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How Do Differences in the Design of Net Wealth Taxes Affect Wealth Concentration Across OECD Countries?

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ABSTRACT

The concentration of wealth in many OECD economies greatly exceeds the concentration of income, and net wealth taxes have long been proposed as one way to address it. While four OECD countries (Norway, Spain, Switzerland, and Colombia) still levy some form of net wealth tax today, at least twelve countries had enacted one at some point. This paper asks how differences in the design of net wealth taxes (statutory rates, exemption thresholds, valuation methods, enforcement mechanisms, and asset-class exemptions) relate to wealth concentration across OECD countries, rather than treating the wealth tax as a single, uniform policy instrument. Drawing on the OECD's 2018 policy framework, single-country quasi-experimental studies of Denmark, Sweden, and Switzerland, and World Inequality Database wealth-share data, this paper compares countries that repealed, retained, or narrowed their wealth tax, and situates a descriptive comparison of top 1% wealth shares before and after repeal within that literature. All four repeal countries examined (Finland, Germany, Denmark, and Austria) experienced an average top 1% wealth share higher than at any time prior to repeal, though the broader global trend toward greater wealth concentration over the same period also contributed to the increase. Across both the literature and the design comparison, enforcement mechanisms and the scope of asset-class exemptions were found to be more consistently associated with whether a wealth tax constrained top wealth shares than the statutory rate.

Keywords: wealth tax; wealth inequality; wealth concentration; OECD; tax policy design; tax enforcement; exemption thresholds

INTRODUCTION

Wealth is generally significantly more concentrated than income almost everywhere in the world for which there are available statistics. Additionally, this degree of concentration has increased over time. According to the World Inequality Report 2022, the wealthiest 10% of the global population now hold 76% of total household wealth, while the poorest half hold barely 2%; multimillionaires alone captured 38% of all additional global wealth accumulated since the mid-1990s, more than the share captured by the entire bottom half of the world's adult population combined (1). This concentration has renewed a

long-running debate in public economics over whether an annual tax on individual net wealth, rather than income, is an effective way to slow the growth of top wealth shares (2, 3).

Net wealth taxes are not a novel concept. Twelve OECD countries levied one in 1990. By 2017, only four remained: France, Norway, Spain, and Switzerland. France repealed its own broad wealth tax the following year, replacing it with a version that applies only to real estate (4). This wave of repeals raises a question: if wealth taxes represent a plausible mechanism for controlling wealth concentration, why would numerous OECD members opt out of using them, and why did the few that maintained a net wealth tax maintain it in such distinct forms? A tax that exempts high-value assets and private businesses and relies on self-determined valuations is a fundamentally different policy instrument than a lower-threshold tax that requires third parties to report financial assets, even if both are called a "net wealth tax." The increase in wealth concentration has not developed independently of income developments. Figure 1 presents the top 10% share of pre-tax national income from 1980 to 2024 for seven countries: the U.S., France, Germany, the UK, China, South Africa and the world as a whole.

The trajectories in Figure 1 differ sharply by country and do not move in lockstep with the global average. Income concentration in the United States has climbed nearly continuously since 1980, while France and Germany show a much flatter path over the same period; China and South Africa, by contrast, moved from below the 1980 world average to among the highest income shares shown by the 2010s. Wealth concentration data specifically, discussed further below, follows a broadly similar upward pattern in most of these economies, and it is against this backdrop of persistent, unevenly distributed inequality that OECD countries have debated whether—and how—to tax wealth directly.

This paper asks how differences in the design of net wealth taxes across OECD countries relate to differences in wealth concentration. Rather than evaluating the wealth tax as a single policy, this study uses the five design elements described in the OECD's report to compare countries' designs for their net wealth taxes: tax rates, exemption levels, valuation techniques employed for assessments, enforcement procedures, and types of assets exempted from assessment (4). The next section describes how each design feature functions and why each is important theoretically. Following this section is a review of empirical studies examining wealth taxation in individual OECD member states. The final section provides a comparative description of wealth tax design and top wealth shares among countries that have repealed, maintained, or restricted their net wealth taxes based on data provided by the World Inequality Database (WID.world) (5), and concludes with a discussion of potential limitations of the comparative analysis presented and implications of the findings for future evaluations made by policymakers assessing a net wealth tax.

