the additional taxable capacity of the wealth holder.

A wealth tax with minimal exemptions and reliefs can be a valuable tool for clamping down on tax evasion. If we combine minimal or zero exemptions and reliefs with low marginal and effective rates then we can ensure minimal distortions to economic activity. Finally, net wealth taxes can have a beneficial ‘use it or lose it’ quality – it effectively shifts the relative tax burden to more unproductive wealth holders. This could boost the allocative efficiency of the capital stock by encouraging sale of underused or badly used assets.

Tax design needs to consider a number of factors including potential capital flight, impact on savings, potential administrative barriers, treatment of debt and valuation of assets, all while attempting to meet our key objectives of reducing inequality, raising taxes for the exchequer and minimising economic distortions. The tax structure most compatible with these policy objectives is one with either zero or very few exemptions and reliefs, a high threshold of liability, and a flat marginal rate set at a low level. While the available data on the distribution of wealth in Ireland is highly imperfect we tentatively estimate that a 1 percent tax on net wealth targeting the top 1 percent of the population (approximately 43,000 individuals) and using our preferred structure for the operation of the tax (high exemption threshold but minimal to zero exemption and reliefs)^[v] could raise in the region of €1 billion annually for the exchequer.

Proposed Design

Overall, there is a viable case for broadening the tax base to include an annual wealth tax – albeit only one that is carefully designed. Such a tax will recognise ability to pay, should seek to minimise economic distortions, should generate a meaningful yield to the exchequer, and should be as simple as possible. If the core objectives are horizontal and vertical equity then we can see the wealth tax as a complement to income tax, which reflects the additional taxable capacity of the wealth holder. A wealth tax with minimal exemptions and reliefs can also be a valuable tool for clamping down on tax evasion. Finally, if we can ensure the net wealth tax has a minimum of exemptions and reliefs, and has low marginal and effective rates, then we can ensure minimal distortions to economic activity.

The introduction of annual tax on net household wealth would be assisted by complementary reforms to reduce the administrative burden and accurately estimate net wealth including by making trusts automatically ‘see through’ and by introducing a beneficial ownership register and global assets register.

We are proposing that Ireland should introduce a tax on net household wealth that targets the wealthiest 1 percent of households. Such a tax could be introduced on a flat rate basis with just 1 rate or it could be introduced on a progressive basis with higher marginal rates targeting the even smaller group of the super rich.

We are proposing that the net wealth tax when introduced should initially be as simple and transparent as possible, and that it should focus on the wealthiest households. We strongly caution that providing exemptions or reliefs for certain asset types will create easy opportunities for tax avoidance and will distort economic decision making. Exemptions and reliefs have also undermined previous attempts net wealth taxes around Europe. To avoid these pitfalls, we are therefore proposing that there be no exemptions or reliefs whatsoever beyond an exemption for human capital, a modest exemption of up to €20,000 for personal effects and a tax free threshold available to all households. We estimate that a tax free threshold of between €2.5 million and €3 million would exempt all bar the wealthiest 1 percent of

households and tentatively propose €3 million as the tax free threshold. A high tax free threshold also weakens the economic case and the social case for including any exemptions and reliefs such as for farms or businesses and we do not support such exemptions or reliefs. Policymakers could consider the introduction of a ceiling relief that would ensure the combined income tax and wealth tax rate does not exceed a certain defined percentage of annual income but we are not proposing such a measure.

Setting a 1 percent tax on net household wealth (allowing only very modest exemptions and reliefs) and exempting the first €2.1 million of net wealth^[vi] potentially yields in the region of €1 billion annually for the exchequer. Alternatively, we estimate that a €1 billion yield that targets just the top 1 percent of households can be obtained by increasing the tax rate to circa 1.2 percent. A tax rate of 2 percent on the top 1 percent of households would potentially yield close to €1.7 billion and a 3 percent rate on the top 1 percent of households would potentially yield around €2.5 billion. It's important to note that the actual yield would be reduced somewhat by administration costs, by tax avoidance and tax evasion. At the same time, the yield could actually increase due to taxation on hidden wealth at the very top not captured in either survey or administrative data potentially offsetting any of these losses. Exemptions and reliefs, if introduced would reduce the potential yield.

Our proposed model for an annual net wealth with a €3 million tax free threshold per household but essentially no exemptions and reliefs other than for human capital would have a potential gross yield of close to €850 million for a modest 1 percent tax, close to €1.7 billion for a 2 percent tax and close to €2.5 billion for a 3 percent tax. In addition, Ireland already has a partial wealth tax in the form of the Local Property Tax (LPT). There is an argument that property tax payments could be offset as part of the wealth tax although this would of course reduce the wealth tax yield.

Synopsis of design recommendations

In summation, our proposed net household wealth tax (NWT) addresses national equality and prosperity goals while generating a meaningful yield for the exchequer. The proposed wealth tax has the following characteristics:

- The tax would apply to everyone tax resident in Ireland and would apply to the entirety of a household's global wealth holdings.
- In order to safeguard the tax base an Exit Tax should be introduced at the same time in order to prevent high net worth individuals from relocating to other tax jurisdictions in order to avoid the tax. The Exit Tax should be set at a multiple of the rate set for the NWT itself.
- A tax free threshold should be available to all households and this threshold should be set close to the threshold for entry into the top 1 percent wealthiest households. We are proposing that the net wealth tax be introduced with a €3 million threshold that could be adjusted in subsequent years;
- We propose an initial flat and modest rate of 1 per cent on net wealth in excess of the threshold. This rate could be gradually increased in subsequent years and/or a progressive structure introduced once we have a greater understanding of any behavioural impacts.
- There should be no exemptions or reliefs for any asset type or than for human capital. This means no exemptions or reliefs for real estate, family owned farms and businesses, pensions, or other asset categories. Introducing exemptions and reliefs will distort investment decisions, open up easy opportunities for tax avoidance and undermine the case for the wealth tax on equity grounds.
- The Local Property Tax (LPT) is a pre-existing partial wealth tax and it is therefore reasonable on horizontal equity grounds to offset LPT payments against the Net Wealth Tax (NWT).

Parallel to this Ireland can show progressive leadership in the various multilateral spaces where taxation of ‘High-Net Worth-Individuals’ is being discussed. For example, with the negotiations at the UN on a Framework Convention on International Taxation Cooperation reaching a crucial stage this year, Ireland should adopt a principled position in the UN Tax Convention negotiations - one that supports ambition, stands in solidarity with low-income countries, and contributes to building a fairer global tax system, especially in relation to High-Net-Worth-Individuals. Likewise, Ireland’s presidency of the Council of the EU this year presents an opportunity for Ireland to increase transparency and coordination around wealth taxation in the EU by pushing for ambitious reform of the Directive on Administrative Cooperation, supporting the taxation of personal passive holding companies in the Parent-Subsidiary Directive and advancing stronger and more transparent beneficial ownership registers. Chapter 5 includes more detailed recommendations for how Ireland can help address wealth inequality globally.

INTRODUCTION

The concentration of wealth in the hands of a relatively small number of people in Ireland remains high with at least half of all wealth in the hands of the top 10 percent and 13 percent in the hands of the top 1 percent^[vii]. The latter figure is likely an underestimate due to the ability of the wealthiest to hide their wealth offshore. There is also a growing recognition of the urgent need for the state to increase its revenue capacity by broadening its tax base and to shift the composition away from the taxation of income and towards the greater taxation of capital and wealth. These were two core recommendations made in the final report of Ireland's 2022 Commission on Taxation and Welfare (COTW).^[viii] Numerous international initiatives have begun to explore ways to tax wealth, including ongoing work at the United Nations (UN) on the Convention on International Cooperation on Tax Matters, the establishment of the Seville Platform for Action for Taxing the Super Rich at last year's UN Financing for Development conference in Seville, the European Commission and Parliament, the EU Tax Observatory, as well as the G20 summit in Brazil in 2024 where Ministers agreed 'to seek to engage cooperatively to ensure that ultra-high-net-worth individuals are effectively taxed'.^[ix] While the G20 statement fell short of a binding commitment, along with ongoing work at the UN, and within the EU, it adds to the incremental progress and momentum towards realising the potential of global cooperation on taxing wealth - including in Ireland.

In Section 2 we compile and discuss existing data sources on wealth and wealth inequality in Ireland and in other countries with a particular focus on Europe. We also discuss the economic, social and political implications of wealth concentration and then outline the main arguments for and against the introduction of a net wealth tax in Ireland in Section 3. In Section 4 we outline how wealth is currently taxed in Ireland. In addition, we assess the broadness and future sustainability of Ireland's revenue base and how this compares to other European countries.^{[x][xi]}

Section 5 discusses international negotiations on the taxation of high net worth individuals (HNWIs). We review the various international processes that have begun to engage with the issue of taxing HNWI, and discuss what implications and opportunities this may represent for Ireland. Section 6 then discusses administrative complexities and offers some solutions including better design tax at a domestic level, a global asset registry, and the linked issue of fully public and centralised registers of the beneficial owners of companies.

In Section 7 we elaborate a model for what a well-designed tax on net wealth might look like in Ireland based on our key objectives. We propose a model with a high threshold of liability and only modest exemptions and reliefs. We also provide estimates on how much revenue our proposed measures could raise in Ireland. We project that a 1 percent wealth tax applying to the top 1 percent of the population by net wealth with close to zero exemptions and reliefs would yield close to €1 billion annually for the exchequer. We conclude in Section 8.

SECTION 2: WEALTH & WEALTH INEQUALITY

WHAT IS WEALTH?

While much of the debate about economic equality has traditionally tended to focus on the distribution of income the debate in recent years has expanded its focus to wealth distribution^[xii]. There is often confusion between wealth and income and it is important to begin by differentiating between the two concepts. Most fundamentally wealth is a stock variable whereas income is a flow variable. A particular household's wealth will be a function of (A) past endowments (these are primarily inheritances but also include gifts); (B) past income flows; (C) past value changes; as well as (D) past saving and consumption decisions^[xiii]. We can therefore understand a 'wealth tax' as any tax on a stock (e.g. net wealth taxes and land taxes) and an 'income tax' as a tax on a flow (e.g. income tax and social security contributions). The third major tax type is the taxation of consumption with major examples including VAT and various Excise taxes.

Wealth can take many forms and an individual's or household's wealth will invariably be composed of a mix of different assets^[xiv]. Assets are typically decomposed into real physical assets and financial assets. However, certain assets, for example a person's knowledge, skills and human capital more generally, do not easily fall into either of these categories. Assets can also be decomposed into transferable and non-transferable categories, and into movable (e.g. cash) and immovable (e.g. land) categories. Assets include but are not limited to: land, houses and other real estate (residential and commercial property), business equity, agricultural assets such as livestock and forestry, vehicles, cash, current accounts and deposits, life assurance reserves, pension fund equity, securities (e.g. bonds, stocks, derivatives and promissory notes), human capital, goodwill, intellectual property, and personal property such as jewellery, antiques, furniture, collections and works of art.

Assets yield *potential* value to the holder of the asset. Often this value will take the form of monetary income e.g. interest, dividends, rents and royalties. However, there can be other benefits for the asset holder including capital appreciation, financial security, independence and comfort, participation in society, status, access, power and influence, economic freedom, a greater ability to borrow, as well as various psychological benefits. In other words, wealth can provide substantial benefits to the holder of the wealth that goes above and beyond the monetary income generated from that wealth.

The distribution of wealth in any population is invariably much more concentrated than that of income. Wealth tends to become more concentrated over time in the absence of countervailing policy interventions because wealth itself generates new wealth over time through the return on capital. A significant portion of wealth inequality within most countries is explained by the unequal receipt of endowments in the form of inheritances and gifts unearned by beneficiaries themselves. Indeed, such unearned endowments largely explain the persistence of wealth inequality across generations. For example, Alvaredo et al.^[xv] estimate that inherited wealth accounts for 50-60 percent of private wealth in 2010 for the United States as well as for a set of European countries (France, Germany, Sweden, the United Kingdom).

DATA ON WEALTH INEQUALITY

Driven by new and more frequent data on assets and their ownership, a better understanding has emerged of the concentration of wealth within society. Wealth is much more unequally distributed than income. Figures 2.1 and 2.2 present the most recent data from two different sources on net wealth inequality in a selection of six small open economies in the Eurozone measured by the GINI coefficient, the most commonly used summary indicator of inequality. The sample consists of one liberal market economy (Ireland), two coordinated market economies (Austria and Belgium), one social democratic economy (Finland) and two Southern or ‘Mediterranean’ model economies (Greece and Portugal).

Distributional Wealth Accounts (DWA)^[xvi] are experimental statistics produced by the European Central Bank based on the Household Finance and Consumption Survey (HFCS)^[xvii] (conducted every 3 years) consistent with the aggregates from Quarterly National Accounts (QNA) for households. For some Eurozone countries, estimates are available from 2009, though in others, like Ireland, estimates are only available from 2013. The World Inequality database (WID)^[xviii] which is based primarily in the Paris School of Economics and the University of Berkeley, California^[xix] provide estimates of the distribution of wealth using tax data harmonised across countries consistent with macroeconomic aggregates produced by national statistical institutes and available for many countries as far back as the 1980s. The unit of analysis is tax units rather than households, and estimates are published based on equal split adults. The equal split method treats married couples registered together for tax as two individuals with their combined wealth equally split. For example, rather than treating a married couple with a net wealth of €2 million as one tax unit, the couple is instead counted as two separate individuals with net wealth of €1 million each. This source of data is likely better at capturing the true wealth of the very wealthiest relative to household-based surveys although figures still likely underestimate wealth at the very top (see Callan et al 2020)^[xx].

Because the two main datasets estimating wealth inequality use different methodologies their rankings and estimates in cross-country comparisons will often not align. Even so, the net wealth GINI estimates (Figures 2.1 and 2.2) for Austria and Belgium are similar across both datasets over the period with relatively consistent estimates for Finland too. The GINI coefficients across the six small open economies range from 0.67 (Belgium) to 0.88 (Ireland) in the WID data and from 0.61 (Greece) to 0.77 (Austria) in the ECB estimates. The largest discrepancy between the two datasets is for Ireland, which according to WID data has a GINI score of net wealth inequality of 0.88 in 2023 (the highest and most unequal) compared to 0.64 (second lowest) from the ECB. The two estimates of net wealth inequality (GINI) in Greece show a similar disparity with the WID estimate placing Greece second from the top (0.85), while the ECB has Greece as consistently the lowest inequality in wealth. Other than falling inequality in Ireland, little difference is recorded in the ECB estimates over a period of about 15 years in the other 5 countries, including in Greece. Net wealth inequality in most cases has been remarkably stable. In WID data, the GINI estimate for net wealth inequality also rose in Greece in the period between 2008 and 2014 though this is not evident in ECB figures.

The disparities in the Irish figures across the two datasets are evident again in the estimates for the share of national net wealth going to the top 10 percent and the top 5 percent (Figures 2.3 to 2.6). The estimate from tax data on equally split tax units on the share of net wealth going to the top 10 percent is 17 percentage points higher than the household-based estimate from the ECB in the Distributional Wealth Accounts (66 percent vs 49 percent) and as such Ireland is estimated to be most unequal by the WID’s equal split method and to have a low relatively low level of net wealth inequality in the ECB’s household-

(based method. Similarly, there is a 12-point difference in estimates of the share of net wealth going to the top 5 percent of adults in the WID data in Ireland versus the household-based estimate produced by the ECB (49 percent vs 37 percent). Thus, the WID estimate the top 5 percent (equal split) control 49 percent of net wealth, whereas the ECB estimate the top 10 percent (household) control 49 percent.

