



### Measuring progress towards tax justice

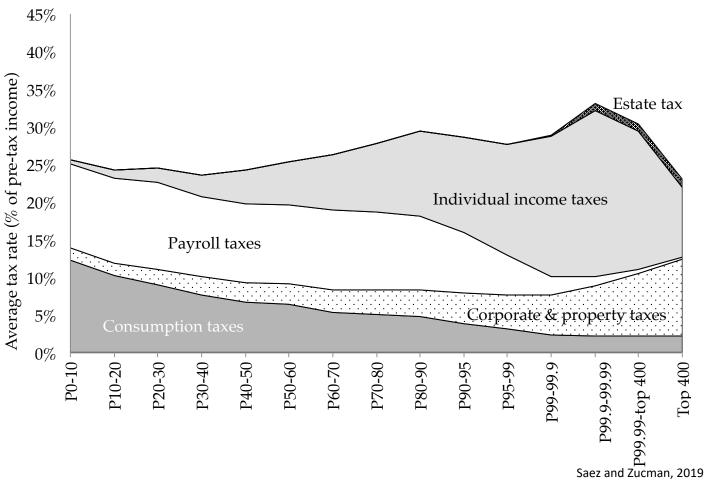
Lucas Chancel
Co-director, World Inequality Lab



### Impossible to think about fair corporate taxation without broader tax system

The U.S. flat tax: decomposition by type of tax

(Average tax rates by income group, 2018)



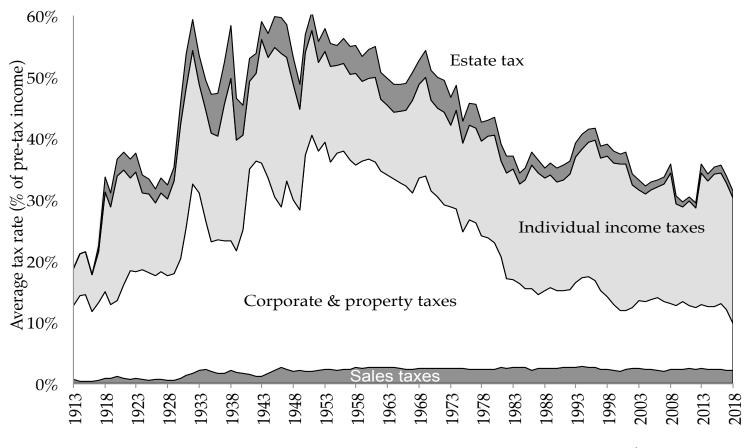


Notes: The figure depicts the average tax rate by income group and its decomposition by type of tax in 2018. All federal, state, and local taxes are included. Tax rates are expressed as a fraction of pre-tax income. Complete details at triumphofinjustice.org.



#### The key role of the corporate tax for wealthy

(Average tax rate of the top 0.1% highest income earners)







### Rationale for a Global Asset Registry

 10% of global wealth detained in tax havens (40-50% national wealth in tax havens in Argentina, Greece or Russia)

 Financial opacity impacts tax justice, fight against money laundering and economic efficiency (growing part of financial sectors wants more transparency)

 Land registries existed for centuries, but wealth today essentially financial (up to 95% at the very top of the distribution)

Main issues: information in silos, beneficial ownership not the norm.
 But useful building bricks (Norway = beneficial ownership) + some progress.





### Towards a global inventory on all financial and non-financial assets

- Recent but limited progress, useful for GAR
  - Beneficial ownserhip registries
    - EU AMLD5: progress but no info requirement for non-EU owners of EU assets
  - Real estate
    - DAC1 on real estate but only partial
  - Common Reporting Standard
    - 100+ jurisdictions committed, but not the US
    - Real estate, cash, art, gold excluded
    - Effectiveness still to be demonstrated

Initiatives could potentially be used as building bricks for (regional)
 GAR(s)



Key today: obtain information to track progress



#### « The OECD notes an important reduction of bank deposits in tax havens »





ACTUALITÉS ~

ÉCONOMIE ~

VIDÉOS ~

OPINIONS ~

CULTURE ~

M LE MAG ~

ÉCONOMIE • EVASION FISCALE





## L'OCDE constate une importante décrue des dépôts bancaires dans les paradis fiscaux

Le passage à l'échange automatique d'informations bancaires entre Etats incite les titulaires de comptes offshore à rapatrier leur cash de peur d'être repérés.