How Do Net Wealth Taxes Work?

A net wealth tax is an annual tax on an individual's total assets net of debts. Unlike an income tax, which is levied on the flow of money received in a given year, a wealth tax is levied on the stock of assets an individual holds at a given point in time. This distinction matters because reported income and true economic wealth do not always move together. Warren Buffett's reported fiscal income, for example, was in the tens of millions in years when his net worth was in the tens of billions, meaning his realized return

on wealth was approximately 0.1 percent (3). A wealth tax is not affected by this gap, since it applies directly to the underlying assets regardless of the income those assets generate in a given year.

A net wealth tax is also distinct from a property tax. Property taxes are levied only on real estate, which is distributed more evenly across the population than wealth as a whole (3). A net wealth tax additionally includes financial assets and business ownership, categories in which wealth is most heavily concentrated among high-net-worth individuals. This broader base is part of what makes a net wealth tax a more direct instrument for addressing wealth concentration specifically, rather than concentration in any single asset class.

The OECD's 2018 report, The Role and Design of Net Wealth Taxes in the OECD, identifies five core design features that determine how a wealth tax functions in practice, and these five features form the framework used throughout the rest of this paper: tax rates, exemption thresholds, valuation methods, enforcement mechanisms, and exemptions for specific asset classes (4).

Tax rates and exemption thresholds determine who is liable and how much they owe. The number of OECD countries levying an individual net wealth tax declined from twelve in 1990 to four by 2017 (4). By 2017 there were only four OECD countries that had an individual net wealth tax: France, Norway, Spain, and Switzerland. France repealed its wealth tax in 2018 and replaced it with a more limited version of the wealth tax which only applies to the value of all real estate, while Norway, Spain, and Switzerland are left among the few remaining OECD countries that operate a full-fledged net wealth tax. In addition to those three OECD countries, Colombia also operates a full-fledged net wealth tax after it reintroduced the tax when it joined the OECD in 2020. Each country has set these thresholds differently. In Switzerland, there are no federal wealth taxes; instead, each canton administers its own wealth tax, and in Zurich the tax applies to single filers starting at approximately 80,000 Swiss francs, a comparatively low threshold. Spain's National Solidarity Tax does not apply unless an individual's wealth is above 700,000 euros, with several regions granting full relief regardless of a taxpayer's wealth. This difference in threshold design corresponds to a large difference in revenue collected: in 2023, Switzerland generated about €9.5 billion in tax revenue from its net wealth tax, accounting for 4.3% of all taxes collected, while Spain raised approximately €3.1 billion (about 0.6%) using a similar top tax rate. Norway occupies a middle position, with a rate near 1 percent above a threshold of roughly 1.7 million kroner and no large regional exemptions, collecting approximately 32 billion kroner in 2023 from a base of about 655,000 taxpayers.

Valuation methods address a separate problem: once a rate has been established along with a tax threshold, the taxing authority will need to determine annually the current (or market) value of all taxable property. The OECD report notes that this is straightforward for publicly traded securities, since a market price already exists, but far more difficult for closely held businesses, real estate, and other illiquid assets. The report suggests that authorities use either a fixed percentage of estimated market value to reduce disputes, or apply formula-based methods using book value and profit multiples, an approach used in Switzerland to value private business ownership. Real estate presents a related challenge, since some countries rely on assessed values that are updated infrequently and can diverge substantially from actual market prices over time, particularly during periods of rapid price growth.

Enforcement of wealth taxes determines whether they are verified using actual data or reliance on self-reported data. Third-party reporting for financial wealth is identified by the OECD as the main enforcement mechanism separating well-implemented wealth taxes from poorly implemented ones. Countries with strong third-party reporting on financial assets have historically seen smaller gaps between reported and true wealth than countries relying on self-assessment. This point is reinforced by evidence from outside the OECD's own case studies: behavioral responses to wealth taxes tend to be far smaller in countries such as Sweden and Denmark, where third-party reporting is extensive, than in Switzerland, where bank secrecy has historically limited third-party reporting on financial wealth specifically, even though Switzerland's overall wealth tax revenue remains high due to its low exemption threshold and broad base (3).

