



ECOSOC Special Meeting on International Cooperation in Tax Matters

18th March 2024

THE ROLE OF NET WEALTH TAXES IN PROMOTING EQUALITY AND FINANCING THE SDGS

Excellencies,

The South Centre, an intergovernmental think tank of developing countries with 55 Member States from Asia, Africa and Latin America and the Caribbean, is pleased to share its views on the role of net wealth taxes in promoting equality and financing the SDGs.

The recent work of the UN Tax Committee in the taxation of wealth is a welcome development, in particular given that we are living in times of unprecedented wealth inequality.

We congratulate the work of the UN Subcommittee on Wealth Taxes for producing detailed draft guidance on how net wealth taxes can be designed, and call for its approval in the coming Committee session. We encourage all UN Members, both developed and developing, to use these guidelines if and when they consider introducing wealth taxes.

However, we would like to emphasize that the guidance by itself is not enough. Resource constrained tax administrations, especially in developing countries, may find it hard to absorb the 100+ pages of guidance and translate those into domestic law.

For this reason, we note that developing country Members of the UN Tax Committee have been consistently calling for a UN Model Wealth Tax Law based on the guidance which can be a readymade tool that countries can use and customize to their contexts. We are pleased to observe that a first draft of the outline of this Model Law has been prepared and the Committee's support is required to proceed with commencing work on it.

We call on all UN Member States to support the work of the UN Tax Committee to prepare a UN Model Wealth Tax Law, a decision which has to be taken this week, as it can greatly accelerate and facilitate the adoption of wealth taxes around the world. This is an urgent requirement to address the extreme concentration of wealth today. We also welcome the proposed timeline to have the first draft of the entire Model Law ready by this October with a view to finalizing it by March 2025.

Further, we also commend Brazil's leadership at the G20 to propose the idea for a global minimum wealth tax, an idea also supported by Colombia and the G-24 group of developing countries. The development of a UN Model Wealth Tax law can provide the technical foundation for taking this idea forward, and the UN Framework Convention on International Tax Cooperation can provide a legal basis for its global and effective implementation.

At the South Centre we look forward to contributing to these valuable and pathbreaking initiatives, which need the support of all countries and have the potential to curtail the immense inequality in the world today and generate much needed revenues for the SDGs.

I thank you.