



The global billionaire tax and the ATI

An analysis of the effects of a global
minimum tax on high-net-worth
individuals in ATI partner countries



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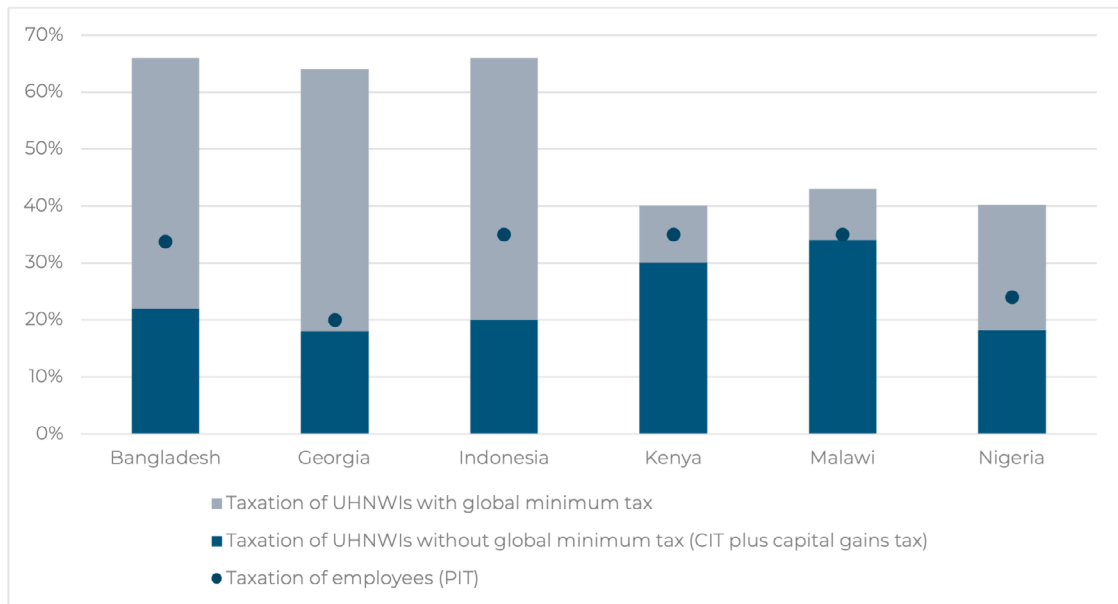
Summary

Humanity is richer and more productive than ever before in its history. But wealth and the income from it are extremely unevenly distributed. 3,000 billionaires alone own more than the poorest 3 billion people (UBS, 2024). To fight poverty and promote sustainable development, it is necessary to address the inequality in the distribution of economic resources. A report for the G20 shows that the tax systems in many countries do not provide the necessary correction mechanism and proposes a global standard for minimum taxation of the super-wealthy (Zucman, 2024).

This study is the first to analyse the effects of such minimum taxation on tax rates and revenues in partner countries of the Addis Tax Initiative (ATI). To this end, it estimates the taxable assets and potential revenues for all ATI partner countries. The study also analyses the tax systems in 6 selected countries and calculates the effective tax rates without and with a minimum tax for one billionaire from each of these selected countries. Without taking into account broader social dynamics and potential benefits from the ethical, political or administrative perspective, the following preliminary conclusions can be drawn from the analysis:

- 1. A global minimum tax on ultra-high-net-worth-individuals (UHNWIs) could raise significant revenues for many but not all ATI partner countries.** The potential revenue from a 2 % wealth tax for ATI partner countries varies between 5.8 and 9.2 billion US dollars, depending on the assumptions and model. While this seems low in absolute terms, it would correspond to 0.23 % of GDP or 0.9 % of tax revenues, which is comparable to the figures for OECD countries with wealth taxes. The report for the G20, which is based on the billionaires list of the Forbes magazine, underestimates the potential revenue due to the inadequate recording of billions in assets. In Kenya, for example, where there are no billionaires according to Forbes, the tax could raise up to USD 420 million (0.4 % of GDP). In addition, a lower threshold for the tax, for example 100 million USD or ideally adapted to the local context, would significantly increase revenue.
- 2. In many partner countries, income from wealth accumulation of UHNWIs is taxed at a lower rate than labour income.** In 5 out of the 6 countries analysed, corporate profits saved in investment companies are taxed at a lower rate than labour income. Only two countries (Malawi and Nigeria) levy an income tax on accumulated profits in addition to corporate tax.
- 3. The global minimum tax could eliminate the difference in tax rates between UHNWIs and labour income.** As shown in previous studies on the Global North, billionaires from ATI partner countries are often taxed at a significantly lower rate than average employees. The 6 selected billionaires paid an average tax rate of just 24 % in relation to their total economic income. They paid particularly little in Nigeria (18 %), and the most in Malawi (34 %). In all 6 cases, the tax rate was below the top tax rate for labour income. A 2 % minimum tax for UHNWIs increases the effective tax rate in the 6 examples to between 40 % and 66 %. In all cases, it ensures that the tax rate for billionaires is higher than for employees without stopping the growth of their wealth.

Effects of a global minimum tax on the effective tax rate of UHNWIs compared to employees



Source: Own presentation

More internationally comparable data on wealth and its taxation is needed to substantiate the preliminary analysis undertaken in this study. However, the analysis and the selected examples already show that a global billionaire tax can play a role in the effective taxation of UNHWIs, among many other approaches to do so. Finally, taxing UNHWIs fairly is not just a question of revenue, but also of social justice, democracy and sustainable development.