The final design feature, exemptions for particular asset classes, has the most direct documented effect on wealth concentration outcomes rather than revenue alone. In 1994, when the government of Spain made the decision to allow holders of closely held business stock to be exempted from their wealth tax, there was a dramatic increase in the amount of wealth included in the "exemptions" section of the returns filed by the wealthiest taxpayers. Within just over a decade, the percentage of wealth classified as "exemptions" had grown from roughly 15% to 77% (3, 6). This shift did not reflect an increase in business formation; it reflected the reclassification of existing wealth into a tax-exempt category. This finding indicates that the specific exemptions written into a wealth tax, and not merely its statutory rate, substantially influence whether the tax has a measurable effect on wealth concentration at the top of the distribution, and it is this interaction between exemption design and reported wealth that the remainder of this paper examines across each OECD country still levying a net wealth tax.

How Have Researchers Evaluated Net Wealth Taxes?

The academic literature on net wealth taxation splits into two broad strands: work that studies wealth inequality and the case for progressive taxation in general, and quasi-experimental studies that isolate the behavioral response to a specific country's wealth tax. The broader context that much of the more recent literature responds to holds that when returns on capital persistently exceed the growth rate of the economy, wealth accumulated in the past grows faster than wages and output, and inherited wealth becomes more important relative to income from labor (2). The underlying argument is that this dynamic, left unchecked, leads wealth concentration to grow over time regardless of any single country's tax policy, which is part of why coordination and strict enforcement of a wealth tax has become a focal point of policy discussion (2).

This argument is narrowed to the specific design questions that motivate the present paper by a review of the international evidence, which concludes that the revenue and distributional effects of wealth taxes depend less on the statutory rate than on how well the tax base resists avoidance, identifying third-party reporting of financial wealth as the single design feature most consistently associated with smaller behavioral responses across the countries surveyed (3).

Three single-country studies provide the clearest quasi-experimental evidence for this conclusion. Denmark's administrative wealth records have been used to study the country's 1989 wealth tax reform

(7). Because Denmark's tax authority receives third-party reports on financial assets directly from banks, researchers can distinguish genuine changes in saving behavior from simple underreporting, and the reform's effects on reported wealth were found to be real rather than an artifact of reporting (7). Sweden's wealth tax has also been studied using a bunching design that compares the density of taxpayers just below the tax threshold to the density just above it, finding that Swedish taxpayers responded only modestly to the tax, a pattern attributed to Sweden's extensive use of third-party reporting of financial assets, the same enforcement mechanism highlighted above (3, 8).

A different conclusion emerges from Switzerland, where the wealth tax is administered separately by each canton and rates vary considerably across cantons and over time (9). Reducing a canton's wealth tax rate by one percentage point is estimated to raise reported wealth by at least 43 percent after six years, an elasticity much larger than the responses found in Denmark or Sweden (9). Using administrative records from two cantons with quasi-randomly assigned tax reforms, roughly a quarter of the response is attributed to taxpayers relocating across cantons, about a fifth to a concurrent rise in local housing prices, with genuine saving responses explaining only a small share of the remainder—leaving substantial room for underreporting and evasion in a setting where, unlike Denmark, third-party reporting of financial wealth has historically been limited (9).

Reading these three studies together points to a broad area of agreement and a more specific area of disagreement. Researchers agree that reported wealth responds to wealth tax rates, and that the size of that response is not fixed but depends on country-specific institutional features. Where the literature disagrees is on how much of the observed response reflects real economic behavior: genuine saving or dissaving in response to the tax versus reporting behavior such as underreporting assets, relocating wealth across borders, or classifying wealth into exempt categories. This distinction matters directly for the design question this paper is concerned with: a country with a strong administrative response but weak enforcement might raise little revenue and fail to slow the concentration of wealth, not because wealth taxes cannot work, but because that specific tax was not designed in a way that could resist avoidance.