Figure 2.1 Net Personal Wealth Inequality GINI (equal split adults, WID)

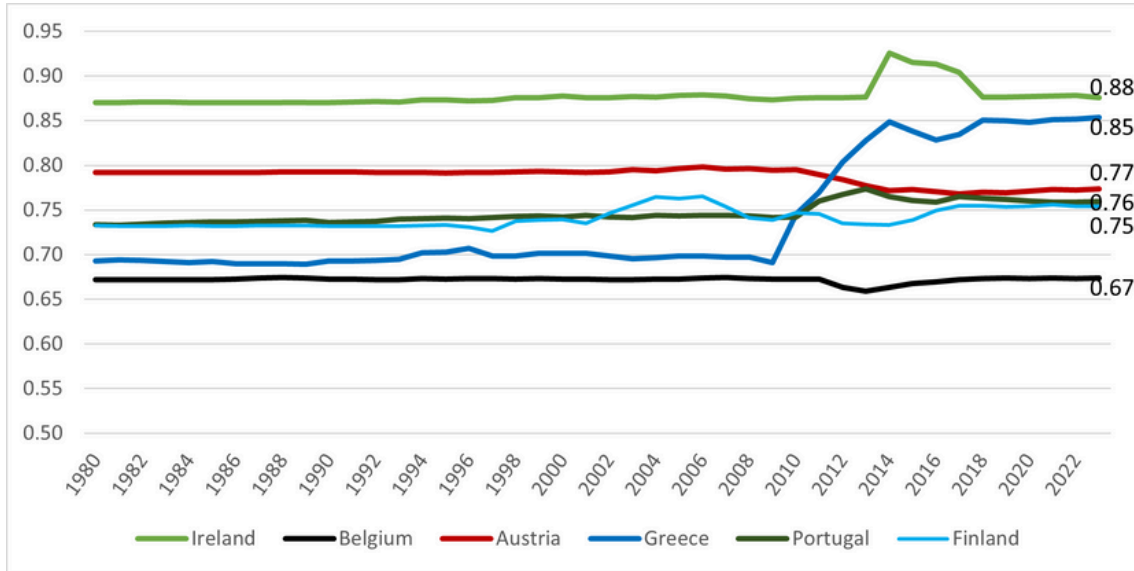


Figure 2.2 Net Household Wealth Inequality GINI (adjusted, ECB/DWA)

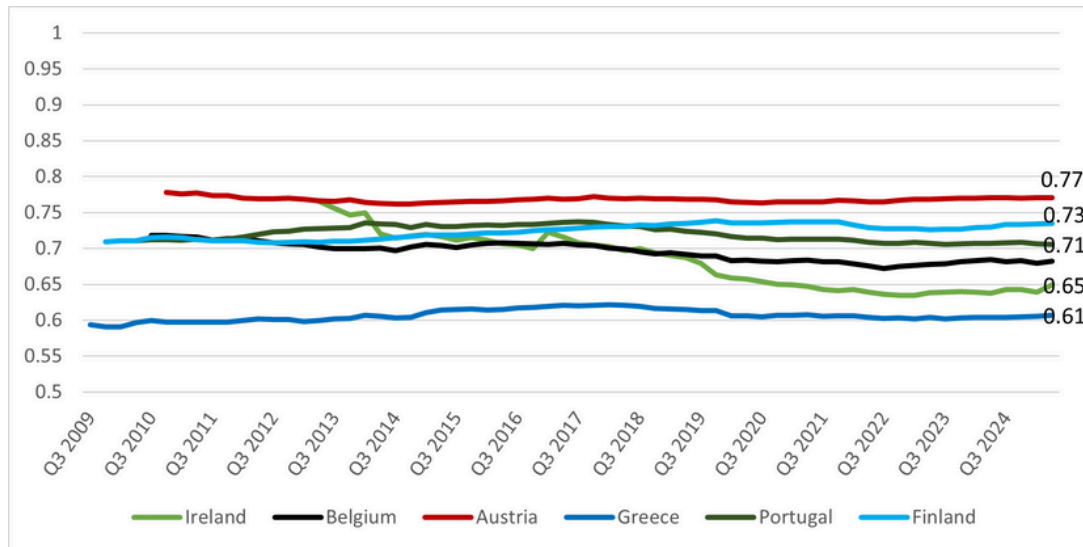


Figure 2.3 Net Personal Wealth Inequality, Top 10% share (equal split adults, WID)

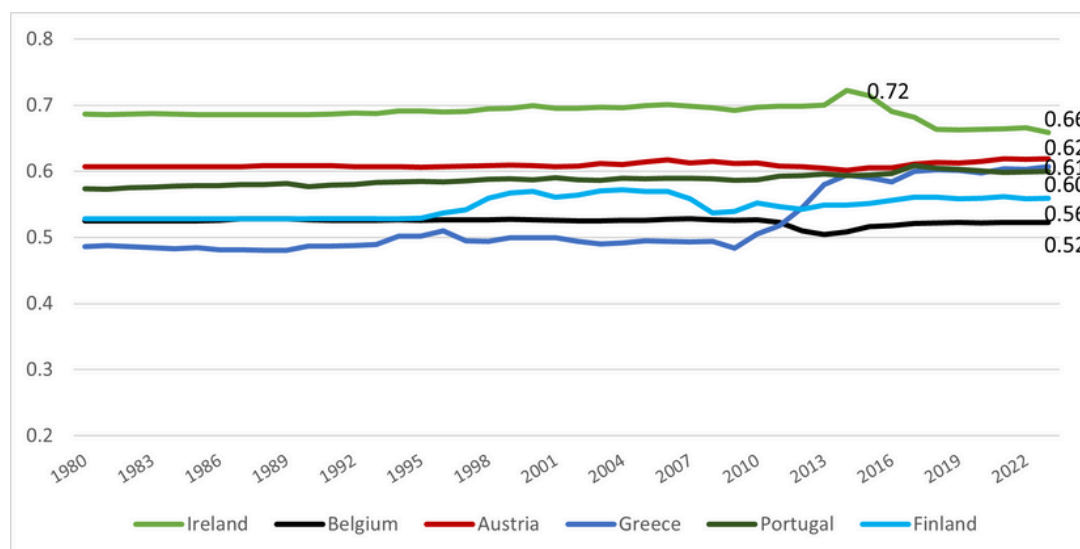


Figure 2.4 Net Household Wealth Inequality Top 10% share (adjusted, ECB/DWA)

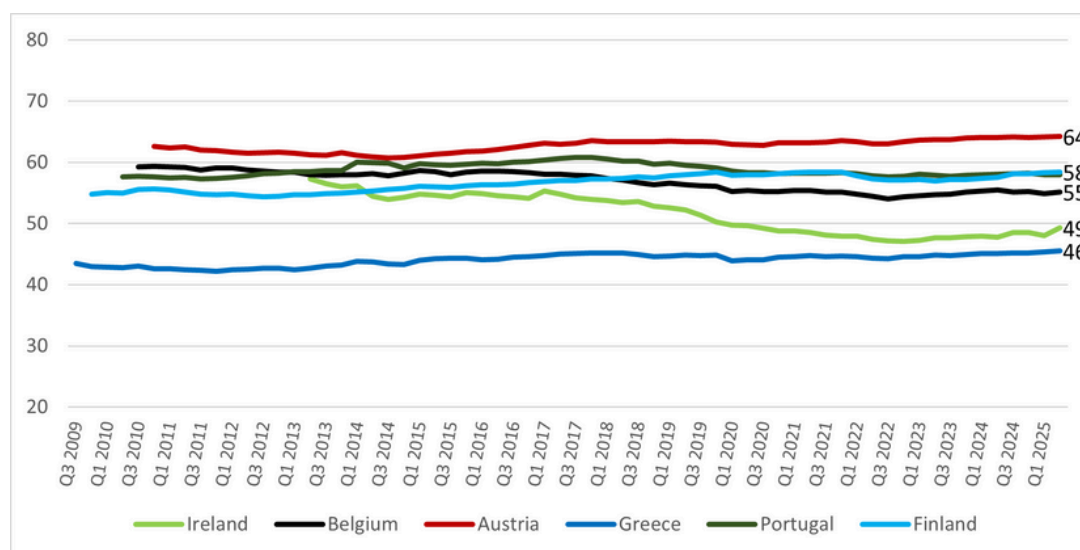


Figure 2.5 Net Personal Wealth Inequality, Top 5% share (equal split adults, WID)

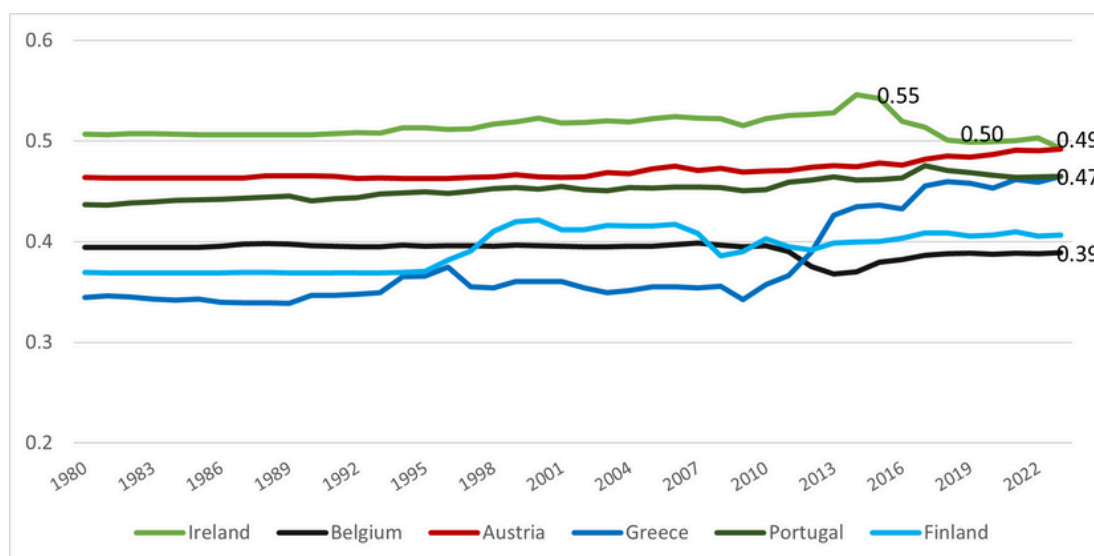
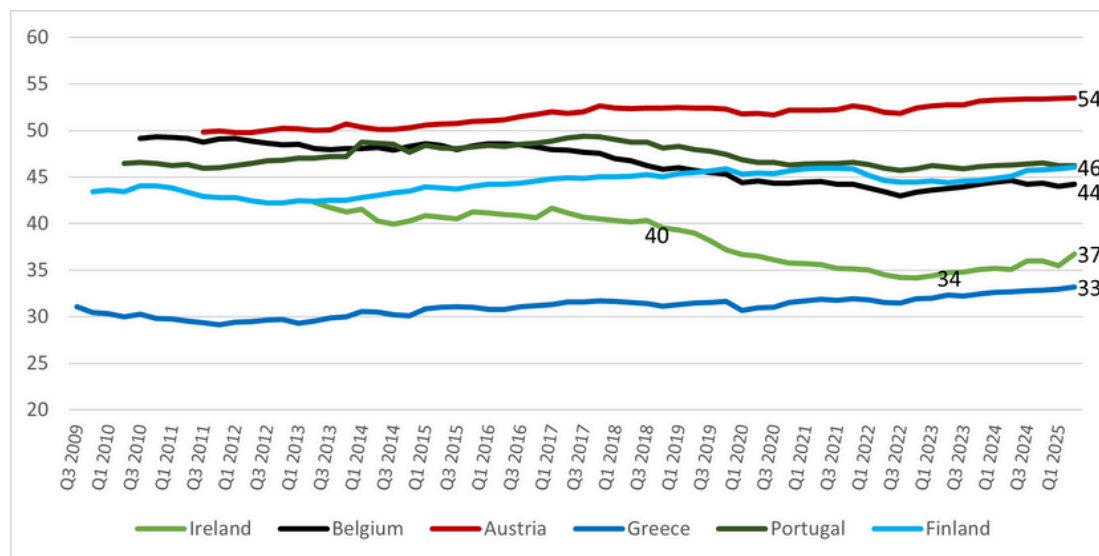
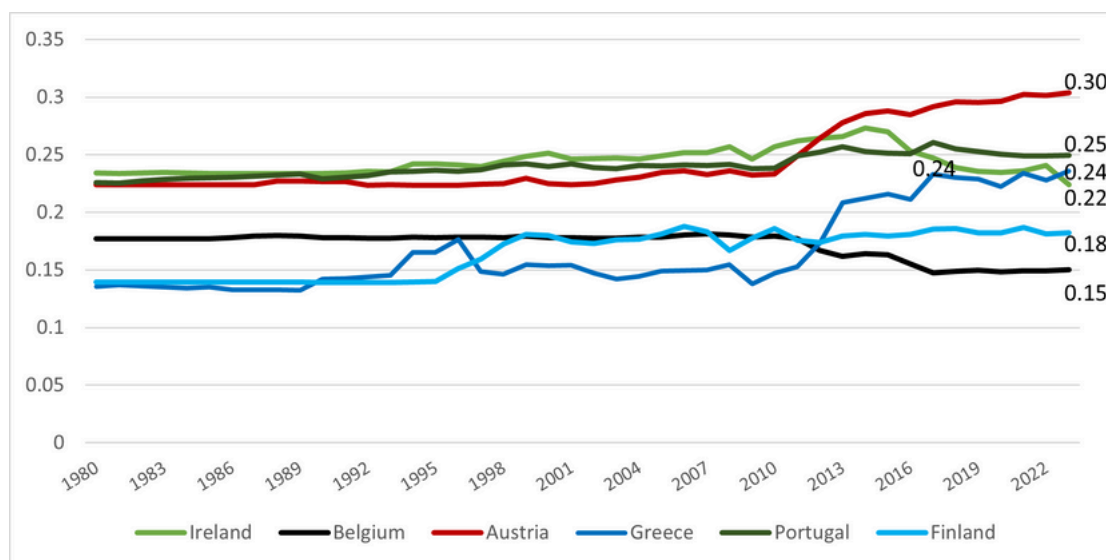


Figure 2.6 Net Household Wealth Inequality Top 5% share (adjusted, ECB/DWA)

As the ECB does not publish estimates on the net wealth of the top 1 percent or the share of net wealth going to the top 1 percent comparison with WID is possible. However, Horan et al (2021)^[xxi] estimate a top 1 percent share of net wealth of 14.9 percent in Ireland in 2018, up from 12.1 percent in 2013 and 10.0 percent in 1987, while the Household Finance and Consumption Survey (2023) upon which the ECB figures are based has more recently estimated a 13 percent share for the top 1 percent^[xxii] in Ireland. The WID database shows a higher figure of 22 percent (see Figure 2.7).

Figure 2.7 Net Household Wealth Inequality Top 1% share (equal split adults, WID)

The WID also provides detail on the value of net wealth for different groups in the distribution over time. In Ireland's case, the data goes back as far as 1980, giving 45 years of estimates. In 2024 prices, the top 10 percent have increased their wealth from €306,225 in 1980 to just over €1.6 million. The group made up of the third, fourth, fifth and sixth decile (p30-p70) a proxy for 'middle Ireland' increased their net wealth on average over the same period from just under €11,000 to €76,651. The top 1 percent have increased their net wealth from just over €1 million in 2024 prices in 1980 to over €5.6 million in 2024 (€5,681,037).