Table of contents

Summary	3
List of abbreviations.....	6
Introduction	7
Methodology.....	9
Step 1: Taxable wealth and revenue potential for all partner countries.....	10
Steps 2 and 3: Attributable taxes and effective tax rates in 6 selected partner countries.....	11
Results of the analysis.....	13
Step 1: Taxable wealth and revenue potential for all partner countries.....	13
Step 2: Regular taxation of UHNWIs in 6 selected partner countries.....	16
Step 3: Effective taxation and the effect of a global minimum tax for six selected UHNWIs.....	18
Conclusion and outlook.....	20
References.....	22
Annex 1: Taxable wealth and revenue potential (list of countries).....	23

List of abbreviations

ATI	Addis Tax Initiative
CIT	Corporate Income Tax
EU	European Union
IMF	International Monetary Fund
PIT	Personal Income Tax
SSA	Sub-Sahara Africa
UBS	Union Bank of Switzerland
UHNWI	Ultra-High-Net-Worth Individuals
UN	United Nations
UNDESA	United Nations Department of Economic and Social Affairs
UNRISD	United Nations Research Institute for Social Development
WB	World Bank

Introduction

Humanity is more productive than ever before in its history. The annual global economic output has exceeded 100 trillion US dollars. According to the International Monetary Fund (IMF), this figure is as high as USD 186 trillion in terms of local purchasing power. For each of the 8.2 billion people living on the planet, that is roughly USD 23,000 per year or USD 62 per day in purely mathematical terms. The number of people living below the absolute poverty line (currently USD 2.15 per day) has fallen from just under 2 billion or 38 % in 1990 to 712 million or 9 % in 2022. High economic growth has greatly reduced poverty in recent decades, particularly in China and some Asian countries. At the same time, resource consumption has grown exponentially, and many planetary boundaries have now been exceeded.

More than 20 % of global economic growth since 1980 has benefitted the richest 1 % of the world's population. More than half of global income goes to just 10 % of the world's population (Chancel et al., 2022). This unequal distribution of income means that only a few people are able to accumulate wealth. At the same time, the income derived from wealth is concentrated among a small number of people. The richest 1 %, around 60 million millionaires, now own almost half of all wealth. Just under 3,000 billionaires at the top of the wealth pyramid together own more than the 3 billion adults in the poorer half of the world's population (UBS, 2024).

In view of these figures, a report by the United Nations Research Institute for Social Development concludes that the current economic system 'leaves little opportunity for broad-based prosperity' (UNRISD, 2022). It is becoming increasingly difficult to reduce poverty through global economic growth without addressing the inequality in the distribution of economic resources and the injustices in the current economic system.

A key democratic tool for reducing inequality and distributing resources more fairly is fiscal policy, i.e. taxes and the public spending financed by them. Equitable fiscal policy is part of the Sustainable Development Goals (Goal 10.4.2) and Commitment 1 of the Addis Tax Initiative (ATI). However, an analysis by the EU Tax Observatory shows that tax systems in many countries are not equitable. Those with the greatest wealth and highest incomes effectively pay lower taxes and duties than the middle class. The reason for this is that income derived from wealth is not part of the normally progressive income taxation in many countries (Alstadsæter et al., 2023). Wealth accumulation is often taxed at a lower rate than building wealth through labour.

To ensure fair taxation of the ultra-rich, Gabriel Zucman, head of the EU Tax Observatory, proposes a minimum tax for UHNWIs in a paper for the Brazilian G20 presidency. According to Zucman, a 2 % tax on wealth, together with the tax already paid on corporate profits and after offsetting the income tax already paid, would result in an effective tax rate of around 50 % for the countries studied (USA and some European countries) in relation to their income.

With a threshold of one billion euros per person, Zucman expects revenues of up to 242 billion US dollars per year worldwide. If the tax were extended to people with assets of more than 100 million US dollars, the expected revenue would rise to up to 377 billion US dollars per year.

According to a recent IMF analysis, a mere USD 81 billion per year would be enough to eradicate hunger and extreme poverty (IMF, 2024). Although the total financing gap for the sustainable development goals is significantly larger at USD 2.5 to 4 trillion per year (UNDESA, 2024), the revenue from a minimum tax on UHNWIs could make a significant contribution to achieving the SDGs. In contrast, the IMF criticises the fact that less than one billion US dollars of the revenue from the tax would be generated in Sub-Saharan Africa (SSA). However, this figure is only based on the eleven billionaires identified there by the Forbes magazine (IMF, 2024) and does not take into account the possibility of redistributing the additional global revenue.

The IMF's finding, which is based on a journalistic billionaires list, falls short to assess the effects of the proposed tax. This study therefore first estimates the wealth and potential revenue of the minimum tax on UHNWIs for all ATI partner countries¹ using additional sources and thresholds. In addition, the main analytical part of the study, illustrates the effects of a minimum tax on selected UHNWIs from 6 partner countries using detailed data on their wealth and income that is easily available in these countries. The study focuses on the question of whether UHNWIs in those countries are also taxed at a lower rate than average employees and, if so, whether minimum taxation for UHNWIs can eliminate this injustice. Other societal dynamics and potential benefits of the tax from an ethical, political or administrative perspective are not subject of the study.

Box 1: Who is super-rich and ultra-wealthy?

Zucman calls his proposal a standard for minimum taxation for 'ultra-high-net-worth individuals (UHNWIs)', i.e. people with very high wealth. He initially focusses on billionaires, but also proposes an extension to people with wealth of more than USD 100 million. The main characteristic of this group is that they derive most of their income from their wealth and that this income is far more than what they need to live on. Most of their income is therefore saved and leads to further accumulation of wealth. Above all, this accumulation benefits from tax privileges that ensure lower tax rates than the standard rate for personal income. The threshold at which the income from their wealth exceeds a typical income and the necessary means of subsistence depends heavily on the context. With a return of 5 %, assets of 10 million euros already generate an annual income of 500,000 euros.