Par Anne Michel • Publié le 07 juin 2019 à 06h39 - Mis à jour le 07 juin 2019 à 14h48

Ō Lecture 4 min.



Le Monde 7/6/19





La coopération fiscale et la régulation, ça marche, peut dire en substance l'OCDE au G20 La coopération fiscale et la régulation, ça marche, peut dire en substance l'OCDE au G20. Et ce, même si d'autres critères que la coopération contribuent aussi à cette baisse de l'épargne offshore : outre la crise financière de 2008, qui a limité pour partie la spéculation, le durcissement des réglementations financières, la baisse du niveau d'imposition dans les pays d'origine des épargnants sont à noter.

« L'entrée en vigueur de l'échange automatique de renseignements (...) est associée à une réduction supplémentaire des dépôts bancaires allant de 20 % à 25 % », affirment les auteurs de l'étude. Ils ont notamment fondé leurs travaux sur les

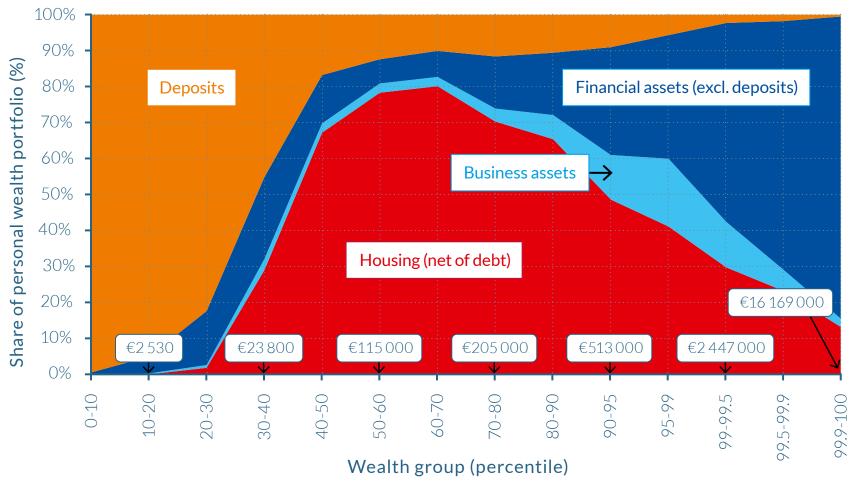


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Deposits only represent about 10% of total evaded assets. At the top of the distributon, total wealth essentially about financial assets.

Figure 4.4.4 Asset composition by wealth group in France, 2012





Source: Garbinti, Goupille-Lebret and Piketty (2017). See wir 2018.wid.world for data series and notes.





Only way is to constrain governments to release tabulations with # individuals (residents & non-residents), wealth & income as well as taxes paid, by wealth brackets.



### Tracking Progress Toward Global Financial transparency and Tax Justice: Public Statistics to be Published by National Tax Administrations

**Summary:** In order to track progress toward global financial transparency and tax justice, all countries should commit to publish on an annual basis the following tables. This applies in particular to the countries participating to the various international discussion groups on these issues, in particular those coordinated by OECD on CRS (Common Reporting Standards on cross-border financial assets) and BEPS (Base Erosion and Profit Shifting on corporate taxation).

**Net wealth**: total assets (real estate, business, financial, etc.), net of debt. For coutry residents, all domestic and foreign assets should be included. For non-residents, all domestic assets should be included (in particuler real estate assets located in the country, as well as all financial assets related to firms and economic activites conducted in the country). To the extent possible, their foreign assets should also be included.

| Table 1A - Number of individuals, Wealth and Taxes paid by wealth bracket                      |                       |                           |                               |                     |                 |           |                    |                                     |     |                                      |   |                                 |                                |
|--|-----------------------|---------------------------|-------------------------------|---------------------|-----------------|-----------|--------------------|-------------------------------------|-----|--------------------------------------|---|---------------------------------|--------------------------------|
| Not we alth  | Number of             | inal number of            | incl. number of non-residents | Total not           |                 | inal nan  |                    | Wealth tax                          | ces |                                      | I | es                              |                                |
| Net wealth<br>bracket (€)  | Number of individuals | incl. number of residents |                               | Total net<br>wealth | incl. residents | residents | Total wealth taxes | incl. wealth<br>and property<br>tax | •   | incl.<br>inheritance<br>& estate tax |   | incl.<br>personal<br>income tax | incl. corp.<br>income<br>taxes |
| 0-10k<br>10k-100k<br>100k-1m<br>1m-10m<br>10m-100m<br>100m-1bn<br>1bn-5bn<br>5bn-10bn<br>10bn+ |                       |                           |                               |                     |                 |           |                    |                                     |     |                                      |   |                                 |                                |