The Household Finance and Consumption Survey (HFCS) collected by the Central Statistics Office (CSO) provides interesting survey data on the components of gross wealth by net wealth decile in Ireland not produce by the ECB for cross-country comparison. The household main residence makes up the overwhelming majority of wealth for the country as a whole, especially for ‘middle Ireland’ - ranging from 74.9 to 80.4 percent in the middle 4th through 7th deciles (Table 2.1). On the other hand, the share of wealth related to the family home for the top 10 percent of households is less than a quarter (24.4 percent) and this share fell between 2018 and 2023. Though the survey does not provide details in this respect for the top 1 percent, the importance of the main residence is likely to be smaller again as a component of their overall wealth.

Table 2.1 Percentage Distribution of the Components of Gross Wealth by Net Wealth Decile

	1st decile	2nd decile	3rd decile	4th decile	5th decile	6th decile	7th decile	8th decile	9th decile	10th decile
2018										
Household main residence (HMR)	64.2	43.9	59.6	71.2	79.4	79.1	75.5	69.9	57.4	26.3
2023										
Household main residence (HMR)	52.8	*	45	76.4	79.3	80.4	74.9	68.9	55.3	24.4

The HFCS data shows a net wealth threshold of €1.024 million to qualify to be in the top 10 percent of households (the top wealth decile) and that this group had a median net wealth of €1.533 million. Table 2.2 shows that the assets for those households in the top 10 percent of the distribution are mostly made up of self-employment business wealth (27.4 percent), financial assets (17.2 percent), land (16.1 percent) and other real estate (12.7 percent). With a mean gross wealth of €2.6 million, this translates to an average of €700,000 in self-employment business wealth, an average of €447,000 in financial assets, €418,000 in land assets and €330,000 in other real estate for households in this top decile.

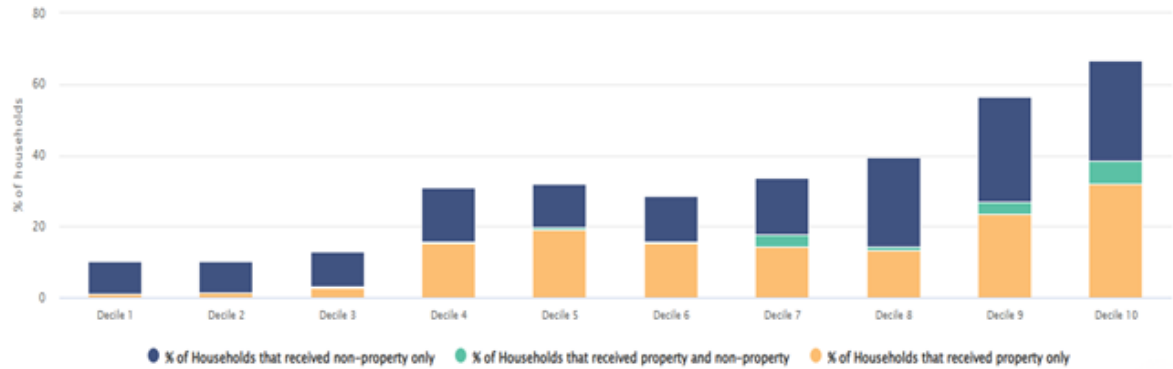
Table 2 Percentage Distribution of the Components of Gross Wealth by Net Wealth Decile, 2023

Contribution to gross wealth	10th	6th
Household main residence (HMR)	24.4	80.4
Land	16.1	0.7
Other real estate property, excluding HMR & land	12.7	3.0
Self-employment business	27.4	0.6
Vehicles	1.2	3.7
Valuables (jewellery, electronics, works of art, antiques)	1.0	2.4
Any financial asset	17.2	9.3

We can also see from Table 2.2 that the top 10 percent has a much more diverse portfolio of assets than does a middle wealth household in the 6th decile. Land (0.7 percent) and self-employment business (0.6 percent) are tiny proportions of wealth for the middle wealth household. Self-employment business makes up less than 4 percent of assets for all deciles bar the top 10 percent while land makes up less than 9 percent for all groups outside the top 10 percent.

Households in the bottom decile had a net wealth of €2,400 in 2023 or just 0.2 percent of the level required to get into the top 10 percent. Finally, as Figure 2.8 shows, most wealth endowments are highly unequal. Over two thirds of households in the top decile of net wealth in 2018 received a substantial gift or inheritance compared to just 10 percent in the bottom decile and around one third for the middle deciles ^[xxiii].

Figure 2.8 Percentage of households that received a substantial gift or inheritance by Net Wealth Decile (HFCS, 2018)



SECTION 3: ARGUMENTS FOR AND AGAINST TAXING WEALTH

Holders of wealth can passively or actively exploit that wealth to generate even more wealth over time through the return on capital. As such, wealth inequality will tend to compound over time in the absence of countervailing taxes on capital. The OECD^[xxiv] notes that the taxation of wealth raises wider issues about the potentially harmful effects of wealth concentration e.g. through its effects on the balance of power and influence in a country and society. As it happens, many countries raise less revenue from capital taxation than from labour taxation. Ireland is one of these countries.

Taxes on wealth generally have very narrow bases and often contain numerous exemptions. They therefore tend to comprise a tiny proportion of overall taxation. The relative under reliance on capital taxation (taxes on profits, capital income, property and wealth) compared to taxes on labour (income taxes and social security contributions) and on consumption (mainly VAT and Excises) means that asset owners are often undertaxed relative to workers and consumers. As wealth and therefore capital income is concentrated within the top of the distribution the relative under taxation of capital disproportionately benefits higher earners and reduces progressivity while simultaneously weakening the revenue-raising capacity of tax systems. The decline in use of taxes on wealth over recent decades enables High Net Worth Individuals (HNWIs) to pay relatively low effective tax rates.

ARGUMENTS FOR TAXING WEALTH

Income and wealth inequality have been on the rise internationally since the 1980s. **The ownership of wealth is highly concentrated** with the top 10 percent wealthiest households in Ireland holding 50 percent of total wealth. This is unlikely to be an optimal distribution from a well-being perspective. Indeed, diminishing marginal utility suggests that aggregate well-being in a society declines in line with increased income and wealth inequality. This effect is likely to be particularly pronounced where high levels of inequality are coupled with elevated levels of poverty and deprivation.

Historical reductions in wealth inequality have generally only come about as the result of major shocks such as wars. Wealth distribution and concentration are driven by natural systemic, systematic mechanisms, which cover both market and non-market forces. The main market mechanism is that returns to wealth grow faster than economic output,^[xxv] while relevant non-market forces include marriage patterns, tax and benefit policy, monetary policy, and political connections and influence over economic policymaking. Crucially, wealth inequality is more strongly driven by inherited wealth than by self-made entrepreneurial wealth with asset prices swings and luck additional factors driving wealth inequality over time. The general historical trends in wealth concentration suggest that without policy intervention wealth inequality will inevitably intensify over time. This creates a justification for wealth taxes as a partially offsetting force. Taxing wealth also makes the political economy of other tax reforms much easier because it helps engender a sense of solidarity that we are all ‘in it together’. It can be argued that the abolition of the wealth tax in France made other necessary reforms, including to reduce households CO2 emissions, much more difficult to achieve because it created the perception that the wealthy elite were receiving special treatment.

Wealth increases consumption possibilities through the generation of capital income, and this without having to sacrifice leisure. Thus, income generated through wealth has a higher net benefit to the individual than income generated through labour. In addition, when income is insufficient the level of wealth itself contributes to consumption possibilities through precautionary and life cycle savings. **The mere ownership of wealth therefore increases a person's utility or well-being** because it creates independence and security, reduces anxiety, and opens up a wider range of free choice. Finally, wealth is an important contributor to achieving or maintaining class status and prestige, as well as providing economic and political power. These important contributions of wealth to well-being provide a strong justification to include wealth in the tax base.

Horizontal and vertical equity principles provide important rationales for taxing wealth because income understates a household's well-being and ability to pay. Savings and assets and their use contributes to one's socio-economic well-being while ability to pay depends on one's position in the joint distribution of income and wealth. For tax purposes two persons or households with the same position in the joint distribution of income and wealth^[xxvi] have a similar level of economic well-being and ability to pay and should be treated equally. That is the horizontal equity principle. A net wealth tax can also be understood as a complementary tax in cases where capital incomes are taxed lower than earned incomes, for example due to exemptions, reliefs or lower rates, or where imputed^[xxvii] capital income does not get taxed. Wealth taxation therefore addresses not just vertical but also horizontal equity considerations.

Equality of opportunity and the societal and economic goal of creating a genuine meritocracy presents a further rationale for the taxation of wealth particularly when we consider that inheritances and gifts play such a large role in driving wealth inequality and therefore inequality of opportunity. Bequests and indeed the anticipation of future bequests will give some people unmerited head starts and more choices in life relative to others, albeit this perhaps provides a stronger argument for taxing wealth transfers than for taxing net wealth itself.

There are also **economic efficiency** arguments for taxing wealth. Cross country analysis by Arnold et al (2011)^[xxviii], and Acosta et al (2012)^[xxix] lends support to the hypothesis that capital stock related taxes are the least likely category to effect economic performance^[xxx]. The impact of wealth taxes on labour supply and investment in human capital is rather limited, so they should have relatively little effect on economic activity compared to taxes on labour. This suggests that a revenue neutral shift of the tax burden towards taxes on wealth, and in particular away from taxes on earnings, would drive development more efficiently. Second, taxing wealth encourages reallocation of wealth assets towards firms and households that are better able to exploit the potential returns from those assets while also disincentivising non-use of assets and incentivising productive use of wealth. Third, a wealth tax that excludes human capital will increase the relative value of human capital as an asset and therefore incentivise investments in human capital and ultimately higher levels of innovation and productivity-based economic performance. Fourth, the capacity of wealth taxes to ameliorate wealth inequality should itself increase economic activity. One reason is that the impact of wealth inequality on equality of opportunity is likely to undermine potential progress due to misallocation of labour and capital usage and to non-optimisation of outcomes. Fifth, taxes on wealth broaden the tax base, thereby adding to fiscal sustainability which is itself associated with better economic outcomes, and they provide funds for important productivity driving areas of public spending such as education and R&D. On the other hand, an important caveat is that a poorly designed wealth tax that exempts or provides relief for certain asset types could have a negative impact on economic activity by distorting investment decisions.

A final argument in favour of a wealth tax is that the building up of wealth registries could help **combat criminality** over time as well as making it more difficult to under-declare income or otherwise engage in tax evasion.

ARGUMENTS AGAINST TAXING WEALTH

There are a number of potential arguments against Ireland introducing a net wealth tax. One such argument is that it could not be enforced effectively on the national level due to tax avoidance and tax competition based on the international mobility of assets. It is likely that considerable amounts of wealth are already hidden in tax havens and a punitive wealth tax could further incentivise capital flight. In order to disincentivise capital flight the wealth tax could be set at a low effective rate. Third party reporting, automatic exchange of information and tax cooperation more generally could also militate against aggressive tax avoidance and tax evasion.

A second argument against taxing net wealth is the issue of valuation difficulties, particularly for infrequently traded assets, and the potential costs of tax collection. As it happens, there are a number of methodological and data solutions that can be used to minimise administration and compliance cost issues. These include recent improvements in ICT and in public administration capacities, the use of insured values for jewellery or artwork, the use of market values wherever possible, the option for self-assessment by the taxpayer, and the use of ongoing fixed values for assessed wealth for up to 4 years. Setting a high net wealth threshold for the wealth tax will also reduce administrative costs as it will restrict the tax to only the wealthiest taxpayers with the highest potential tax yields.

A third argument against taxing net wealth is that it amounts to double taxation. It is the case that capital income is already taxed, albeit not imputed capital income, but the same applies to all taxes. Most obviously, all consumption taxes are paid out of already taxed incomes. A wealth tax is therefore better understood as a surtax on income rather than a double tax. What actually matters in terms of fairness is the overall effective rate paid by the individual or household. This suggests the need for a low headline rate and a ceiling provision for the wealth tax so that the overall effective rate (i.e. the wealth tax added to other taxes paid such as income tax or property tax) does not reach a punitive level.

A fourth argument against taxing net wealth is that the tax will generate a low revenue yield. There are two comments worth making in relation to this. First, while it is indeed the case that a wealth tax will yield a small amount of tax receipts for the exchequer relative to the size of the economy this is also the case for a range of already existing taxes including the Local Property Tax, the Capital Acquisitions Tax and indeed many others. A relatively small yield and benefit for the public finances does not invalidate the use of wealth taxes though it does mean that they can only ever play a modest part in the long-term financing of public services. The second point is that most historical taxes on net wealth including Ireland's previous one exempted certain types of asset or given generous preferential rates. This type of flawed design will inevitably reduce the yield. We can maximise the potential yield by ensuring there are no exemptions or reliefs except where absolutely necessary. This is discussed further in section 5.

A fifth argument against taxing net wealth is that it might discourage financial investment, entrepreneurship and risk-taking and therefore impede economic performance. The counter argument is that it might encourage risk taking in the search for yield and would act as an incentive for the productive use of wealth. Inefficient investors or inactive asset holders have a choice between selling some of their wealth to more dynamic investors, or becoming more dynamic investors themselves. Avoiding economic

distortions is nevertheless important and this suggests a structure with no exemptions or reliefs other than a basic threshold of exemption for all households and an exemption for human capital. Exemptions and reliefs will distort economic decisions and lead to suboptimal investment patterns. Finally, exempting human capital lowers the net return on tangible capital relative to the return on human capital. This provides an incentive to invest in human capital, which again drives development.

The final argument against taxing net wealth is that the disproportionately strong political influence of the wealthy makes the tax unsustainable and that it therefore cannot be relied upon as a source of revenue over the longer term. Indeed, lobbying by the wealthy and their proxies have likely been an important factor in the decreased use of net wealth taxes over time. This issue will be considered in the concluding section.

SECTION 4: THE TAXATION OF WEALTH IN IRELAND

THE SUSTAINABILITY OF IRELAND'S REVENUE BASE

The sustainability of Ireland's fiscal position will become increasingly fragile in the decades ahead. This was a core finding of the 2022 Commission on Taxation and Welfare and also of the Department of Finance's December 2025 'Future Forty' report.^[xxx] The Future Forty report describes a range of scenarios and possible outcomes by 2065 with the annual deficit (as a share of output – GNI*) varying from -21.8 percent to -0.8 percent. Various reports^{[xxxii][xxxiii]} from the Nevin Economic Research Institute have also questioned the sustainability of Ireland's fiscal model as have multiple reports from the Irish Fiscal Advisory Council.^[xxxiv] The ageing population is the main cause of the deterioration in the fiscal position as it will lead to increased demands for spending on healthcare, long-term care, and pensions while a declining working age ratio will mean less income from income taxes and slower development. Additional factors such as the costs of the climate transition will also negatively affect the fiscal position. In this context it is prudent to examine all aspects of the Irish tax system in order to identify potential sources of additional government revenue. We focus here on the taxation of wealth.