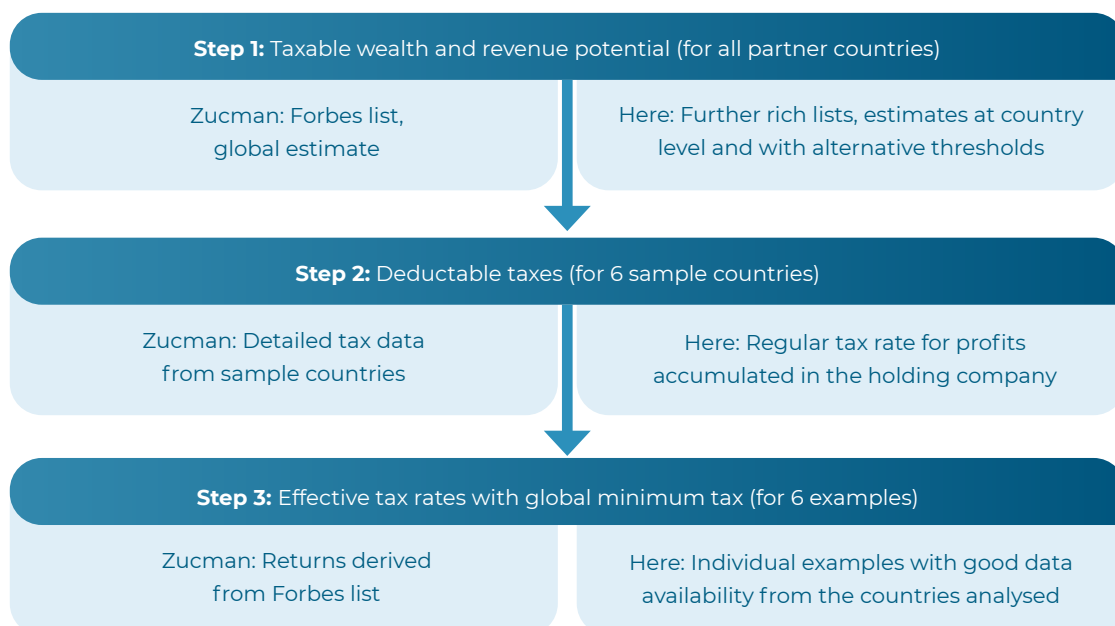
¹ Cf. <https://www.addistaxinitiative.net/ati-members>

Methodology

Zucman's estimate of the global revenue from the minimum tax for UHNWIs is essentially based on three principles:

1. Estimates of the amount of taxable wealth of billionaires based on the Forbes magazine's billionaires list, as well as wealth determined using statistical methods for people with assets over USD100 million ('centi-millionaires').
2. Estimates of the income taxes paid by the respective taxpayers to date to be deducted from the additional minimum tax, based on tax data from the USA and some European sample countries.
3. A rate of return derived from the growth of wealth in the Forbes list as a basis for estimating the effective tax rate due to the minimum taxation of wealth.

Zucman has not yet published his revenue estimates broken down by country. One reason for this is that the data he uses is unreliable or often not available at all for developing and emerging economies. The following analysis reviews the estimate of taxable wealth on the basis of other international, regional and local rich lists and other sources, breaks it down for all ATI partner countries and derives a rough estimate of the revenue potential of a 2% wealth tax (without deducting any income taxes paid to date). In addition, the analysis calculates the regular tax rate for accumulated profits for 6 selected partner countries and compares this with the effective tax rates for 6 specific example billionaires for whom the relevant data is publicly available. Finally, the analysis calculates the effect of a 2% minimum tax (including the deduction of income tax already paid) for these sample cases.



Step 1: Taxable wealth and revenue potential for all partner countries

There is little reliable information on the extent of wealth above the thresholds of one billion or 100 million US dollars chosen by Zucman. There are two main reasons for this. Firstly, wealth plays no role in taxation in most countries and is therefore not recorded by the tax authorities. Secondly, household surveys, which in many countries serve as an alternative basis for estimating the distribution of income and wealth, do not adequately cover UHNWIs. In more and more countries, researchers are therefore combining tax and survey data - usually focussing on income distribution - with journalistic rich lists and macroeconomic wealth estimates to obtain a reasonably realistic picture of the wealth distribution. The rich lists also allow to identify taxpayers by name but are often limited to very large fortunes.

The Forbes magazine's rich list used by Zucman identifies a total of 2,779 billionaires worldwide with a fortune of 14.2 trillion US dollars in 2024. Of these, only 60 billionaires with assets totalling USD 292 billion are in ATI partner countries.

However, the Forbes list has two major weaknesses when it comes to estimating potential income from a wealth tax. Firstly, it does not follow a scientific and verifiable methodology for collecting and estimating wealth. A detailed analysis for Germany (Jirrmann and Trautvetter, 2024), for example, shows just how large the gaps are. It identifies more than 250 billionaire households instead of the 133 billionaires listed in the Forbes magazine. The rich list of Hurun, which was founded in the UK but focuses on China and India, also identifies 814 Chinese billionaires, almost twice as many as Forbes, and 271 (instead of 200) billionaires from India. This shows that data quality and coverage vary depending among others on the geographical focus of the different lists. In most ATI partner countries, it is likely to be even worse than in Germany or India. On the other hand, the list combines information on place of birth, nationality and place of residence in order to assign a billionaire to a country. The place of tax liability is likely to differ from this in some cases.

Information on people with more than USD 100 million in wealth is even less accessible. The "World Wealth Tax Simulator" extrapolates estimates from the World Inequality Lab for various regions of the world and puts their number at 62,380 worldwide². However, this data is based on statistical analyses and does not relate to specific individuals. As an alternative, the consulting firm New World Wealth says it has around 150,000 people with high net worth in its database, including 29,350 centi-millionaires. This mainly includes company founders and managers, but their names are not published. The Africa Wealth Report and the BRICS Wealth Report break down information on the number of centi-millionaires recorded by New World Wealth for some countries, but for many countries neither this figure nor a public estimate of the number of centi-millionaires from other sources is available. Local journalistic rich lists also record wealth below the billionaire threshold of the global Forbes list in some countries, but do so in a much less systematic and comparable manner.

Like Zucman, this paper uses the Forbes list to identify potential taxpayers for further analysis. For the revenue estimates it compares the Forbes data with a previously unavailable database of large fortunes worldwide³ to identify potential gaps in the Forbes list. Using Kenya as an example, the paper also analyses local rich lists and other data sources to estimate the potential underreporting of wealth and the resulting underestimation of tax revenues by relying on the Forbes list.

