

# Ensuring Effective Tax Progressivity: The Fiscal Challenge of the 21<sup>st</sup> Century

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A progressive tax system:

- Strengthens social cohesion and trust in governments
- Is critical to fund the public goods that drive economic growth
- Is key to keep wealth concentration in check

**EUFAX**  
Observatory

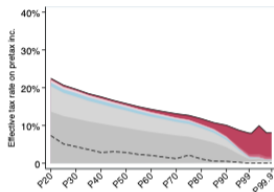
## GLOBAL TAX EVASION REPORT 2024



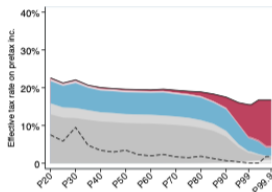
**Foreword by**  
Joseph Stiglitz  
**Coordinated by**  
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Sarah Godar  
Panayiotis Nicolaides  
Gabriel Zucman

- Recent research taking comprehensive view of taxation
- Summarized in Global Tax Evasion Report 2024
- Finds rich individuals pay proportionately less than others

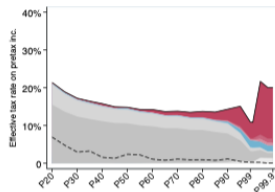
# Lack of tax progressivity in Latin America



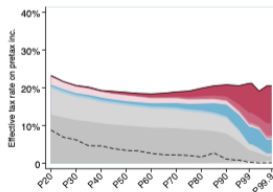
(g) Mexico 2018



(h) Peru 2019



(i) El Salvador 2019



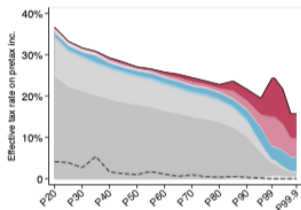
(j) Uruguay 2019



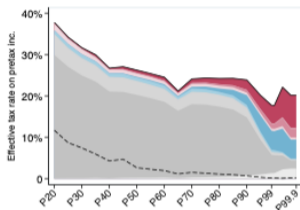
Distribution of effective tax rate until the richest 0.1%. Effective tax rates of billionaires are not observed.  
Source: De Rosa, Flores, Morgan (2022)

# Lack of tax progressivity in Latin America

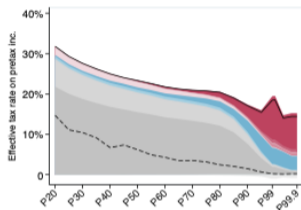
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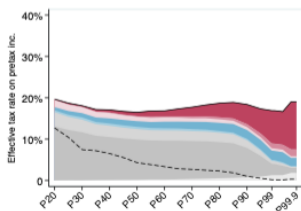
(a) Argentina 2019



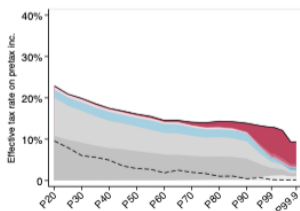
(b) Brazil 2019



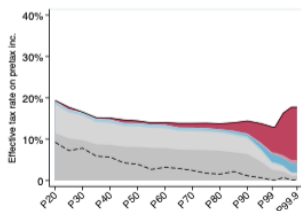
(c) Chile 2017



(d) Colombia 2018

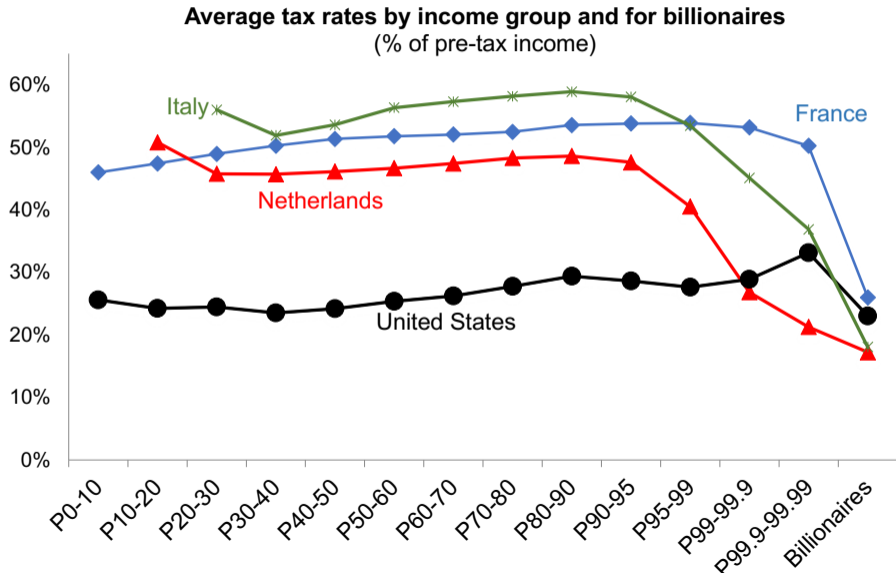


(e) Costa Rica 2019



(f) Ecuador 2019

# Billionaires have the lowest effective tax rates



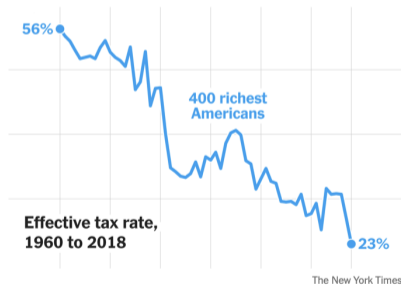
Best way to address this regressivity is by creating a common minimum standard through international coordination:

- Main obstacle to taxing the rich is risk that they may move to low-tax places
- With international coordination, a binding floor can be put
- In 2021, 140 countries agreed to a minimum tax on multinationals
- Under leadership of Brazil (G20 chair), discussions to create a new minimum tax, this time on the super-rich

## The New York Times

GABRIEL ZUCMAN

It's Time to Tax the Billionaires



- Billionaires should pay at least 2% of their wealth in tax each year
- 3,000 taxpayers involved
- At least \$250 billion in tax revenue
- Technical report in June



## **Tax evasion is not a law of nature, it's a policy choice**

- We can choose coordination over competition
- Some (limited) coordination successes in past 10 years: automatic exchange of bank information, minimum tax on corporations
- Much more to be done, starting with taxation of rich individuals

Ideal is international coordination, but a lot can also be achieved unilaterally

Thank you



<https://taxobservatory.eu/>