CAPITAL TAXES

The potential tax base is comprised of that which can be taxed. Tax policy is not just about the advantages and disadvantages of any individual tax, but about the overall tax package including its composition and the aggregate size of the tax take relative to the size of the overall economy. The primary objective of the taxation system is to raise revenue for the state. Other objectives of the tax system include driving economic activity; embedding fiscal and environmental sustainability; minimising administration and compliance costs; reducing inequality of opportunity and outcome, and ensuring income adequacy.

All government tax receipts (including social security contributions) are obtained from one or more of three tax bases – consumption, labour and capital. Alternatively, we may conceptualise tax receipts as coming from income, profits, expenditure, property or wealth^[xxxv]. The 2022 Report of Ireland's Commission on Taxation and Welfare (COTW) recommended that capital taxes should be substantially re-worked in Ireland in order to deliver a higher tax yield from sources of wealth. In this section we briefly review capital taxation as it is in Ireland.

Capital taxation broadly refers to all taxes on assets including taxes on the income derived from those assets. There is a distinction between taxes on income derived from capital and taxes on the capital stock itself. Taxes on capital income include taxes on the income or profits of corporations; taxes on the income of the self-employed; and personal income taxes paid on the capital income of households, for example dividends, interest, rents and royalties.

Property taxes are taxes levied on one or more types of asset. There are six broad categories of property tax. These are:

- Recurrent taxes on net wealth (e.g. Net Wealth Taxes)
- Recurrent taxes on immovable property (e.g. Residential Property Taxes and Land Taxes)
- Other recurrent taxes on property (e.g. Domicile Levies^[xxxvi])
- Other non-recurrent taxes on property (e.g. Capital Levies^[xxxvii])
- Estate, inheritance and gift taxes (e.g. Capital Acquisitions Tax)
- Taxes on financial and capital transactions (e.g. Stamp Duty)

TAXES ON WEALTH IN IRELAND

The fundamental characteristic of wealth taxes is that they are taxes on a stock of assets. There are three common forms of wealth tax:

1. Taxes on wealth transfers. Estate tax, inheritance tax, and gift tax are all taxes on wealth transfers. Most OECD countries employ capital transfer taxes in at least one form. Ireland taxes inheritances and gifts through Capital Acquisition Tax (CAT). CAT was originally introduced in Ireland in 1976 as a replacement for Estate Duty.
2. Taxes on capital appreciation. Capital appreciation is partially^[xxxviii] taxed in Ireland through Capital Gains Tax (CGT). CGT was originally introduced in Ireland in 1975^[xxxix] and has been altered many times since. Most countries have CGT on sales. CGT on gifts or transfers on death are less common.
3. Taxes on wealth holdings. A net wealth tax is a recurrent tax on the capital value of assets less liabilities. Spain, Norway and Switzerland all have recurrent wealth taxes. Ireland operated a net wealth tax between 1975 and 1978. A recurrent wealth tax typically refers to an annual tax on the stock of net wealth, in other words it is a tax on the value of gross assets minus liabilities. Such taxes may be applied to individuals, to Discretionary Trusts, or to businesses.

Although the holding of net wealth is currently untaxed in Ireland this was not always the case. Ireland's net wealth tax operated between 1975 and 1978. It was introduced alongside CAT as part of a coalition deal agreed between Labour and Fine Gael in exchange for the abolition of Estate Duty. A 1974 White Paper on Capital Taxation identified the reduction of inequality as the core objective of the Net Wealth Tax. The proposed wealth tax in the White Paper had a graduated progressive structure ranging from 1 percent to 2.5 percent. It had modest thresholds, a minimum of exemptions and reliefs, and no ceiling provision. However, the wealth tax introduced in April 1975 was essentially unrecognisable from the one proposed in the White Paper. Pressure from special interests including the influential agriculture and business lobbies meant that the wealth tax was instantly undermined by a plethora of exemptions and reliefs, most notably for business and agriculture property and for the principal private residence. The wealth tax was set at a rate of 1 percent of taxable wealth with a high threshold of liability set at £70,000 for a single person, £90,000 for a widowed person and £200,000 for a married person. The low average annual yield of £5.25 million or 0.1 percent of GDP^[x] can be seen as a consequence of the wealth tax's high threshold and in particular the wide range of allowable exemptions and reliefs.

The tax was abolished by Fianna Fáil when they came to power in 1978. McDonnell (2013)^[xii] notes that the main failures of the 1975-78 tax were its complicated design, the range of exemptions and reliefs, the cost of operation, and the method of administration. Similar flaws can be seen in many of the wealth taxes that have existed internationally. Clearly any modern wealth tax should be informed by these lessons.

However, Ireland does have other taxes on wealth. Capital Acquisitions Tax (CAT) is a tax on wealth transfers and Capital Gains Tax (CGT) is a tax on the appreciation of an asset's value. CAT includes inheritance tax, gift tax and Discretionary Trust tax. CAT was introduced in 1976 as a partial replacement for estate duty and is charged on the amount gifted to, or inherited by, the person (known as the donee) receiving the gift/inheritance. Rates originally varied between 5 percent and 50 percent. As of December 2025, the rate of CAT was 33 percent. Receipts from CAT amounted to €854 million in 2024 with €725 million of this amount arising from inheritances.^[xliii]

CAT has three tax-free thresholds known as the group thresholds. The relevant threshold is determined based on the relationship between the person making the gift or leaving the inheritance (known as the disponent) and the donee. The tax-free thresholds vary enormously between groups^[xliv] and are extremely difficult if not impossible to justify on equity grounds. In addition, CAT contains a number of other generous exemptions and reliefs. There is an exemption on the first €3,000 of taxable gifts received during each tax year and there is an exemption for gifts and inheritances made between spouses/civil partners. There are also very generous agricultural and business property reliefs which reduce liability to CAT by 90 percent. The relief operates by reducing the market value of the relevant assets by 90 percent, so that CAT is calculated on an amount - known as the 'agricultural value' or 'business value' as appropriate^[xlv] - which is substantially less than the market value. There is no upper ceiling on these reliefs. The generosity of all these exemptions and reliefs clearly undermines the principle of horizontal equity between taxpayers and dramatically depletes the potential yield.^[xlv]

Capital Gains Tax (CGT) is charged on the value of the capital gain or profit made on the disposal of an asset. CGT was introduced at a rate of 26 percent in 1975; the main rate was increased to 40 percent in 1992, and then reduced to 20 percent in 1998. It has been increased on four occasions since 2008 and is currently charged at a rate of 33 percent. There are a number of CGT reliefs and an annual exemption of €1,270 for all assets disposed of by an individual. There are exemptions for disposals to spouses/civil partners as well as an exemption for disposal of the principal (main) private residence. There are also certain reliefs for disposal of business or farming assets such as retirement relief. CGT receipts can be volatile. Receipts were as low as €345 million in 2010 reflecting the decline in asset values and the number of transactions post 2008 great financial crash. The CGT yield was €1.708 billion in 2024^[xlvii]. A prudent reform would be to align the tax rates that apply to incomes (income tax) and gains (CGT). Differences in tax rates on different types of income create opportunities for income-shifting tax planning and aggressive tax avoidance in addition to creating economic distortions, rent seeking and non-productive tax planning.

There is also a Local Property Tax (LPT). This tax is an annual charge on the value of residential property with the owner liable and the receipts going to local governments. Property value is self-assessed by the property owners. €543 million was collected in receipts in 2024 in respect of 2 million properties and 1.4 million public or private owners. There were 173,186 multi property owners. A Vacant Homes Tax (VHT) has been effective since 2022 but raised just €2 million in 2024. Taxes on immovable property and taxes on land are generally seen as the least distorting to economic activity^[xlviii] and the least damaging to economic performance. These taxes are also very difficult for the super-wealthy to avoid because the underlying asset lacks mobility and is impossible to hide^[xlviii]. Finally, Stamp Duty^[xlix] is a tax on certain instruments (written documents). It applies ad valorem on residential and non-residential property transactions. Rates vary from 1 percent to 15 percent. Stamp duty also applies at a rate of 1 percent to transfers in stocks and shares and other financial instruments by way of sale. Net receipts from stamp duties were €1.6 billion in 2024.

Total tax receipts in the OECD from wealth taxes are much smaller in scale than total receipts from tax on income or tax on expenditure. Indeed, the combined tax revenue from expenditure taxes and income taxes (which includes taxes on income from capital and employment), accounts for almost all tax revenue raised by OECD member states. Property taxes in the OECD amounted to an average of just 1.7 percent of GDP in 2023^[1] and 5.1 percent of tax revenue. On average, the combined tax revenue from wealth transfer taxes and annual net wealth taxes accounts for less than 1 percent of the total revenue of OECD countries. Of course, wealth or property taxes are not the only way to tax capital and in every OECD country a proportion of income tax is obtained from taxes on individuals' capital incomes. There is also usually a tax on corporate income levied at the business level.

Table 4.1 Composition of Tax Revenue, 2024

	Income (Individuals)	Income (Corporates)	SSCs ⁱⁱ	Taxes on Property	VAT & other consumption taxes	All other taxes
OECD	23.7	11.9	25.5	5.1	31.3	2.6
Ireland	31.1	21.5	15.6	4.6	26.2	1.0

Source: OECD (2025) Tax Revenue Trends 1965-2024

SECTION 5: INTERNATIONAL NEGOTIATIONS ON THE TAXATION OF HIGH NET WEALTH INDIVIDUALS

THE G20 AND WEALTH TAXATION

The G20 has not agreed on a shared approach to taxing wealth, but it still plays an important role in shaping global debates about inequality and fairness. One of the most important outcomes of the South African G20 in November 2025 was a recommendation from the G20's Extraordinary Committee of Independent Experts on Global Inequality to create an International Panel on Inequality, similar to the climate science panel (the IPCC)^[10]. If established, this Panel would bring together global evidence on inequality, including how wealth concentration, tax policy, and financial secrecy contribute to it. While there are still question marks over whether the Panel will be formally created, and whether governments will commit enough funding to make it effective, efforts to anchor it within the UN system are ongoing. Even at this early stage, the recommendation itself matters. It sends a clear signal that extreme inequality, and the role of wealth at the top, is a global problem that needs a collective response. Importantly, it helps normalise wealth taxation as a serious and legitimate policy option, rather than something marginal or politically unrealistic. A well-resourced Panel could strengthen the case for taxing wealth by pulling together evidence, challenging common myths, and supporting governments to design fair and workable policies. In the same way that the IPCC helped move climate action from the margins to the mainstream, a Panel on Inequality could play a similar role for debates on wealth and tax justice.

Recommendation

Ireland should actively support the creation of an International Panel on Inequality and back efforts to secure proper funding for its secretariat. Doing so would be consistent with Ireland's commitments to global justice and would help build the evidence base needed for fairer approaches to taxing wealth.

EU DEVELOPMENTS ON WEALTH TAXATION AND TRANSPARENCY

At EU level, there is currently no political consensus in favour of introducing an explicit EU-wide wealth tax. Wealth taxation remains a sensitive and politicised issue, subject to unanimity requirements that significantly constrain ambition. However, a number of legislative and non-legislative processes underway at EU level are highly relevant to the effective taxation of high-net-worth individuals (HNWI) at national level, particularly through improvements in transparency, exchange of information, and administrative cooperation. While these initiatives do not amount to a coordinated EU approach to taxing wealth, they nonetheless create meaningful opportunities to strengthen Member States' capacity to identify, assess, and tax wealth domestically.

Legislative and non-legislative developments

Revisions to the EU Directive on Administrative Cooperation (DAC), the Anti-Tax Avoidance Directive (ATAD), and the Parent Subsidiary Directive, are expected in the second quarter of 2026 as part of the European Commission's Taxation Omnibus. These revisions aim to simplify existing frameworks rather than introduce new tax instruments. Of particular relevance is the expected expansion of automatic exchange of information under the DAC to cover real estate assets, including more accurate information on their value. This would address a longstanding gap in EU tax transparency. Given the central role of property ownership in household wealth across the EU this reform would be directly relevant to national wealth taxation. While these changes are unlikely to be transformative on their own, they would represent an incremental but meaningful strengthening of the EU framework underpinning wealth-related taxes, by improving the quality and scope of information available to tax authorities. Another important opportunity arising from the re-opening of the Parent Subsidiary Directive is the possibility to tax dividends earned through personal passive holding companies. In many countries, dividends paid to holdings with substantial participations are tax exempt under the Parent-Subsidiary Directive and the wealthy individuals use them often to avoid dividends' taxation.

In parallel, discussions are taking place within the Council's Code of Conduct^[liii] Group on Business Taxation about whether its mandate should be expanded to cover individual tax regimes, including those relevant to HNWI. Although there is currently no unanimity among Member States to pursue such an expansion, the fact that these discussions are occurring at all suggests a gradual widening of EU concern beyond corporate tax avoidance to include private wealth.

Alongside these processes, the European Commission has commissioned a report on wealth-related taxation across the EU, expected in early 2026. While the report is not expected to call for an EU-wide wealth tax, it is likely to play an important agenda-setting role. By consolidating evidence on existing wealth taxes, identifying gaps in current systems, and mapping national approaches, the report may help normalise wealth taxation as a legitimate policy tool within EU fiscal debates.

Political dynamics and advocacy space

Political support for wealth taxation at EU level remains fragmented, particularly within the European Parliament, where positions tend to align closely with political groupings. However, recent parliamentary hearings^[liiv] have seen more sustained challenges to orthodox arguments against wealth taxes, suggesting a modest shift in the broader discourse even if resistance remains entrenched in key Member States. At present, MEPs remain the most promising allies for advancing debates on wealth taxation at EU level, particularly in terms of shaping narratives, scrutiny, and agenda-setting rather than immediate legislative outcomes. Despite these developments, political resistance to an EU-wide wealth tax remains strong. This is reflected, for example, in the exclusion of wealth taxation from the Commission's proposals on New EU Own Resources. The unanimity requirement continues to act as a structural brake on ambitious EU-wide action.^[liv] Nevertheless, these EU-level initiatives could significantly strengthen Ireland's capacity to tax wealth at national level. Improved administrative cooperation particularly around real estate, beneficial ownership, and asset valuation would enhance the state's ability to identify and assess wealth. This is especially relevant when combined with recently adopted OECD measures on the exchange of information. Some stakeholders have emphasised that stronger national asset and ownership registries are a necessary foundation for any future European or global asset register. In this respect, the EU could play a more active role in setting minimum standards on data quality, coverage, and interoperability.

Key advocacy opportunities and recommendations

Ireland's forthcoming EU Presidency in the second half of 2026 presents a limited but meaningful opportunity to influence the agenda. While explicit advocacy for an EU-wide net wealth tax is unlikely to be politically viable, Ireland could use its role to emphasise transparency, data quality, and administrative capacity, areas where progress is both possible and impactful. Given the current political context, EU-level advocacy could focus on measures that strengthen the infrastructure needed for fair wealth taxation at national level. Key priorities include:

1. **Pushing for ambitious reform of the Directive on Administrative Cooperation:** Advocating for expanded and robust asset coverage under the DAC particularly real estate, asset valuation, and ownership information as a stepping stone toward a future EU asset register.
2. **Supporting the taxation of personal passive holding companies in the Parent-Subsidiary Directive:** Advocating for the repeal of the exemption on dividends' tax for personal passive holding companies to stop tax avoidance of dividends by wealthy individuals.
3. **Supporting the expansion of scrutiny beyond corporate tax avoidance:** Engaging around discussions to extend the mandate of the Council's Code of Conduct Group to include individual tax regimes and HNWIs, helping shift EU attention toward private wealth.
4. **Advancing stronger and more transparent beneficial ownership registers:** Advocacy should focus on expanding the scope, accessibility, and data quality of beneficial ownership (BO) registers across the EU, recognising their importance for both wealth taxation and future asset registries.
5. **Using Ireland's EU Presidency strategically:** Ireland should be encouraged to use its 2026 Presidency to champion transparency, administrative cooperation, and data standards laying the groundwork for more ambitious wealth taxation in the future without requiring unanimity on new taxes.