² Cf. <https://wid.world/world-wealth-tax-simulator/>

³ More about this at: <https://reichsten.de/>

Steps 2 and 3: Attributable taxes and effective tax rates in six selected partner countries

The analyses used by Zucman on the taxation of UHNWIs come from a total of six sample countries (USA, France, the Netherlands, Italy, Norway and Sweden). They combine data from the tax authorities with company data to calculate the effective tax rate along the income brackets. For most of the partner countries, the necessary data is not available in the required scope and level of detail. However, an analysis of standard statutory taxation in combination with specific examples provides a good approximation of the effective taxation of UHNWIs (see Trautvetter, 2024). For the owners of listed companies, the stock market provides information on the value of their assets and annual reports published on their companies' website provide information on ownership structures, profits, taxes and dividend payments. In some countries, such an analysis could be significantly expanded by using publicly accessible company registers and annual reports.

For 6 selected examples, this paper estimates both the amount of the current tax payment and the impact of a 2 % wealth tax on the effective tax rate. To do this, it primarily uses the profits and taxes reported in the income statement of annual reports, as well as the associated explanatory notes. To account for significant special effects, it compares the figures, where available, with the taxes paid according to the cash flow statement and other explanatory notes. To equalise fluctuations between years, it uses averages from the last four years. The resulting tax rate is nevertheless only an illustrating approximation of the actual figures and depends in part on the assumptions made and necessary interpretations.

The selection of the 6 countries for an in-depth analysis was primarily based on the availability of data. In the first step, the ATI countries for which the Forbes list identified one or more billionaires were selected. In the second step, the countries for which no further information on the local billionaires and in particular annual reports of their companies could be identified via an internet search were sorted out. Finally, in a third step, Kenya and Malawi were added, also due to the relatively good availability of data, in order to include additional countries with comparatively low incomes.

The selection of billionaires for the in-depth analysis was also primarily based on data availability and suitability for further analysis. The first step was to identify billionaires whose assets consist wholly or partly of shares in listed companies and are therefore subject to additional disclosure requirements. The second step involved a cursory analysis of the annual reports to determine whether they contained detailed information on the shareholding structure and taxation. Examples in which profits and tax payments were subject to strong fluctuations in recent years due to special effects were eliminated where possible.

In almost all countries of the world, listed companies are obliged to publish annual reports with information on their profits and taxes paid on them, as well as on their ownership structure. The stock market price also allows a simple estimate of the company's value. For many UHNWIs, shares in listed companies are an important component of their wealth. Publicly available information on these wealth components is an essential source for the journalistic rich lists.

After applying the above-mentioned selection procedures, the following list of analysed partner countries and billionaires emerged:

Country	Name	Company
Bangladesh	Muhammed Aziz Khan	Summit Power + Port
Georgia/Kazakhstan	Mikhail Lomtadze	Kaspi
Indonesia	Budi Hartono	Bank Central Asia
Kenya	Sameer Naushad Merali	Sameer Africa, Sasini Tea, NCBA
Malawi	Hitesh Anadkat	First Merchant Bank Group
Nigeria	Abdul Samad Rabiu	BUA Cement

Due to the selection method, it is not possible to extrapolate the results from the detailed analysis to enrich the estimate of the revenue potential from a 2 % wealth tax made in step 1.

Results of the analysis

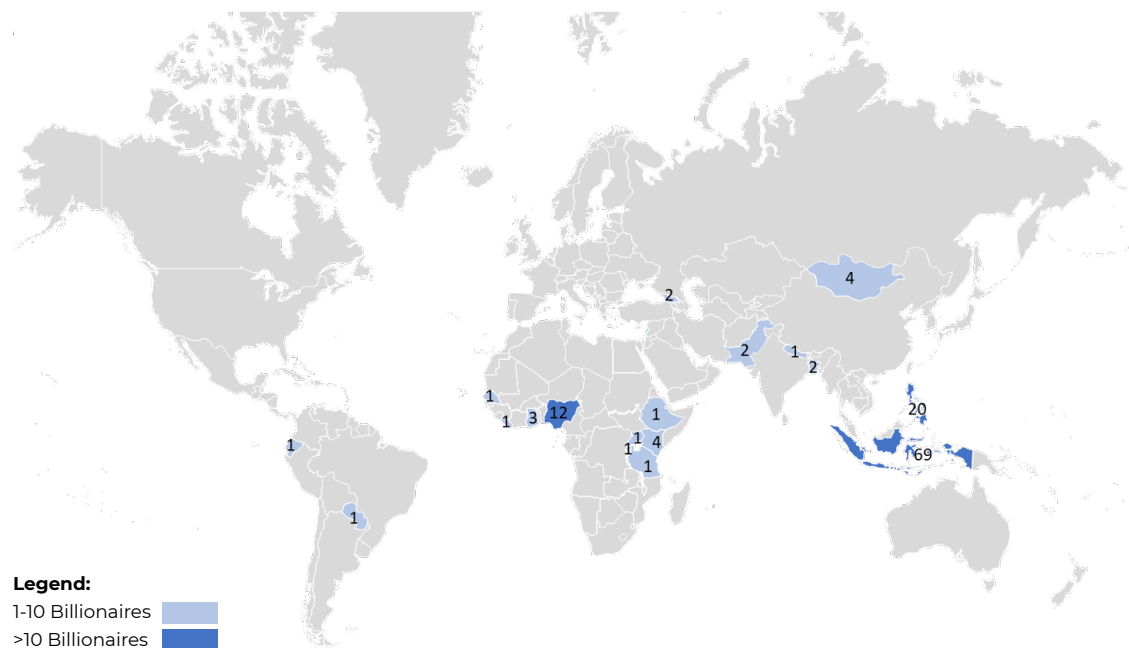
The following chapter provides an overview of the results of the three analysis steps: First, it presents the estimate of taxable wealth and the resulting potential revenue from its taxation for all ATI partner countries. Next, it provides an overview of the statutory standard taxation of UHNWIs in the 6 selected countries. Finally, it analyses the effective taxation and the effect of minimum taxation for the 6 selected sample cases.

Step 1: Taxable wealth and revenue potential for all partner countries

Wealth

The Forbes magazine lists 2,779 billionaires worldwide with a fortune of 14.2 trillion US dollars. Only 60 of them, with a fortune of 292 billion US dollars, are located in ATI partner countries.