|  | Table 1B - Wealth and income composition by wealth bracket |                           |                        |                              |   |                     |  |            |                                   |                                  |                 |              |                      |  |
|--|--|---------------------------|------------------------|------------------------------|---|---------------------|--|------------|-----------------------------------|----------------------------------|-----------------|--------------|----------------------|--|
|  | Wealth   |                           |                        |                              |   |                     |  |            |                                   |                                  |                 | Income       |                      |  |
| Net wealth<br>bracket (€)  | Total wealth   | incl. currency & deposits | incl. bonds &<br>loans | incl. equities & fund shares | incl. pension<br>funds & life<br>insur. | inc. real<br>estate | incl. business & other non-fin. assets | incl. debt | incl. total<br>domestic<br>assets | incl. total<br>foreign<br>assets | Total<br>income | incl. capita | l incl. labor income |  |
| 0-10k<br>10k-100k<br>100k-1m<br>1m-10m<br>10m-100m<br>100m-1bn<br>1bn-5bn<br>5bn-10bn<br>10bn+ |  |                           |                        |                              |   |                     |  |            |                                   |                                  |                 |              |                      |  |



# Monitoring the Road Toward Global Financial transparency and Tax Justice: Public Statistics to be Published by National Tax Administrations

| Table 1A - Number of individuals, Wealth and Taxes paid by wealth bracket                      |                       |                           |                               |           |                 |                         |                    |                                     |                               |        |                          |                                 |                                |  |
|--|-----------------------|---------------------------|-------------------------------|-----------|-----------------|-------------------------|--------------------|-------------------------------------|-------------------------------|--------|--------------------------|---------------------------------|--------------------------------|--|
| Net wealth   | Number of             | Santa a sala a sa         | inal number of                | Total net |                 | inal nan                |                    | Wealth taxes Incor                  |                               |        |                          |                                 | ie taxes                       |  |
| bracket (€)  | Number of individuals | incl. number of residents | incl. number of non-residents | wealth    | incl. residents | incl. non-<br>residents | Total wealth taxes | incl. wealth<br>and property<br>tax | incl.<br>capital<br>gains tax | 11101. | Total<br>income<br>taxes | incl.<br>personal<br>income tax | incl. corp.<br>income<br>taxes |  |
| 0-10k<br>10k-100k<br>100k-1m<br>1m-10m<br>10m-100m<br>100m-1bn<br>1bn-5bn<br>5bn-10bn<br>10bn+ |                       |                           |                               |           |                 |                         |                    |                                     |                               |        |                          |                                 |                                |  |

**Net wealth** = total assets (business, financial, deposits, etc.) net of debts.





# Monitoring the Road Toward Global Financial transparency and Tax Justice: Public Statistics to be Published by National Tax Administrations

|  | Table 1B - Wealth and income composition by wealth bracket |                           |                        |                              |   |                     |  |            |                                   |                                  |              |                         |                       |  |
|--|--|---------------------------|------------------------|------------------------------|---|---------------------|--|------------|-----------------------------------|----------------------------------|--------------|-------------------------|-----------------------|--|
|  | Wealth   |                           |                        |                              |   |                     |  |            |                                   |                                  |              | Income                  |                       |  |
| Net wealth<br>bracket (€)  | Total wealth   | incl. currency & deposits | incl. bonds &<br>loans | incl. equities & fund shares | incl. pension<br>funds & life<br>insur. | inc. real<br>estate | incl. business & other non-fin. assets | incl. debt | incl. total<br>domestic<br>assets | incl. total<br>foreign<br>assets | Total income | incl. capital<br>income | incl. labor<br>income |  |
| 0-10k<br>10k-100k<br>100k-1m<br>1m-10m<br>10m-100m<br>100m-1bn<br>1bn-5bn<br>5bn-10bn<br>10bn+ |  |                           |                        |                              |   |                     |  |            |                                   |                                  |              |                         |                       |  |

**Net wealth** = total assets (business, financial, deposits, etc.) net of debts.





### Objective: annual review of overall tax progressivity

Taxes paid by factor income percentile, France 2018

Distribution of factor national income among working population, i.e. adults aged 25-60 y.o working at least part-time