THE UN TAX CONVENTION

In contrast to the European Union and the OECD, the United Nations has emerged as a central forum for advancing international cooperation on taxing high-net-worth individuals, tackling illicit financial flows, and improving transparency around wealth. The proposed UN Tax Convention, currently in the early stages of negotiation, represents a significant shift in global tax governance. For the first time, countries are negotiating a global tax framework in a forum where participation is genuinely inclusive. The Convention has the potential to reshape how international tax rules are set by giving countries of the Global South an equal voice in agenda-setting and norm-building, and by addressing issues that directly affect national approaches to wealth taxation. This marks a clear departure from OECD-led processes, where tax negotiations have historically reflected the priorities of high-income countries. The limited and inconclusive outcomes of the OECD's BEPS process have only reinforced the case for a UN-led alternative. Had existing arrangements delivered fair and effective solutions, there would be little need for

a new process at the UN. As Ghana’s representative noted at the UN General Assembly in September 2025:

“This is not just another meeting. It is the first time in history that the global community—under the auspices of the United Nations—is coming together to design a new international framework convention on tax cooperation: one that is inclusive, one that is just, and one that is driven by shared principles rather than power asymmetries.”^[vi]

Opportunities in the UN Tax Convention negotiations

The Convention is envisaged as a framework convention, similar in structure to the UN Framework Convention on Climate Change. In its initial phase, it would establish high-level political commitments on principles such as progressivity, transparency, and international cooperation. More detailed and binding rules potentially including the taxation of high-net-worth individuals would follow through additional protocols. This approach reflects political pragmatism. However, many civil society organisations and Global South countries have raised concerns that leaving key issues to future protocols risks locking in weak ambition at the outset. There is a danger that important details may be postponed indefinitely, or addressed only in optional instruments that some countries choose not to adopt, further fragmenting the global tax system. These concerns underpin calls for a Convention that includes clear and substantive commitments from the start strong enough to allow meaningful implementation by the future Conference of the Parties, without relying entirely on later protocols.

Despite these debates, the democratic nature of the UN process significantly improves the prospects for progressive outcomes. Countries most affected by illicit financial flows and wealth inequality are now better positioned to shape the agenda and push for solutions that reflect their realities. The UN forum also offers greater political space for EU countries amenable to these ideas, potentially including Ireland. Outside the constraints of EU bloc politics and OECD processes where ambition is often limited by the influence of powerful actors such as the United States, countries may find more room to support bold and equitable reforms. Ensuring Ireland aligns with any drive within the UN in this respect should be a priority for advocacy. Negotiations are ongoing, with working groups currently active and agreement on the framework convention anticipated in 2027.

Ireland’s position in the UN Tax Convention process

At this stage, Ireland’s position on the Convention remains difficult to assess. Its contributions have largely focused on procedural issues rather than substantive commitments. In early negotiating sessions, Ireland has emphasised the need to avoid duplication and ensure alignment with existing international tax processes, particularly OECD initiatives. Ireland has also expressed opposition to including commitments on the fair allocation of taxing rights within the Convention, citing ongoing work at the OECD. It has argued for high-level, broadly drafted commitments, framed in terms of respecting tax sovereignty. While sovereignty concerns are often raised in international tax debates, this position sits uneasily with the cross-border nature of illicit financial flows and tax abuse, which by definition cannot be addressed by national action alone. It also overlooks the fact that Ireland has already accepted significant constraints on tax sovereignty through its participation in OECD-led agreements. Nonetheless, concerns around sovereignty will need to be addressed constructively in future advocacy.

Recommendations

1. **Ireland should move beyond procedural engagement and adopt a principled position in the UN Tax Convention negotiations - one that supports ambition, stands in solidarity with low-income countries, and contributes to building a fairer global tax system.** Ireland's engagement to date has been cautious and technical. A clear political signal would better align Ireland's tax diplomacy with its stated commitments to multilateralism, global justice, and development cooperation. Ireland should publicly and unambiguously affirm its support for the UN Tax Convention as a necessary and legitimate forum for reforming global tax governance.
2. While consensus is important in UN processes, excessive caution at the framework stage risks entrenching weak ambition that may be difficult to strengthen later, particularly on issues critical to low-income countries. **Ireland should engage constructively in negotiations and avoid defaulting to minimal or overly broad drafting where stronger consensus is possible. In particular, Ireland should support specific proposals from Oxfam to include an ambitious Article 5 on taxing HNWI^[vii]**
3. The Convention offers a concrete opportunity to strengthen domestic resource mobilisation in low-income countries, reducing long-term aid dependence and reinforcing public finance systems. **Ireland should integrate development considerations, particularly the documented impacts of illicit financial flows on Irish Aid priority partner countries, into its negotiating positions.**
4. The political fragility and limitations of OECD-led outcomes underline the need for parallel, inclusive discussions at UN level. Deferring key issues risks perpetuating existing inequalities. **Ireland should adopt a more open and flexible position on including commitments related to the fair allocation of taxing rights within the Convention, rather than deferring these issues entirely to OECD processes.**
5. Weak initial commitments would undermine the Convention's credibility and momentum. **Ireland should support the inclusion of clear and operational commitments in the framework convention itself, especially on transparency, cooperation, and illicit financial flows, rather than leaving all substantive issues to optional future protocols.**
6. The UN process provides Ireland with greater political space to support progressive outcomes than OECD settings. **Ireland should align itself with the emerging coalition of countries driving the conversation, including Spain, Brazil, and South Africa, advocating for an ambitious and inclusive Convention. A good start would be to formally join the Seville Platform for Action (see section on Compromiso de Seville).**
7. Ireland has already accepted limits on sovereignty through international tax agreements. Applying sovereignty arguments selectively undermines credibility and ignores the transnational nature of tax abuse. **Ireland should move away from treating tax sovereignty as a limiting principle and recognise that effective sovereignty over taxation increasingly depends on coordinated international solutions.**
8. Finally, a credible Convention requires adequate institutional capacity. **Ireland should provide financial and/or technical support to the UN Tax Convention Secretariat and related capacity-building efforts, particularly to ensure meaningful participation by Global South countries.**

FINANCING FOR DEVELOPMENT FORUM- COMPROMISO DE SEVILLA

The case for taxing wealth gained further legitimacy in 2025 through the Compromiso de Sevilla, the outcome agreement of the Financing for Development Conference held in Seville in June 2025.

The agreement marked an important step in bringing wealth taxation more firmly into mainstream international discussions. By recognising the role of wealth concentration and unequal taxation in shaping development outcomes, it reinforced the idea that taxing wealth is a legitimate and necessary part of addressing inequality and financing public goods.

A key outcome of the conference was the creation of the Seville Platform of Cooperation. This group, which includes Spain, Chile, Brazil, and South Africa, committed to working together to take forward discussions on wealth taxation in a coordinated way. The Platform provides a space for countries to share experience, build common positions, and push for progress at international level.

Although the Compromiso de Sevilla does not introduce binding commitments, its significance lies in the political signal it sends. It reflects growing acceptance across different regions and income levels that wealth taxation is not a fringe idea, but a credible policy option that deserves serious consideration.

Ireland should be encouraged to join the Seville Platform of Cooperation. Doing so would align Ireland with a group of countries seeking fairer approaches to financing development and tackling inequality, and would be consistent with its stated commitments to multilateralism and global justice.

SECTION 6: BOOSTING ADMINISTRATIVE PROCESSES AND CAPACITIES

REDUCING ADMINISTRATION AND COMPLIANCE COSTS AT THE DOMESTIC LEVEL

Valuation issues are a key barrier to introducing a wealth tax with regular revaluations imposing potentially onerous compliance and administrative costs. There are three main objectives when choosing the best valuation method: (A) obtaining the most accurate values, (B) minimising administration and compliance costs, and (C) minimising uncertainty and delay. Tension between these goals is inevitable and compromise and approximation in valuation are necessary. Valuation is particularly difficult where there is no active market for the asset type in question. Assets like goodwill may be impossible to value in practice while valuing pension rights is also difficult. Concerns about the costs of identifying, measuring and valuing net assets have motivated the abandonment of net wealth taxes in a number of countries (Lawton and Reed, 2013)^[lviii]. The design of a wealth tax must also contend with the issue of the mobility of the wealthy tax base and the ease of access of wealthy households to tax havens.

Even so, and despite the history of abandonment (see Section 7.2), there is no compelling administrative reason why we could not introduce a net wealth tax. However, an easily understood, straightforward and standardised valuation system that does not insist upon open market valuation and that taxpayers are able to administer on a self-assessment basis is important to ensure that costs are manageable. To reduce the administration, compliance and uncertainty costs of running the tax we can apply a number of general rules at a national level which ought to influence wealth tax design:

1. Self-assessment should be used wherever possible with random audits to prevent evasion.
2. A single rate is preferable to a graduated rate and the single rate should be considered in the context of existing marginal income tax rates. A high marginal wealth tax rate will increase the yield.
3. A high threshold of liability should apply that excludes the vast bulk of the population. A low threshold of liability will increase the number of households that are liable and therefore the yield. However, a low threshold of liability will increase the administrative burden as well as political opposition to the tax which would undermine its long-term sustainability.
4. There should be an exemption for personal and household effects worth up to a certain modest value. This reduces the compliance cost for taxpayers which might otherwise become punitive.
5. Uniform rules and formulae should be set for the valuation of particular asset classes. These rules should be as simple, easily understood, and transparent as possible.
6. Rules and formulae should err on the side of undervaluation in order to obtain political acceptance and in order to minimise and survive legal challenges.
7. The value of the taxpayer's total net wealth could be treated as fixed for a number of years, e.g. for three or four years, before being re-assessed, albeit the taxpayer would retain the option for a re-assessment. The tax itself would still be due each year but this would reduce compliance costs. A downside to revaluing assets only periodically is that relative changes can be large and this will create inequities. This must be weighed against the expense and intrusiveness of frequent revaluations.

8. Alternatively, less frequent revaluation might only be applied to the value of particularly hard to value asset classes e.g. business or agricultural assets.
9. Hard to value asset classes could be allocated to a band of values in order to avoid having to assign precise values. Ireland already takes this approach when valuing properties for the purposes of the Local Property Tax (LPT).
10. Statutory provisions could be adopted to automatically adjust the thresholds and allowances every year or every few years in order to account for price inflation.
11. Trusts should be treated as automatically transparent or ‘see-through’ in the sense that the trustee is legally obliged to identify the beneficiary or beneficiaries to the tax authorities with the value of the fund then added on a proportional basis to the assessable gross wealth of the beneficiaries.

Tax evasion by high net worth individuals can undermine net wealth taxes on equity grounds while narrowing the tax yield. Beneficial ownership registers and global assets registers offer the potential to tackle this problem.

A BENEFICIAL OWNERSHIP REGISTER

A Beneficial Ownership (BO) register is a state-held database that records the real people who ultimately own, control, or benefit from companies, trusts, or other legal entities. While legal ownership shows whose name appears on official documents, beneficial ownership is about identifying the flesh-and-blood individuals who actually enjoy the wealth or exercise control. In practice, these individuals are often hidden behind layers of companies, nominee directors, trusts, or other legal arrangements. This opacity makes it extremely difficult for tax authorities to see who truly benefits from wealth and to tax it fairly.

Under EU anti-money laundering rules, beneficial owners are identified using ownership and control tests. A person is usually considered a beneficial owner if they hold more than 25 percent of an entity. In reality, this threshold is easy to avoid. Ownership can be split across family members or related entities so that no single person crosses the threshold,^[ix] allowing individuals to retain effective control while remaining invisible in the register. BO registers were created to counter this problem by making visible the real people behind legal entities. By linking assets and companies to the individuals who benefit from them, registers are meant to support tax authorities, regulators, law enforcement and, in some countries, the public to understand who really holds wealth and power. However, because they rely on thresholds and narrow definitions of control, BO registers often fall short of providing a full picture of wealth ownership. Depending on national rules, BO registers may be fully public, partially accessible (for example, only to those with a “legitimate interest”), or restricted to government authorities.

Why are beneficial ownership registers important for taxing wealth?

Fair and effective wealth taxation depends on transparency. If tax authorities cannot see who ultimately owns and controls assets, they cannot properly assess tax liabilities, enforce compliance, or design credible taxes on wealth. Without this transparency, complex corporate structures, trusts, and partnerships can be used to hide ownership, shift assets across borders, and fragment wealth on paper. These strategies are overwhelmingly used by the very wealthiest individuals, who have the resources to exploit legal loopholes and information gaps. The result is that large amounts of wealth escape taxation, weakening public revenues and undermining the fairness of tax systems. Beyond their technical function,

BO registers also matter for public trust. When ownership is opaque, perceptions of unfairness grow and confidence in the tax system erodes. Transparency that focuses on who actually benefits from wealth and not just who formally controls it, is essential to upholding the principle that everyone, including the richest, should contribute their fair share.

BO registers and the EU Anti-Money Laundering Directives

In the EU, beneficial ownership registers were introduced through successive Anti-Money Laundering Directives (AMLDs). Their primary purpose was to combat money laundering, terrorist financing, and financial crime -not to support wealth taxation. This focus has shaped how the registers work. The 25 percent ownership threshold reflects an emphasis on identifying controlling interests rather than mapping overall wealth. Access is typically prioritised for financial institutions and public authorities, while decisions on public access, verification, and links to tax systems are left largely to Member States. Ireland's approach to access is among the most restrictive^[ix]. A recent ruling by the European Court of Justice^[xii] further reduced public access to BO registers across the EU, reinforcing their AML-focused design. Combined with threshold-based disclosure, this significantly limits the usefulness of BO registers as tools for wealth transparency and cross-border tax enforcement.

Key shortcomings of BO registers for wealth taxation

Despite progress under the AMLDs, BO registers remain poorly suited to the task of taxing wealth:

- The 25 percent threshold makes avoidance easy. By splitting ownership or using nominees, individuals can retain significant economic interests without appearing on the register.
- Limited and uneven access restricts scrutiny. Journalists, researchers, civil society organisations, and foreign tax authorities often face barriers, weakening accountability and cross-border cooperation.
- Narrow scope means many common wealth-holding vehicles such as partnerships, investment structures, and bespoke arrangements are not fully covered.
- Weak data quality undermines reliability. Registers rely heavily on self-reporting, with limited verification, and threshold-based rules further reduce the amount of disclosed information.
- Institutional separation limits usefulness. BO registers are usually housed within AML or corporate systems and are not designed with wealth taxation in mind or fully integrated into tax administrations.
- Poor interoperability between national registers makes it difficult to trace ownership across borders.

Taken together, these weaknesses mean that while BO registers are an important transparency tool, their AML-centric design leaves them ill-equipped to support effective wealth taxation across Europe.