A previously unpublished private database from Netstudien analysed for the first time for this study⁴ lists 124 billionaires and billionaire families for ATI partner countries. At around USD 460 billion, their wealth is nearly twice as high as in the Forbes list, according to the data. Similar to Forbes, the data is based on publicly available information without a consistent method for estimating wealth. The focus of the data collection is on Germany. For ATI partner countries, data quality is correspondingly lower and the recording of wealth is incomplete too.



Source: Own presentation based on Netstudien rich list, details in Annex 1.

For the number of centi-millionaires and their wealth, no country-by-country estimates have yet been published for ATI partner countries. According to the Wealth Tax Simulator, there are around 25,000 centi-millionaires outside Europe and North America with assets totalling almost USD 6 trillion. The World Inequality Database also provides estimates of the wealth of the richest 1%, 0.1% up to the 0.001%

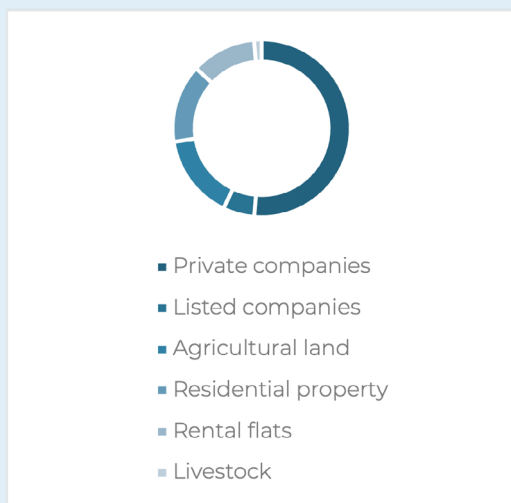
⁴ More about this at: <https://reichsten.de/>

of a country. However, these are mostly derived from estimates of income distribution and are of varying quality. In most ATI partner countries, the wealth threshold for belonging to the top 0.001 % is significantly less than USD 100 million. It is therefore not possible to estimate the wealth of centi-millionaires in the partner countries based on this database. However, the example of Kenya shows that the estimate based on the Forbes list significantly underestimates the potential revenue and that the Netstudien rich list provides much more realistic values (see below).

Box 2: Wealth and wealth distribution in Kenya

A recent study (Simson, 2024) puts private wealth in Kenya at around USD 230 to 260 billion. Based on a household survey from 2015/2016, it divides the existing wealth into agricultural land (USD 38 billion), residential property (USD 35 billion) and rental housing (USD 29 billion) as well as livestock (USD 3.4 billion). The study also estimates business assets at USD 120 to 150 billion based on tax revenues on corporate profits. However, this estimate also includes foreign-owned assets in the case of rented space, rental flats and business assets. The World Inequality Lab puts the wealth of Kenyans at USD 293 billion for 2022. The threshold for the top 0.001 %, i.e. the richest 274 adults, is estimated at around USD 15 million, while the top 0.01 % threshold is around USD 1.6 million.

Figure 2: Wealth structure in Kenya



According to Forbes, there were no billionaires in 2024 in Kenya, while the Netstudien rich list lists four. Local rich lists comprise up to four US dollar billionaires and six families with wealth exceeding one billion in assets. Several of the local sources base their wealth estimates on a non-public list of the top 100 taxpayers from 2017 published by the Kenya Revenue Authority. In addition to the billionaires, the local rich lists include 25 people with assets of USD 100 million or more. In contrast, the Africa Wealth Report 2024, only identifies 16 centi-millionaires in Kenya (Henley & Partner, New World Wealth 2024). The wealth of the billionaires and centi-millionaires from the local rich lists are estimated to total up to USD 11 billion. The billionaire families own an additional USD 10 billion.

The value of the assets listed on the Kenyan stock exchange totals around USD 10 to 14 billion, depending on the date. The most valuable company by far (Safaricom), at almost USD 5 billion, is largely owned by the Kenyan state and foreign shareholders. For all companies listed on the Kenyan stock exchange, only shares worth USD 400 million were owned by wealthy Kenyans according to Billionaires Africa⁵.

⁵ Cf. <https://www.billionaires.africa/2021/08/28/the-20-richest-kenyan-investors-on-the-nairobi-stock-exchange/>

Revenue potential

The revenue potential from a global minimum tax on UHNWIs depends heavily on the actual amount of taxable wealth. There is insufficient data available for a reliable estimate. However, based on the analyses of the wealth of billionaires and UHNWIs from the various rich lists in the previous chapter, at least rough statements can be made about the order of magnitude of the revenues.

If – as the IMF did in its analysis for the G20 meeting in July 2024 – only the Forbes list is taken as a basis, this would result in an annual revenue potential of USD 5.8 billion for ATI partner countries. Based on the Netstudien rich list, revenue would increase to USD 9.2 billion. This would correspond to 0.23% of GDP or 0.9 % of tax revenues, which is comparable to the figures for OECD countries with a wealth tax. But these figures are still likely to significantly underestimate the actual revenues because they do not include all billionaires and hidden wealth. While the number of billionaires in the alternative list is significantly higher in Nigeria or Indonesia, both lists have remarkably few billionaires for Pakistan or Bangladesh, most likely also as a result of data gaps for these countries. Finally, there are large differences between the individual countries and the different bases of estimation (see Annex 1 for country details).

Using the estimated values from the World Inequality Database prepared by the Tax Justice Network for the top 0.01 % of the respective countries, the tax revenues are estimated at more than USD 9.6 billion. For the top 0.1 %, revenues increase to USD 16 billion⁶. Both the 0.01 % and the 0.1 % thresholds are well below USD 100 million in ATI partner countries, and in many countries even below the million-dollar limit (see Annex 1 for country details). Following the example of the Spanish wealth tax, the Tax Justice Network even proposes taxing the top 0.5 % (cf. Palansky & Schulz, 2024). Regardless of the limit chosen, the estimate based on the data from the World Inequality Lab is likely to significantly underestimate wealth at the upper end and thus also the potential revenues.