Ireland's approach to beneficial ownership registers

Ireland has implemented beneficial ownership registers in line with EU anti-money laundering requirements. The registers record individuals who ultimately own or control Irish companies and certain trusts, using the standard EU thresholds, and sit firmly within the AML framework. While Revenue can access this data, Ireland faces the same structural limitations seen across the EU:

- Strict access rules limit external scrutiny and complicate international tax cooperation
- Threshold-based reporting allows significant wealth to remain hidden
- Certain wealth-holding vehicles remain outside the system

- Limited integration with tax systems reduces proactive use by Revenue

Recommendations

Although the government acknowledges that beneficial ownership data can support tax administration, BO registers are not yet treated as essential for wealth taxation or as a core tool for tackling wealth inequality and offshore asset concealment. **Ireland should explicitly recognise beneficial ownership registers as critical to fair and effective wealth taxation, alongside their role in combating financial crime. External scrutiny is vital for identifying inaccuracies, uncovering complex ownership structures, and supporting enforcement especially in cross-border cases. Restricting access undermines the effectiveness of the registers. Ireland should pursue the widest possible access to beneficial ownership data within EU legal limits, including for journalists, researchers, and civil society.** The next opportunity for this will be in July 2026, when the government is committed to transposing into Irish law the BO elements of AMLD6. Minimum compliance leaves systemic weaknesses untouched and exposes Ireland to reputational risks in global tax justice debates. Ireland should show leadership by treating EU rules as a floor, not a ceiling, for transparency.

As a hub for cross-border financial activity, Ireland has a responsibility to support international cooperation. Facilitating access to beneficial ownership data for foreign and low-income country tax authorities would align with Ireland’s development commitments. Ireland should also actively support EU efforts to improve interoperability, standardisation, and cross-border access to BO registers, recognising that wealth ownership rarely stops at national borders. Better integration between BO registers and tax administration systems is essential. Beneficial ownership data should be systematically used for risk assessment, audit selection, and wealth analysis. Finally, **Ireland should support reforms that reduce or remove reliance on the 25 percent ownership threshold for tax-relevant purposes, and ensure disclosure captures real economic benefit and control. Reporting requirements should be extended to cover a wider range of legal vehicles—including companies, trusts, partnerships, investment funds, and bespoke structures commonly used to hold wealth.**

A GLOBAL ASSET REGISTER

Growing awareness of the scale of hidden offshore wealth as highlighted most visibly by leaks such as the Panama Papers^[xii], has intensified global concern about inequality and financial secrecy. At the same time, the limits of existing transparency measures have become increasingly clear. Together with renewed momentum at the United Nations on international tax cooperation, this has pushed the idea of a Global Asset Register (GAR) to the forefront of debates on financial transparency. A GAR would be designed to record wealth and assets worldwide and link them to the individuals who ultimately own or benefit from them^[xiii].

For countries in the Global South, the case for such a register is particularly strong. These countries suffer disproportionately from illicit financial flows, tax evasion, and capital flight. Wealth extracted from low- and middle-income countries is frequently held offshore, often in high-income jurisdictions, placing it beyond the reach of domestic tax authorities and democratic oversight. This deprives governments of much-needed revenue for public services and social investment. In practical terms, a GAR would bring together existing national asset registers and beneficial ownership (BO) registers into a single, interoperable global framework. It would make it possible to see who owns what, where assets are held, and how ownership is structured across borders.

The need for a GAR arises from the reality that many wealthy individuals are still able to hide their assets from national revenue authorities. Offshore secrecy allows vast amounts of wealth to remain invisible to tax authorities, regulators, and the public. Through shell companies, trusts, and complex cross-border arrangements, assets may be legally owned by entities while being economically controlled by individuals who are effectively unseen. A GAR would help to address this imbalance. It would modernise traditional land and property registries to reflect today's highly financialised and mobile forms of wealth. Crucially, it would go beyond legal ownership to capture beneficial ownership, ensuring that assets are linked to the real, flesh-and-blood individuals who ultimately own, control, or benefit from them. Coverage would extend across a wide range of asset classes, including real estate, financial securities, bank accounts, trusts, crypto-assets, artworks, yachts, and aircraft creating, for the first time, a coherent global picture of wealth ownership^[xiv].

Why is a Global Asset Register important for taxing wealth?

Governments across the world face mounting fiscal pressures. Rising inequality, climate obligations, volatile energy and food prices, and growing demands on social protection systems are stretching public finances. Yet it would be misleading to frame this as a problem of insufficient resources. Enormous amounts of private wealth remain hidden through offshore structures and opaque ownership arrangements, beyond the reach of national tax systems. Estimates suggest that trillions of dollars are held in tax havens globally, with hundreds of billions shifted offshore each year sums that far exceed global commitments to climate finance. At the heart of this problem lies a lack of financial transparency. Tax authorities cannot tax what they cannot see. Without reliable, comprehensive information on who owns which assets, wealth taxes, capital taxes, and other progressive reforms remain politically fragile and practically difficult to enforce.

A Global Asset Register would directly address this gap. By providing accurate, cross-border information on asset ownership and control, it would turn wealth taxation from a largely theoretical policy option into a practical and enforceable reality. This would be especially transformative for countries in the Global South, reducing their reliance on bilateral agreements and discretionary information-sharing arrangements that often favour wealthier states. A well-designed GAR would also allow governments to better measure wealth concentration, close tax gaps more effectively, and design tax systems based on evidence rather than assumptions. In doing so, it could help rebuild trust in tax systems and strengthen the social contract.

Recommendations

A Global Asset Register is, by definition, a global project. It is most appropriately developed in inclusive multilateral forums where countries of the Global South participate on an equal footing. Ireland's support for such efforts would be consistent with its stated commitment to multilateralism and international development. **Ireland should support the exploration and development of a GAR within inclusive multilateral processes, particularly through the UN Tax Convention, including technical discussions, feasibility studies, and dedicated working groups.** Countries in the Global South lose a disproportionate share of public revenue to hidden offshore wealth. Supporting a GAR would strengthen domestic resource mobilisation and reduce long-term dependence on aid. **Ireland should explicitly integrate development considerations, particularly the priorities of Irish Aid partner countries, into its positions on global asset transparency and wealth taxation.**

There is strong interest in a GAR among countries of the Global South. Opposition from high-income

countries risks undermining both the legitimacy and effectiveness of the process and entrenching existing power imbalances. **At a minimum, Ireland should commit to not acting as a blocker to discussions or proposals related to a Global Asset Register or enhanced global asset transparency, even where it does not take a leading role.**

SECTION 7: DESIGNING A WEALTH TAX FOR IRELAND^[lxv]

DEFINITIONS

When designing a wealth tax, it is important to first establish some clear definitions. An individual's gross stock of assets is mainly composed of the individual's total legal claims on society's resources (e.g. land) but also includes more nebulous and difficult to trade intangible assets such as human capital and goodwill. On the other side of the balance sheet an individual's gross debts or liabilities can be seen as the sum of the rest of the world's total legal claims on the individual's resources. We can define an individual's Gross Wealth as the value of the individual's gross stock of assets before deduction of all debts and liabilities. Wealth may include tangible assets^[lxvi], for example land, buildings and vehicles, as well as intangible assets, for example equities, human capital and pension rights. Asset types differ in a number of respects. For example, some assets are transferable to another individual, whereas others are not, while some assets are immovable, whereas others are not.

[i] Tangible assets are assets that have physical form. Intangible assets are assets that do not have physical form.

Net Wealth is defined as gross wealth after deduction of all debts and liabilities.

Net Wealth = Gross Assets – Liabilities (7.1)

Δ Net Wealth = Δ Value of Assets/ Liabilities^[lxvii] + Δ Savings^[lxviii] + Δ Endowments^[lxix] (7.2)

The **Tax Base** is made up of all those assets subject to taxation. For the purposes of an annual wealth tax we may define an individual or household's **Assessed Wealth** as net wealth minus the value of all exempted asset types and minus the value of the reliefs on all taxable asset types.

Assessed Wealth = Net Wealth – (Exempt Assets) – (Relief on Taxable Assets) (7.3)

For the purposes of calculating the tax liability the wealth tax may provide for a free allowance called a threshold. Assessed wealth less the value of this threshold gives us the Taxable Wealth.

Taxable Wealth = Assessed Wealth – Threshold (7.4)

The actual amount of **Tax Payable** will depend on whether the tax is flat or graduated, and upon the chosen tax rate, or rates. Under a simple flat rate structure, the amount of tax payable is equal to the taxable wealth multiplied by the rate at which the wealth tax is set.

Amount of Tax Payable = (Taxable Wealth) x (Rate of Wealth Tax) (7.5)

We can see that the size of the tax yield depends upon (A) the tax base; (B) the treatment of debt; (C) the availability of exemptions and reliefs; (D) the size of the free allowance or threshold, (E) the tax structure, (F) the actual rate or rates set, and (G) the concentration or distribution of wealth in the population. The net yield to the exchequer will also be influenced by (H) the ability of taxpayers to avoid or evade the tax and (I) by the administrative cost of the tax.

PAST FAILURES AND POLICY LESSONS

One concern about wealth taxes that must be addressed is the question of why they have been rolled back in many of the countries that have tried them. Sarah Perrett (2021)^[lxx] explores the different factors that have led to their repeal and what the implications for policy might be. Perrett asks whether repeal was primarily due to proven economic effects, or, alternatively, administrative issues, or even to political economy factors. Proven economic effects would lessen the case for wealth taxes^[lxxi] but administrative issues as well as political economy factors may be resolvable.

Perrett's review finds little empirical evidence on the effects of a wealth tax on entrepreneurship among the very wealthy while migration responses are small relative to potential revenue. Capital flight is only relevant for non-residents as residents are taxed on their worldwide assets. She also notes that relative to taxes on capital income a net wealth tax penalises holders of low-return assets and favours holders of high-return assets. This characteristic may actually encourage people to invest more productively in high yielding and high potential assets which is good for innovation, driving prosperity. Finally, liquidity issues can be addressed by using high thresholds.

Turning to administrative issues^[lxxii] Perrett notes that the narrowness of the tax base caused by the use of exemptions and reliefs has often reduced the tax yield. Exemptions and reliefs also generate substantial inequities and complexities as well as opportunities for tax avoidance and even tax evasion. Preferential wealth tax treatment for primary residences distorts economic activity away from more productive assets. Exemptions for financial and business assets will disproportionately benefit the extremely wealthy and therefore reduce the progressivity of the wealth while also making avoidance trivially easy. Tax caps or ceilings also create opportunities for avoidance. Finally, exemptions and reliefs increase complexity which adds to administration and compliance costs.^[lxxiii]

Perrett posits that the repeal of wealth taxes may have been due to the role of special interest groups and wealthy elites. In essence, the tiny minority that is subject to a wealth tax has a strong motivation to lobby for its repeal whereas those that benefit (the rest of society) are less well-organised and only benefit indirectly through higher tax receipts that go into the wider pool of taxes that pay for public services. Perrett notes that business power (and elite power more generally) tends to be high when political salience is low. This suggests that increasing the salience of the tax for the beneficiaries is important. Policy makers could achieve this by hypothecating the receipts from the wealth tax for the provision of a popular public service (e.g. free public provision of childcare) or for a new benefit (e.g. a payment to all adults when they turn a particular age as a 'meritocracy' endowment). The ability of the very wealthiest to avoid the wealth tax through loopholes has often been presented and perceived as unjust – adding to support for repeal - and this again emphasises the need to avoid exemptions and reliefs that can be exploited by the very wealth and the need to restrict the wealth tax to just the wealthiest 1 percent or perhaps 2 percent of the population.

Ultimately, Perrett finds that the most common economic arguments (impact on wealth accumulation and migration or capital flight) have little empirical effect. Concerns around administrative costs and around widespread avoidance and evasion are more credible with wealth taxes everywhere undermined and made more complex by exemptions and reliefs. The lack of tax transparency has also enabled interest groups to successfully argue against the fairness of the tax. Better design and improved wealth and tax transparency are the answers to these concerns.

PROPOSED DESIGN

Taxes on net wealth have become less common in Europe over the last two decades. Spain, Norway and Switzerland are the remaining countries to have such taxes. In general, wealth taxes as enacted and modified historically have been notable for their poor design. A range of exemptions and reliefs and high compliance costs have been common to these taxes. A good wealth tax may have some very limited exemptions. However, the scale and range of the exemptions and reliefs that developed over time in different jurisdictions increasingly undermined the justification for wealth taxes on horizontal equity grounds; as well as increasing the administrative burden; encouraging the use of tax planning by the very wealthy to avail of tax shelters, and reducing the overall tax yield. In addition, exemptions and reliefs have tended to favour non-productive assets such as housing over other more productive asset types. Such a design will distort investment decisions away from more productive activities.

McDonnell (2013) argues that a well-designed wealth tax has many merits, but that if Ireland were to introduce an annual wealth tax, it should avoid pursuing the type of wealth tax model that has tended to prevail internationally i.e. one with multiple exemptions and reliefs, with a low threshold, and with a high marginal rate. McDonnell (2013) provides an in-depth discussion regarding the advantages and disadvantages of including exemptions and reliefs for different types of assets and recommends minimal exemptions and reliefs. While broadly in agreement the OECD (2018)^[xxiv] make a case on economic grounds for reliefs for business assets. However, exempting business assets in this way will open the floodgates for tax avoidance measures designed to counter the wealth tax. A high threshold of liability removes the need to have any exemptions or reliefs that may be argued for on social grounds (e.g. for principal primary residence or for pensions). It is also possible to impose a maximum income cap (ceiling relief) in order to assuage affordability concerns that might arise for high wealth but low-income households. However, our view is that a combination of a high threshold of liability and a relatively modest rate assuages the need for any ceiling provision. In reality a wealth tax will almost invariably be paid out of income so that it effectively acts as a surtax on income tax so that the wealth tax rate needs to be cognisant of existing income tax rates.

Ultimately, the structure that will best reconcile the tension between our main objectives will have:

- a) Either zero or very few modest exemptions and reliefs,
- b) A relatively high tax-free allowance or threshold, and
- c) A flat marginal rate that is set at a low level.

In short, a net wealth tax should minimise the number and scale of exemptions and reliefs but compensate for this by setting a relatively high threshold of liability. For practical reasons a net wealth tax should contain an exemption for human capital, as well as for the insured value of personal property up to a modest amount. There are reasonable cases for partial exemption of pension rights up to a certain modest limit, for 'goodwill'^[xxv], and for heritage goods and collections. Table 7.1 shows an illustrative effective tax rate calculation for a taxpayer with €3 million net non-exempt assets after applying reliefs and assuming a rate of 1 percent, a €2 million threshold and no ceiling relief. In this case the effective tax rate is just 0.33 percent or 1 euro out of every €300 of wealth.

Table 7.1 Illustrative liability, 1 percent rate, €2 million threshold, no exemptions reliefs

Gross assets		
	<i>less liabilities</i>	
	<i>less exempt assets</i>	
	<i>less reliefs on taxable assets</i>	
	Assessed wealth	€3,000,000
	Threshold	€2,000,000
Taxable wealth	(Assessed wealth – threshold)	€1,000,000
Tax liability	€1,000,000 @ 1 percent	€10,000
Effective tax rate	(Tax liability as % of assessed wealth)	0.33%
Marginal tax rate		1.00%

ESTIMATED YIELDS

Various research papers have provided estimates on a net wealth tax. McDonnell (2013) estimated a yield of €300 million based on a conservative top 1 percent wealth share of 10.4%, an assessable net wealth of €400 billion, a 0.6 percent rate, and a €1 million threshold. A yield of €300 million from the top 1 percent of households would have meant an average tax liability of €17,850.

Lawless and Lynch (2016)^[bxxvi] used micro-data from the CSO's Household Finance and Consumption Survey 2013 (CSO, 2015)^[bxxvii] to make estimates of wealth tax revenue for nine separate scenarios of wealth tax design. Six of their nine scenarios had major exemptions for particular asset types. Such a design approach is highly problematic, as it would distort investment decisions, create tax shelters and undermine horizontal equity. Of the remaining three scenarios described, one allows for no personal threshold. Such a scenario would impose compliance costs on the entire population of households along with creating significant administration costs. In addition, the equity goals underpinning the wealth tax imply the need to tax 'excessive wealth disparities' rather than 'all wealth'. This design approach, while yielding the most revenue for the exchequer, would not be desirable or feasible.

The remaining two scenarios provide for generous thresholds and a 1 percent rate. Lawless and Lynch find that a scenario with a €1 million personal threshold (doubled if married) and an additional €250,000 per child would have generated €248 million in 2013 and affected just 1.5 percent of households. Notably, Lawless and Lynch estimate that introducing a 33 percent income cap at the 1 percent rate would have reduced the yields to €182 million and €508 million respectively in 2013. An alternative scenario with a €500,000 personal threshold (doubled if married) and an additional €125,000 per child would have generated €622 million in 2013 and affected 6 percent of households (see Table 7 .2). Administrative costs, non-compliance and avoidance measures would all reduce the net yield in practice. Reducing the rate to 0.5 percent would half the estimated gross yields.

Net household wealth as measured by the Central Bank's Quarterly Financial Accounts (2025)^[bxxviii] increased by more than threefold between Q2 2013 (€400 billion) and Q2 2025 (€1,288.1 billion). This means that the two 'high threshold and no exemption' scenarios described by Lawless and Lynch would

have generated significantly more tax revenue in 2025 than in 2013, albeit with a much larger proportion of households affected.

Table 7.2 ESRI estimate of revenue in 2013 from alternative wealth tax scenarios with and without a 33 percent income cap, 1 percent rate, no exemptions or deductions, € millions

	Revenue no cap	Revenue with cap
€1 million threshold (double if married), €250,000 per child	248	182
€500,000 threshold (double if married), €125,000 per child	622	508
All net assets (no threshold) excluding household main residence	2,041	1,935
All net assets	3,781	3,593

Source: Lawless and Lynch (2016)

Note: The Lawless and Lynch paper used 2013 wealth distribution data from the CSO's Household Finance and Consumption Survey (HFCS).

Estimated yield based on World Inequality Database

According to the most recent figures from the World Inequality Database (WID), the net wealth threshold for the top 1 percent (equal split tax units) in Ireland in 2023 was €2.7 million (€2,691,754) with an average net wealth for the top 1 percent of €5.3 million (€5,345,343). Wealth above the threshold for this group is therefore €2,653,589 on average. On an individual level a 1 percent tax on net wealth above the top 1 percent threshold and with no exemptions or reliefs would translate to a €26,000 contribution on average. A 2 percent tax on net wealth above the top 1 percent threshold would translate to €52,000 contribution on average and at 3 percent €78,000.

For an individual slightly above the threshold, say with net wealth valued at €3 million this would mean an annual contribution of €3,082 at 1 percent, €6,164 at 2 percent and €9,246 at 3 percent. An individual with €10 million worth of net assets would contribute an additional €73,000 at 1 percent, €146,000 at 2 percent and €219,000 at 3 percent. An individual with €100 million net wealth (this applies to less than 100 people in Ireland) would contribute €973,082 on an annual basis at 1 percent, €1,946,164 at 2 percent or €2,919,246 at 3 percent.

The number of tax payer units with equally split adults (registered married couples are counted as two individuals and allocated half their combined net wealth each)^[bxxx] in Ireland in 2023 was 4,309,542, 1 percent of which is approximately 43,000 individuals.^[bxxx] The estimated revenue collected from this tax charged at a rate of 1 percent would be in the region of €1.1 billion (€1,120,470,000)^[bxxxi]. This increases to €2.2 billion at 2 percent and €3.3 billion at 3 percent. Of course, exemptions and reliefs would reduce the net yield as would administrative costs and taxpayer ability and willingness to avoid or evade the tax. At the same time, the yield could actually increase due to taxation on hidden wealth at the very top not captured in either survey or administrative data potentially offsetting any of these losses. Finally, higher rates might need to be accompanied by ceiling provisions where the combined wealth tax and income tax take the effective marginal rate above 100 percent.

Table 7.3 Tax units Ireland, 2023 (Revenue)

2023	Number of taxpayer units
All taxpayers	3,270,002
Married couples-both earning	677,283
Married couples- one earning	362,257
Single females	1,012,587
Single males	1,069,521
Widowers	43,692
Widows	104,662

Source: Revenue.ie

Estimate yield based on ECB Distributional Wealth Accounts

The latest HFCS estimate of the share of net wealth owned by the top 1 percent of households is 13 percent. Given an ECB/DWA estimate of €1.1 trillion (€1,101,927,000,000) total net wealth in Ireland in 2023, the top 1 percent of households had approximately €143 billion in net wealth (€143,250,510,000). In 2023, according to ECB data there were a total of 19,184 households in the top 1 percent giving an average net wealth of €7,467,186 for households in this group.

As the ECB do not publish details on the top 1 percent threshold, we estimate a range of possible thresholds. A top 1 percent wealth share of 13 percent is consistent with a Pareto tail with exponent (α) around 1.8 and a 1 percent net wealth threshold of €3.17 million. This implies an average taxable income of €4,297,186, an average contribution of €42,972 for a 1 percent tax and an annual yield of €824 million. A household with net wealth worth €4 million would make an annual contribution of €8,300, while a household with €10 million would contribute €68,300. A 2 percent tax would imply an average contribution of €85,944 with a yield of €1,648 million, a contribution of €16,600 for a household with net wealth of €4 million and €136,600 for a household with €10 million in net wealth. At 3 percent the corresponding figures are a €128,916 average contribution with a revenue yield of €2,473 million, a contribution of €24,900 for a household with net wealth of €4 million and €204,900 for a household with €10 million in net wealth.

Alternatively, assuming a pareto tail index of 1.403 for Irish wealth distribution (as per Wildauer & Kapeller 2022)^[xxxiii] we can calculate a top 1 percent threshold of €2,144,886. With a top 1 percent net wealth threshold of €2,144,886, an average of €5,322,300 taxable income for those above that at 1 percent translates to an average contribution of €53,223 and revenue of just over €1 billion (€1,021,030,032) based on 2023 figures. A household with net wealth of €3 million would contribute €8,551, while a household with €10 million would contribute €78,551. A household with a net wealth of €100 million would contribute just short of €1,000,000 (€978,551). A 2 percent tax doubles the potential yield to just over €2 billion with a 3 percent tax potentially yielding just over €3 billion.

We can see that the potential yield is sensitive to assumptions about the degree of inequality within the top 1 percent itself. A lower bound for the 1 percent wealth threshold is close to €1.7 million with an upper bound close to €3.7 million. This is a very large range but a mid-range estimate for the top 1 percent threshold might place us somewhere between €2.5 million and €3 million for a potential yield in the €800 million to €900 million range at a 1 percent rate €1.6 to €1.8 billion at 2 percent or €2.4 to €2.7 billion at 3 percent.. A threshold of circa €2.1 million would have a potential yield in excess of €1 billion for a 1 percent tax rate though this would likely be marginally broadening our base of households to those just outside the top 1 percent. Table 7.4 provides a range of estimated yields.

Table 7.4 Tax on Net Wealth, Potential yields from the top 1 percent of households% based on assumptions about inequality within the top 1 percent of households%

Pareto α	Inequality in top 1%	Implied 1% threshold	Potential yield: 1% tax rate	Potential yield: 2% tax rate	Potential yield: 3% tax rate
1.3	Very unequal tail	€1.72 million	€1,103 million	€2,206	€3,309
1.5	High inequality	€2.49 million	€955 million	€1,910	€2,865
1.8	Moderately unequal	€3.32 million	€792 million	€1,584	€2,376
2.0	Less unequal tail	€3.73 million	€717 million	€1,434	€2,151

As with the WID estimate the actual yield will be reduced due to administration costs, exemptions and reliefs (even if they are modest) and the ability and willingness of taxpayers to use aggressive avoidance measures while potentially increasing with taxation on hidden wealth not reflected in household surveys or administrative data. Finally, these estimates are for 2023 and we can expect the potential yield to have increased along with net wealth in the intervening period.

CONCLUSION

Overall, there is a viable case for broadening the tax base to include an annual wealth tax – albeit only one that is carefully designed. Such a tax will recognise ability to pay, should seek to minimise economic distortions, should generate a meaningful yield to the exchequer, and should be as simple as possible. If the core objectives are horizontal and vertical equity then we can see the wealth tax as a complement to income tax, which reflects the additional taxable capacity of the wealth holder. A wealth tax with minimal exemptions and reliefs can also be a valuable tool for clamping down on tax evasion. Finally, if we can ensure the net wealth tax has a minimum of exemptions and reliefs, and has low marginal and effective rates, then we can ensure minimal distortions to economic activity.

The introduction of annual tax on net household wealth would be assisted by complementary reforms to reduce the administrative burden and accurately estimate net wealth including by making trusts automatically ‘see through’ and by introducing a beneficial ownership register and global assets register.

Proposed Design

We are proposing that Ireland should introduce a tax on net household wealth that targets the wealthiest 1 percent of households. Such a tax could be introduced on a flat rate basis with just 1 rate or it could be introduced on a progressive basis with higher marginal rates targeting the even smaller group of the super rich.

We are proposing that the net wealth tax when introduced should initially be as simple and transparent as possible, and that it should focus on the wealthiest households. We strongly caution that providing exemptions or reliefs for certain asset types will create easy opportunities for tax avoidance and will distort economic decision making. Exemptions and reliefs have also undermined previous attempts net wealth taxes around Europe. To avoid these pitfalls we are therefore proposing that there be no exemptions or reliefs whatsoever beyond an exemption for human capital, a modest exemption of up to €20,000 for personal effects and a tax free threshold available to all households. We estimate that a tax free threshold of between €2.5 million and €3 million would exempt all bar the wealthiest 1 percent of households and tentatively propose €3 million as the tax free threshold. A high tax free threshold also weakens the economic case and the social case for including any exemptions and reliefs such as for farms or businesses and we do not support such exemptions or reliefs. An important caveat to this is the situation where an entrepreneur has started up a highly valued new business but is generating no income or dispersing dividends. It should be noted that such a person should have little difficulty borrowing to pay their wealth tax liability particularly where there is a high tax free threshold and low rate. Policymakers could consider the introduction of a ceiling relief that would ensure the combined income tax and wealth tax rate does not exceed a certain defined percentage of annual income but we are not proposing such a measure.

Setting a 1 percent tax on net household wealth (allowing only very modest exemptions and reliefs) and exempting the first €2.1 million of net wealth^[boxiii] potentially yields in the region of €1 billion annually for the exchequer. Alternatively, we estimate that a €1 billion yield that targets just the top 1 percent of households can be obtained by increasing the tax rate to circa 1.2 percent. A tax rate of 2 percent on the top 1 percent of households would potentially yield close to €1.7 billion and a 3 percent rate on the top 1

percent of households would potentially yield around €2.5 billion. The actual yield would be negatively impacted by administration costs, by tax avoidance and tax evasion, while the taxation of hidden wealth at the very top not captured by household surveys or administrative data would potentially increase the yield and even offset any of these losses. Exemptions and reliefs, if introduced would reduce the potential yield.

Our proposed model for an annual net wealth with a €3 million tax free threshold per household but essentially no exemptions and reliefs other than for human capital would have a potential gross yield of close to €850 million for a modest 1 percent tax, close to €1.7 billion for a 2 percent tax and close to €2.5 billion for a 3 percent tax. The net yields would be somewhat lower due to a combination of administration costs and avoidance measures. In addition, Ireland already has a partial wealth tax in the form of the Local Property Tax (LPT). There is an argument that property tax payments could be offset as part of the wealth tax although this would of course reduce the wealth tax yield.

In summation, our proposed net household wealth tax (NWT) addresses national equality and prosperity goals while generating a meaningful yield for the exchequer. The proposed wealth tax has the following characteristics:

- The tax would apply to everyone tax resident in Ireland and would apply to the entirety of a household's global wealth holdings.
- In order to safeguard the tax base an Exit Tax should be introduced at the same time in order to prevent high net worth individuals from relocating to other tax jurisdictions in order to avoid the tax. The Exit Tax should be set at a multiple of the rate set for the NWT itself.
- A tax free threshold should be available to all households and this threshold should be set close to the threshold for entry into the top 1 percent wealthiest households. We are proposing that the net wealth tax be introduced with a €3 million threshold that could be adjusted in subsequent years;
- We propose an initial flat and modest rate of 1 per cent on net wealth in excess of the threshold. This rate could be gradually increased in subsequent years and/or a progressive structure introduced once we have a greater understanding of any behavioural impacts.
- There should be no exemptions or reliefs for any asset type or than for human capital. This means no exemptions or reliefs for real estate, family owned farms and businesses, pensions, or other asset categories. Introducing exemptions and reliefs will distort investment decisions, open up easy opportunities for tax avoidance and undermine the case for the wealth tax on equity grounds.
- The Local Property Tax (LPT) is a pre-existing partial wealth tax and it is therefore reasonable on horizontal equity grounds to offset LPT payments against the Net Wealth Tax (NWT).

Parallel to this Ireland can show progressive leadership in the various multilateral spaces where taxation of 'High-Net-Worth-Individuals' is being discussed. For example, with the negotiations at the UN on a Framework Convention on International Taxation Cooperation reaching a crucial stage this year, Ireland should adopt a principled position in the UN Tax Convention negotiations - one that supports ambition, stands in solidarity with low-income countries, and contributes to building a fairer global tax system, especially in relation to High-Net-Worth-Individuals. Likewise, Ireland's presidency of the Council of the EU this year presents an opportunity for Ireland to increase transparency and coordination around wealth taxation in the EU by pushing for ambitious reform of the Directive on Administrative Cooperation, supporting the taxation of personal passive holding companies in the Parent-Subsidiary Directive and advancing stronger and more transparent beneficial ownership registers.