Box 3: Revenue potential in Kenya

In purely mathematical terms, the wealth listed in the various rich lists (see Box 2) totalling up to 21 billion US dollars would result in revenues of 420 million US dollars if taxed at 2 %. The extent to which this revenue potential can be realised depends on how well the tax would be enforced and to what extent reactions to circumvent the tax such as a division among family members with wealth of less than 100 million US dollars could be expected. Depending on the design of the tax, an exemption amount and income taxes to be offset would also have to be considered.

However, with a lower threshold, a higher tax rate or the inclusion of the assets of foreign UHNWIs and large corporations located in Kenya, higher revenues would also be conceivable. With a threshold of 5 million US dollars and a progressive tax rate of 2-5 %, Oxfam estimates the revenues from a wealth tax for Kenya at 125 billion Kenyan shillings, i.e. around one billion US dollars. For comparison: The total tax revenues in Kenya's national budget for 2022/2023 amounted to around 17 billion US dollars, while revenues from personal income and corporate taxes amounted to around 7.5 billion US dollars.

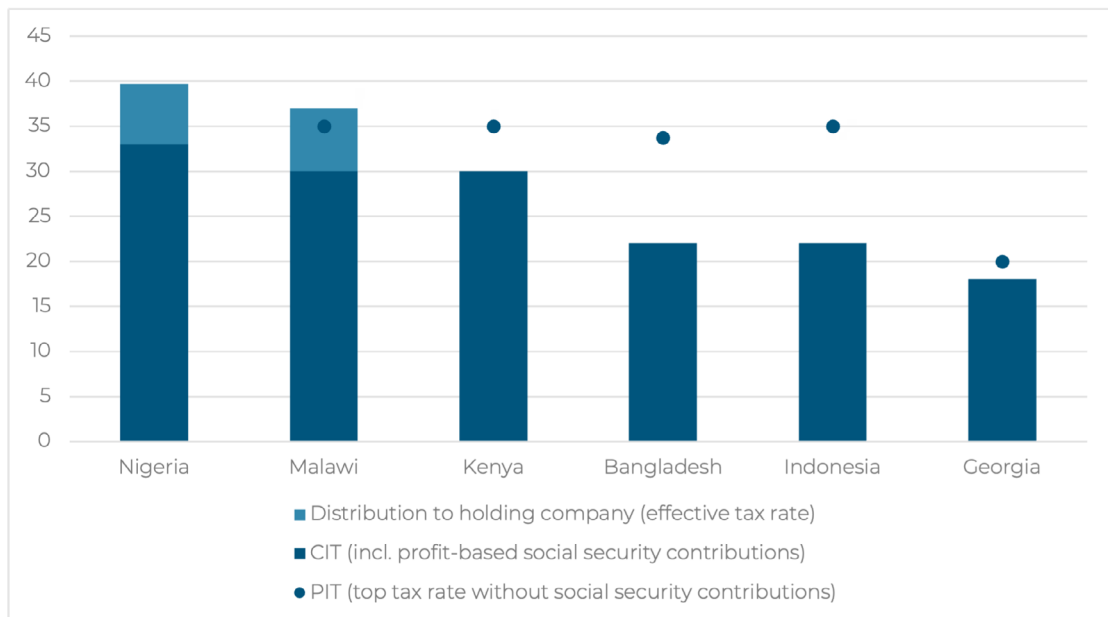
⁶ In ATI partner countries, the threshold above which one belongs to the richest 0.01% varies between USD 181,000 in Liberia and USD 7.4 million in Namibia, with an average of USD 1.5 million.

Step 2: Regular taxation of UHNWIs in six selected partner countries

In most countries around the world, income is taxed differently depending on the source. Labor income is often subject to a progressive tax rate. In addition, social security contributions are due in some countries, which are often capped. Different rules sometimes apply to income derived from wealth. The taxation of this income depends, among other things, on whether it is derived from private assets or from company shares, whether it is profits or proceeds from sales, whether it is earned at home or abroad and whether it is distributed. Special rules often apply to some types of income, e.g. interest from government bonds or rental income. To compare the regular taxation of UHNWIs, this chapter focuses on the taxation of accumulated company profits and any existing wealth taxes.

The following overview compares the tax rate on accumulated domestic corporate profits in the 6 selected partner countries with the top tax rate on labour income. The comparison is based on profits that are distributed as dividends to a domestic company with a stake of more than 25 percent and accumulated there. This constellation is typical for very large fortunes. The resulting differences in effective taxation are the central justification for the proposal of a minimum tax on UHNWIs⁷.

Figure 3: Taxation of labour and accumulated company profits in comparison



Source: Own presentation based on PwC Worldwide Tax Summaries and other sources.

⁷ Cf. Global Tax Evasion Report 2024

At a first level, these profits are subject to corporate tax, which in the countries surveyed ranges from 18 % in Georgia to 33 % in Nigeria⁹. At the same time, almost all countries grant exemptions to a greater or lesser extent. These range from temporary investment incentives limited to certain industrial sectors in Nigeria to the case of Georgia, where there is no corporate tax at all as long as profits are not distributed. Finally, there is a whole range of national and cross-border structuring options. The effective tax rate therefore depends heavily on the individual case.

At a second level, the taxation of distributed profits in the selected countries can be roughly divided into three different approaches:

1. Malawi and Nigeria levy a tax of up to 10 %.
2. In Georgia, Indonesia, and Kenya, no tax is payable as long as the dividends are accumulated in the holding company.
3. In Bangladesh, there is generally no tax on dividends.

None of the six countries taxes undistributed profits. The tax rate on accumulated profits is the subject of intense debate in several of the countries analysed. In Nigeria, the tax on distributions to holding companies is currently the subject of legal disputes.

Box 4: Wealth taxes in ATI partner countries

In addition to taxing real estate, a total of 21 countries worldwide levy a tax on wealth and more than 50 countries levy taxes on inheritances and gifts. Of the ATI partner countries, three levy a wealth-related tax:

1. In Pakistan, the tax is limited to certain types of assets, such as rented property or luxury goods, and generates comparatively low returns.
2. In Bangladesh, people above the wealth thresholds defined in the law pay a add-on to income tax of effectively up to 9 percentage points (for assets above around USD 4 million). In 2022, the tax paid by 15,600 taxpayers was less than 0.02 % of GDP.
3. Following the coronavirus pandemic, Ecuador temporarily levied a broad-based wealth tax. In addition, some municipalities levy wealth-related taxes.