ENDNOTES

- [i] <https://data.cso.ie/table/HFC2057>
- [ii] Commission on Taxation and Welfare (2022) Foundations for the Future: Report of the Commission on taxation and Welfare, Dublin. <https://assets.gov.ie/static/documents/foundations-for-the-future-report-of-the-commission-on-taxation-and-welfare.pdf>
- [iii] Department of Finance (2025) Future Forty: A Fiscal and Economic Outlook to 2065, Dublin. https://assets.gov.ie/static/documents/4687e5e7/Future_Forty_-_Full_Online_Version_311025_V2.pdf
- [iv] Areas for tax raising reforms reform suggested by the COTW included taxes on inheritances and gifts (Capital Acquisitions Tax or CAT), taxes on capital gains and taxes on immovable property, as well as reductions in the generosity and scope of the tax expenditures available to reduce capital taxes.
- [v] See McDonnell, T. (2013) Wealth Tax: options for its Implementation in the Republic of Ireland, TASC and NERI collaborative working paper (No.6)
- [vi] Exempting close to 99 percent of households.
- [vii] CSO (2025) Household Finance and consumption Survey 2023 <https://www.cso.ie/en/releasesandpublications/ep/p-hfcs/householdfinanceandconsumptionsurvey2023/wealthinequality/>
- [viii] Commission on Taxation and Welfare (2022) Foundations for the Future: Report of the Commission on taxation and Welfare, Dublin: Government Publications. <https://assets.gov.ie/static/documents/foundations-for-the-future-report-of-the-commission-on-taxation-and-welfare.pdf>
- [ix] <https://www.gov.br/g20/pt-br/documentos/declaracao-de-lideres-do-g20-brasil>
- [x] Goldrick-Kelly, P., P. Mac Flynn and T. McDonnell (2020) Reforming tax and Spend in the United Kingdom and in the Republic of Ireland, NERI working paper (No.63)
- [xi] McDonnell, T. (2025) The Irish Tax System: Challenges Ahead <https://www.studiesirishreview.ie/product-category/default-category/back-issues/2024-volume-113/studies-winter-2024/>, Chapter in Ireland's Developmental Mode: has it run its Course. Studies: Winter 2024.
- [xii] See for example OECD (2018) The Role and design of Net Wealth Taxes in the OECD The Role and Design of Net Wealth Taxes in the OECD | OECD Tax Policy Studies
- [xiii] McDonnell, T. (2013) Wealth Tax: options for its Implementation in the Republic of Ireland, TASC and NERI collaborative working paper (No.6)
- [xiv] Total wealth in the economy consists of the wealth of the household sector (household wealth); the wealth of the corporate sector (business wealth), and the wealth of the government sector (public wealth).
- [xv] Alvaredo, F., Gabinti, B. and T. Piketty (2017) On the Share of Inheritance in Aggregate Wealth: Europe and the USA, 1900–2010, *Economica* 84, 239-260.
- [xvi] <https://data.ecb.europa.eu/data/data-categories/macroeconomic-and-sectoral-statistics/sector-accounts/distributional-wealth-accounts>
- [xvii] https://www.ecb.europa.eu/stats/ecb_surveys/hfcs/html/index.en.html
- [xviii] <https://wid.world/data/>
- [xix] The two co-directors are Lucas Chancel and Thomas Piketty
- [xx] Callan, T., Doorley, K., & McTague, A., (2020). Top Incomes in Ireland: Reconciling Evidence from Tax Records and Household Survey Data
- [xxi] Horan, D., R. Lydon and T. MvIndoe-Calder (2021) Household Wealth Inequality and Resilience: Evidence from the Household finance and Consumption Survey, The Economic and Social Review Volume 52 (1) Spring, pp 75-99.
- [xxii] <https://data.cso.ie/table/HFC2057>
- [xxiii] Chart is taken from HFCS (2020) <https://www.cso.ie/en/releasesandpublications/ep/p-hfcs/householdfinanceandconsumptionsurvey2018/wealth/>
- [xxiv] OECD (2011) Divided we Stand: Why Inequality Keeps Rising, OECD, Paris
- [xxv] Jakurti, E. (2025) A Tale of two Rates: Return on Capital, Economic Growth, and Wealth Concentration in the Long Run. Review of Political Economy, 1-34.
- [xxvi] CSO (2020) Household Finance and Consumption Survey 2018 <https://www.cso.ie/en/releasesandpublications/ep/p-hfcs/householdfinanceandconsumptionsurvey2018/jointdistributionofincomeandwealth/>
- [xxvii] Imputed income refers to non-cash benefits or services that an individual receives from themselves, instead of paying for them. A common example is the value of living in one's own home.
- [xxviii] Arnold, J, B. Brys, C. Heady, Å. Johansson, C. Schwellnus and L. Vartia, (2011), "Tax Policy For Economic Recovery and Growth," The Economic Journal, 121, pp. F59-F80 <https://onlinelibrary.wiley.com/doi/ful/10.1111/j.1468-0297.2010.02415.x>
- [xxix] Acosta-Ormaechea, S. and J. Yoo (2012) Tax Composition and Growth: A Broad Cross-Country Perspective, IMF Working Paper 12,257 <https://www.imf.org/external/pubs/ft/wp/2012/wp12257.pdf>
- [xxx] In a 2018 PhD by S. Kuypers, the author points to a literature suggesting concentrated wealth has a detrimental effect on economic performance and on macro-economic stability. https://repository.uantwerpen.be/docman/irua/871722/155611.pdf?utm_source=chatgpt.com
- [xxxi] Department of Finance (2025) Future Forty: A Fiscal and Economic Outlook to 2065, Dublin. https://assets.gov.ie/static/documents/4687e5e7/Future_Forty_-_Full_Online_Version_311025_V2.pdf
- [xxxii] Goldrick-Kelly, P., P. Mac Flynn and T. McDonnell (2020) Reforming tax and Spend in the United Kingdom and in the Republic of Ireland, NERI working paper (No.63)
- [xxxiii] McDonnell, T. (2025) The Irish Tax System: Challenges Ahead <https://www.studiesirishreview.ie/product-category/default-category/back-issues/2024-volume-113/studies-winter-2024/>, Chapter in Ireland's Developmental Mode: has it run its Course. Studies: Winter 2024.
- [xxxiv] E.g. IFAC (2020) Long-term Sustainability Report Long-term Sustainability Report – Irish Fiscal Advisory Council
- [xxxv] McDonnell, T. and M. Collins (2025) Taxation and Intergenerational Fairness: Exploring the Role of Inheritance Taxes with a Focus on Ireland, Social Policy and Society, 24(2), pp 281-98. Cambridge University Press.

[xxxvi] Irish nationals and domiciled individuals whose worldwide income exceeds €1 million and whose Irish located capital is greater than €5 million are required to pay an Irish domicile levy of €200,000 per annum regardless of where they are tax resident although Irish income tax is allowed as a credit in calculating the chargeable levy. There was an average of 16 returns annually over the 2019 to 2023 period with an average annual yield from the tax of €2.31 million. Dáil Éireann Debate (2025) Tax Code, Question 489.

[xxxvii] Capital levies are once off taxes on capital assets.

[xxxviii] Many asset classes are not covered and there are generous exemptions e.g. for the principal private residence.

[xxxix] CGT and other taxes on capital appreciation are not levied on a stock of assets at a point in time but rather on the appreciation of assets over a period of time. It can therefore be argued that these types of taxes are not actually wealth taxes at all.

[xl] For context, Irish GDP was €562.8 billion in 2024 while Irish GNI* (which excludes globalisation effects that distort Irish GDP figures) was €321.1 billion.

[xli] McDonnell, T. (2013) Wealth Tax: options for its Implementation in the Republic of Ireland, TASC and NERI collaborative working paper (No.6)

[xlii] Revenue Commissioners (2025) Net Receipts for Capital Acquisitions Tax

[xliii] Sons and daughters have a tax-free threshold of €400,000. The other two thresholds are €40,000 and €20,000.

[xliv] For example, a business asset worth €4 million would have its value for CAT purposes reduced to €400,000. The donee will also benefit from the tax-free group threshold (e.g. €400,000 for a child) and from the annual small gift exemption. As such, over €4 million can be transferred tax free which is enough to propel the recipient into the top 1 percent of the wealth distribution.

[xlv] McDonnell, T. and M. Collins (2025) Taxation and Intergenerational Fairness: Exploring the Role of Inheritance Taxes with a Focus on Ireland, Social Policy and Society, 24(2), pp 281-98. Cambridge University Press.

[xlvi] Revenue Commissioners (2025) Capital Taxes Profile 2015-24

[xlvii] For discussions See COTW (2022) and also McDonnell, T. (2019) Taxing Property, Suggestions for Reform, NERI working paper (No.63)

[xlviii] The imputed rent from owner occupation is generally not subject to tax in OECD countries. The associated distortion of consumption and investment decisions is likely to harm not only welfare but also undermine economic activity.

[xlix] Stamp duties are charged mainly on legal and commercial instruments and in respect of certain transactions.

[l] OECD (2025) Tax Revenue Statistics. Property taxes were 1% of Irish GDP or circa 1.7% of GNI*.

[li] SSCs are Social Security Contributions. They are in effect a tax on labour. The PRSI system is Ireland's version of SSCs.

[lii] The recommendation was not in the official G20 declaration, was proposed by the "G20 Extraordinary Committee of Independent Experts on Global Inequality" and supported by Brazilian President, Luiz Inácio Lula da Silva, South African President Cyril Ramaphosa and Spanish Prime Minister, Pedro Sánchez.

[liii] The inclusion of Hybrid Tax Planning in the scope of the work of the Code of Conduct Group has been a key advocacy focus for Oxfam

[liv] EP Fisc debate December 2025 https://multimedia.europarl.europa.eu/en/webstreaming/subcommittee-on-tax-matters-ordinary-meeting_20251211-1030-COMMITTEE-FISC

[lv] However, the Polish Presidency included a minimum tax on the HNWI in the discussion on possible EU own resources with the EU Member States.

[lvi] <https://www.ghanamissionun.org/08042025/>

[lvii] That the commitment to ensure the effective taxation of High-Net-Worth Individuals (HNWI) focuses on international coordinated action that achieves their effective taxation of the income and wealth of the super-rich at rates high enough to significantly bring down inequality, and not only at addressing their tax avoidance and evasion. In relation to this we note that Paragraph 18 of the Draft Issue Note only mentions the need to address avoidance and evasion of HNWI, and not their effective taxation, despite paragraph 10 of the Term of Reference including both elements. Going forward, we recommend that wording around effective taxation of HNWI contained in the TORs are used by the INC- from Oxfam submission regarding the Draft Issue Note of Workstream I of the Intergovernmental Negotiating Committee on the UN Framework Convention on International Tax Cooperation

[lviii] Lawton, K. and Reed, H. (2013) Property and Wealth Taxes in the UK: The Context for Reform, Institute for Public Policy Research, March https://ippr-org.files.svdcn.com/production/Downloads/wealth-taxes-context_Mar2013_10503.pdf

[lix] <https://taxjustice.net/topics/beneficial-ownership/>

[lx] https://transparency.ie/news_events/ti-tested-access-beneficial-ownership-registers-14-eu-countries-%E2%80%93-and-was-refused#:~:text=Understanding%20who%20ultimately%20owns%20or,in%20a%20high%20risk%20country.

[lxi] <https://www.irishtimes.com/business/2022/11/26/ecj-ruling-on-company-ownership-branded-a-setback-in-fight-against-crime/#:~:text=However%2C%20the%20court%20added%20that,against%20highly%20politicised%20transparency%20campaigns.>

[lxii] The 2016 Panama Papers, when more than 11 million documents leaked from the Panamanian law firm Mossack Fonseca laid bare the scale of money being held by wealthy individuals in secret offshore accounts. <https://www.theguardian.com/news/2016/apr/03/what-you-need-to-know-about-the-panama-papers>

[lxiii] <https://www.icrict.com/wp-content/uploads/2022/04/ICRICTGARreportEN.pdf>

[lxiv] *ibid*

[lxv] This section draws significantly on McDonnell (2013).

[lxvi] Tangible assets are assets that have physical form. Intangible assets are assets that do not have physical form.

[lxvii] Value changes can be due to changes in the price of an asset/liability, exchange-rate fluctuations, or other changes such as classification changes.

[lxviii] Savings is derived as gross disposable income minus consumption. Thus, wealth accumulation is a function of an individual's disposable income including income generated from wealth itself.

[lxix] The size of an individual's wealth stock is influenced by the lifetime endowments of inherited or gifted wealth obtained by the individual.

[lxx] Perrett, S. (2021) Why Were Most Wealth Taxes Abandoned and is this time Different. Fiscal Studies Volume 42, Issue 3-4 <https://onlinelibrary.wiley.com/doi/full/10.1111/1475-5890.12278>

[lxxi] Though even in this case it should be possible to design a wealth tax to at least ameliorate these effects e.g. through high thresholds, low rates and an avoidance of distortive exemptions and reliefs.

[lxxii] Valuation issues are discussed in Section 6.

[lxxiii] Trusts, foundations and similar schemes can also be deployed as a means of avoiding tax. The solution here is to make trusts and their

analogues ‘see-through’ entities. The trustee is legally obliged to reveal the beneficiaries, the value of the trust and the proportions by which they benefit. The relevant proportional value of the trust is then added to the assessable wealth of the beneficiary for tax purposes.

[lxxiv] OECD (2018) The Role and Design of Net Wealth Taxes. https://www.oecd.org/en/publications/the-role-and-design-of-net-wealth-taxes-in-the-oecd_9789264290303-en.html

{lxxv} Goodwill is an accounting concept. It refers to the value of an asset owned that is intangible but has a potentially quantifiable value. Reputation is an example of a goodwill asset.

[lxxvi] Lawless M. and D. Lynch (2016) Scenarios and Distributional Implications of a Household Wealth Tax in Ireland. ESRI Working Paper No 549. <https://www.esri.ie/system/files/publications/WP549.pdf>

[lxxvii] CSO (2015) Household Finance and Consumption Survey 2013.

<https://www.cso.ie/en/media/csoie/releasespublications/documents/socialconditions/2013/hfcs2013.pdf>

[lxxviii] Central Bank of Ireland (2025) Household Wealth. <https://www.centralbank.ie/statistics/data-and-analysis/household-wealth>

[lxxix] In terms of estimates for revenue collected this broadly aligns with the approach of Lawless and Lynch (2016) in terms of doubling thresholds for couples relative to single taxpayers

[lxxx] There were 3.27 million tax units in Ireland in 2023

[lxxxi] The net wealth threshold for the top 5 percent according to the same source in 2023 was just over €1 million euro (€1,040,328) with an average net wealth above that threshold of €2.3 million (€2,349,121). This translates to an average ‘millionaires’ contribution of €13,087 on a 1 percent rate. This would raise approximately €2.8 billion in revenue (€2,813,705,000).

[lxxxii] Wildauer, R., & Kapeller, J. (2022). Tracing the invisible rich: A new approach to modelling Pareto tails in survey data. Labour Economics, 75, 102145.

[lxxxiii] Exempting close to 99 percent of households.

Oxfam Ireland

Oxfam Ireland is part of Oxfam International, a global confederation of 22 independent and interconnected affiliates working across 77 countries to fight inequality to end poverty and injustice. Oxfam Ireland mobilises the power of people to build a global movement that transforms lives and creates lasting change. Oxfam Ireland is an all-island organisation embedded in communities across both the Republic of Ireland and Northern Ireland. We operate 45 charity retail shops, providing responsible, affordable shopping options to people while supporting climate action and poverty alleviation. These shops are powered by a volunteer network of over 600 people.

We believe that everyone has the right to thrive in a just and sustainable world. To this end, we work collaboratively to challenge discrimination, exclusion and exploitation; we empower communities to build better lives for themselves, and we continue to provide direct, life-saving assistance to people facing crisis and disaster. In all of this, we work to fight inequality, recognising that ending poverty is only possible by tackling systemic inequality and injustice. Poverty arises from the violation of people's basic human rights. When someone is denied the right to own land, the right to education, access to basic services like clean water, a fair price for the crops they grow, or a fair wage for the work they do, the result is poverty.

Last year, Oxfam Ireland, with support from Irish Aid and other donors, worked in over 17 countries and reached 2.8 million people through our development and humanitarian programmes, as well as through influencing, campaigning and global citizenship education work across the island of Ireland.

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