⁹ In Malawi, the tax rate for large farms and, from 2024, for all other companies with profits of more than USD 5 million will increase from 30 % to 40 %.

Step 3: Effective taxation and the effect of a global minimum tax for 6 selected UHNWIs

For some of the UHNWIs analysed, there are large deviations from the statutory tax rates determined in the previous chapter. In most cases, these deviations can be traced back to specific exceptions in the national tax system based on annual reports.

In Nigeria, the actual corporate tax paid in the example case is significantly lower than the standard rate, due to a special regime for investments.

In most countries, no capital gains tax is levied. In the Malawi case, the existing 10 % capital tax hardly increases the effective tax rate of the sample UHNWI, because only a small portion of the profits is distributed and therefore subject to tax.

The cost of a 2 % wealth tax after offsetting capital gains tax can be easily calculated on the basis of stock market prices and set in relation to pre-tax profit. This results in the effective tax rate from the minimum taxation in relation to income. This tax rate varies between 8 % and 51 % depending on the profitability of the assets. The total tax rate from corporate tax and wealth tax varies in the examples between 40 % in the Kenyan example and up to 64 % in the Indonesian or Nigerian examples.

The analysis also shows that in many countries, and in some examples, limiting special treatment and exemptions from corporate tax could also contribute to fairer taxation. Reforms with this objective can therefore be seen as alternatives to minimum taxation, but they have the disadvantage of limiting the possibility of targeted investment incentives for all companies, even beyond those of the UHNWIs. Other alternatives to minimum taxation include effective enforcement of existing tax laws (Occhiali et al, 2025).

Box 5: Effective taxation of a billionaire in Nigeria

With a fortune of 5.2 billion US dollars, Abdul Samad Rabiu is the third richest Nigerian according to Forbes. In addition to his father's extensive entrepreneurial activities, Abdul Samad Rabiu founded his own trading company in 1988 at the age of 28. In the following decades, he expanded his business to include the production of flour, sugar, vegetable oil and cement. His entrepreneurial activities are combined in the BUA Group via the holding companies BUA International Limited and BUA Industries Limited, among others. BUA Cement Plc is also part of this group.

According to the latest annual report, Rabiu holds around 97.7 % of the shares in BUA Cement directly and through its holding companies. As of 8 March 2024, the key date for the Forbes list for 2024, these shares were worth USD 2.8 billion, accounting for more than half of its assets as estimated by Forbes. The company has been consistently profitable in recent years, generating a pre-tax profit of around USD 200 million per year. Because the company benefits from so-called "pioneer status", i.e. it does not pay tax on part of its profits for a limited period of time, the effective tax rate was less than 10 % instead of the 33 % statutory rate. The majority of the profits are distributed to the shareholders and then subject to a further withholding tax of 10 %. This effectively results in a tax rate of around 18 %.

Figure 4: Overview of the results for the sample billionaires

Country	Name	Company	Wealth acc. to Forbes	There of listed	Corporate tax rate (average)	Capital gains tax	Current total tax rate	2% wealth tax	Potential total tax rate
Bangladesh	Muhammed Aziz Khan	Summit Power + Port	1,1	15%	22%	0%	22%	37%	59%
Georgia/ Kazakhstan	Mikhail Lomtadze	Kaspi	5,2	83%	18%	0%	18%	22%	40%
Indonesia	Budi Hartono	Bank Central Asia	26,5	76%	20%	0%	20%	44%	64%
Kenya	Sameer Naushad Merali	Sameer Africa, Sasini Tea, NCBA	0,8*	8%	30%	0%	30%	10%	40%
Malawi	Hitesh Anadkat	First Merchant Bank Group	0,2*	100%	33%	1%	34%	8%	42%
Nigeria	Abdul Samad Rabiu	BUA Cement	5,2	54%	10%	8%	18%	46%	64%

Source: Own presentation based on annual reports for the years 2019 to 2023, * based on local rich lists

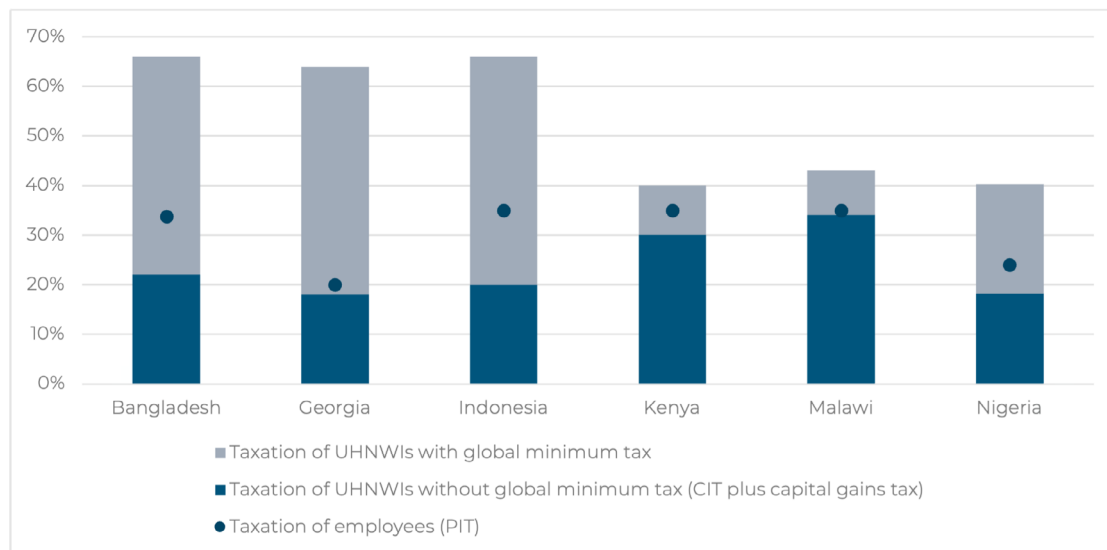
Note: All values are average values for the years 2019 to 2023. In almost all cases, no loss occurred in the period under review. In some cases, special effects that had a significant impact on the corporate tax rate and could be quantified based on the explanatory notes were eliminated.

Conclusion and outlook

The 6 country examples and the 6 UHNWI examples illustrate how an analysis based on publicly available information can contribute to a better understanding of the effects of a global minimum tax on tax rates of UHNWIs and the revenue potential for countries of such a tax in the Global South. Such an analysis does not provide exact results or numbers that can be readily extrapolated to other wealthy individuals or countries and doesn't consider other societal dynamics and potential benefits from an ethical, political or administrative perspective. Nonetheless, the following preliminary conclusions and recommendations can be made:

1. A minimum tax rate for UHNWIs could raise significant revenues for some of the analysed ATI partner countries.
2. The income derived from wealth of the UHNWIs in the ATI partner countries is often taxed at a much lower rate than labour income. In fact, the effective tax rate for all 6 UHNWIs analysed is below the top tax rate on labour income in the respective country.
3. Zucman's proposed global minimum tax on UHNWIs would eliminate this difference and in some cases lead to a higher effective tax burden on the UHNWIs in comparison to labour without stopping the growth of their wealth. Alternatively, the effect of minimum taxation could also be capped by taxing only until a fixed minimum rate is reached. The minimum taxation proposed by Joe Biden provides for this, for example (US Department of the Treasury, 2025).

Figure 5: Effects of a global minimum tax on the effective tax rate of UHNWIs compared to employees



Source: Own presentation

The extent to which the selected examples are typical for the respective countries and how the average effective tax rate behaves along the income distribution and depending on the level of wealth can only be shown by significantly more complex analyses with detailed tax data. Such an in-depth analysis could also create the basis for assessing when lower thresholds or thresholds defined relative to local wealth lead to significantly higher effective tax rates because the proportion of tax-privileged profits accumulated and/or the profitability of assets decreases. Further analyses should also show how significant the potential revenues ultimately are and which other effects it might have. To this end, both the available data regarding wealth and its taxation should be extended and internationally comparable statistics in this sense should be built.

However, the analysis also shows that it is not necessary to wait for such an in-depth analysis; rather, in the interests of sustainable development, it is necessary to press ahead with the political process for fairer taxation of UHNWIs at national and international levels and to concretise possible measures now. A global billionaire tax on UHNWIs is one among many approaches to do so.

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Annex

Annex I: Taxable wealth and revenue potential (list of countries)

Country	Number of billionaires		Wealth (USD billion)		National wealth limits (USD)		Estimated revenue (USD million)				Revenue as % of GDP		Revenue as % of tax revenue	
	Forbes	A-List	Forbes	A-List	Top 0,1%	Top 0,01%	Forbes	A-List	Top 0,1%	Top 0,01%	A-List	Top 0,01%	A-List	Top 0,01%
Afghanistan					55.053	230.692	0		43	21		0,1%		1,1%
Bangladesh	1	2	1	2	364.897	1.528.174	22	48	1.669	801	0,01%	0,2%	0,12%	1,9%
Benin					395.217	2.074.318	0		122	50		0,3%		2,0%
Burkina Faso					175.121	797.118	0		81	38		0,2%		1,0%
Cameroon					312.605	1.605.059	0		203	88		0,2%		1,3%
Ecuador		1		1	314.411	1.284.269	0	24	147	70	0,02%	0,1%	0,08%	0,2%
Ethiopia		1		9	84.436	378.395	0	184	226	107	0,11%	0,1%	2,22%	1,3%
Gambia					65.827	291.436	0		4	2		0,1%		0,6%
Georgia	2	2	10	8	232.876	930.724	202	162	90	77	0,53%	0,3%	2,00%	1,0%
Ghana		3		4	286.764	1.339.249	0	79	237	111	0,10%	0,1%	0,67%	0,9%
Indonesia	35	69	201	290	240.696	986.692	4.018	5.793	4.166	3.224	0,42%	0,2%	3,15%	1,8%
Kenya		4		8	348.455	1.643.289	0	162	447	209	0,15%	0,2%	0,84%	1,1%
Liberia					42.423	181.299	0		1	0		0,0%		0,1%
Madagascar					120.153	604.817	0		89	40		0,2%		2,4%
Malawi					86.099	448.158	0		39	16		0,1%		0,8%
Maldives					551.297	2.461.528	0		9	4		0,1%		0,3%
Mauretania					339.461	1.375.551	0		31	15		0,1%		
Mongolia		4		7	1.080.807	4.566.523	0	138	92	44	0,69%	0,2%	3,00%	1,0%
Namibia					1.430.734	7.413.983	0		95	37		0,3%		1,0%
Nepal	1	1	2	2	201.721	832.685	36	36	187	107	0,09%	0,3%	0,44%	1,3%
Niger					80.545	338.206	0		36	17		0,1%		0,7%
Nigeria	4	12	27	49	588.064	2.497.364	534	982	2.929	1.625	0,27%	0,4%		
Pakistan		2		6	261.444	1.161.203	0	124	1.436	681	0,04%	0,2%	0,36%	2,0%
Paraguay		1		1	936.864	4.332.654	0	20	184	86	0,05%	0,2%	0,33%	1,4%
Philippines	16	20	49	69	377.145	1.740.311	984	1.379	2.326	1.693	0,32%	0,4%	1,96%	2,4%
Rwanda					182.189	948.727	0		63	26		0,2%		1,0%
Senegal					202.575	912.855	0		76	36		0,1%		0,5%
Sierra Leone							0					0,0%		
Solomon Islands							0					0,0%		
Tanzania	1	1	2	2	337.948	1.689.789	36	36	513	245	0,05%	0,3%	0,32%	2,2%
Togo					98.723	460.365	0		20	9		0,1%		0,7%
Uganda		1		1	270.953	1.392.506	0	24	276	120	0,05%	0,2%	0,35%	1,8%

Source: Own presentation based on Forbes list 2024, Netstudien rich list ('A-List'), World Inequality Database (for national wealth limits and revenue estimates), and World Bank (for GDP and tax revenue); partly rounded.



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