What has remained uninvestigated is cross-country comparisons of design characteristics regarding wealth taxation in the OECD compared to a deep investigation into one country. Quasi-experimental studies, the majority of which investigate one country at a time, rely on specific natural experiments such as rate reductions in Denmark, threshold-based systems in Sweden, and inter-cantonal variations in Switzerland for identification. The remainder of this paper takes a descriptive approach that compares across countries: rather than estimating a single causal effect, it compares how the five features identified in the OECD's design framework have played out among countries that repealed, retained, or narrowed net wealth taxes, and asks whether top wealth shares across these countries align with the enforcement- and exemption-driven story that the single-country literature reveals (4).

Existing research has largely evaluated net wealth taxes within individual countries, leaving less attention to whether differences in tax design can help organize the contrasting patterns observed across countries. The specific contribution of this paper is therefore to connect this country-specific evidence to a common cross-country framework of tax design. Existing quasi-experimental studies identify responses within

particular institutional settings, such as Denmark, Sweden, and Switzerland, where tax design is largely fixed within each study. Those studies provide evidence about behavioral responses within particular countries, but they do not by themselves show whether differences in enforcement, exemption thresholds, valuation rules, statutory rates, or asset-class exemptions help explain why the observed responses differ across countries. This paper places these five design features side by side for OECD countries that repealed, retained, or narrowed their net wealth taxes and asks whether the cross-country patterns in top wealth shares are consistent with the mechanisms documented in the single-country literature. The purpose of this comparison is to organize and generate hypotheses about the role of tax design rather than to identify the causal effect of any one design feature. The repeal analysis therefore provides a complementary test of whether changes in wealth concentration following repeal stand out from broader changes in comparison countries, rather than evidence that any particular design feature caused those changes.

METHODS

To enable comparison of both design aspects and outcomes across countries, this section utilizes two sources of data. The first is the policy detail already reported in the OECD's design framework and summarized in the previous section (4): statutory rates, exemption thresholds, valuation rules, and enforcement mechanisms for the OECD countries that have levied a net wealth tax since 1990. The second is the World Inequality Database (WID.world) (5), which publishes an annual top 1% net wealth share for most OECD countries back to 1980. Six countries repealed broad individual net wealth taxes definitively and without meaningful reintroduction afterward: Austria (1994), Denmark (1997), Germany (1997), Finland (2006), Luxembourg for individuals (2006), and Sweden (2007). The cases of Iceland, the Netherlands, Spain, and France involved reintroduction, suspension followed by reinstatement, or replacement with a narrower tax, and are treated separately rather than grouped with the clean repeal cases. Raw top 1% wealth-share trends are available for all six of these countries and are shown in Figure 2; the quantitative pre- and post-repeal averages in Table 2, however, are limited to the four countries—Austria, Denmark, Germany, and Finland—for which precise annual observations were available for this comparison.

The comparison above is purely descriptive, and a simple before/after average is a weak basis for a causal claim: it cannot separate the effect of repeal from the broader trend toward higher wealth concentration that affected repeal and non-repeal countries alike. To address this issue more directly, a Sun-Abraham (12) dynamic event-study model was used to examine how each of the six countries analyzed responded to repeal. This model uses an annual panel of 31 OECD and control countries that spanned 44 years. In addition, the model includes country and year fixed effects and standard errors that were clustered by country (12). The Sun-Abraham model was selected because traditional two-way fixed-effect models are well-documented to provide poor estimates of dynamic effects when treatment timing varies across units, such as when countries adopted repeal at varying times. Unlike two-way fixed-effect models, Sun-Abraham interaction-weighted models account for contamination from the staggered implementation of treatments.

RESULTS

Design Features Across Countries

Table 1 presents an overview of how the four design features referenced above, rate and threshold, valuation method, enforcement mechanism and asset-class exemptions, are implemented across the remaining OECD countries that continue to collect some form of net wealth tax, plus France's narrower post-2018 tax and the four "repeal" country examples presented below. The repeal-country rows draw on a comparative overview of historical European wealth-tax design (10). Two of the four repeal countries stand out for how their design broke down. Germany's wealth tax valued real estate using assessed values that had not been updated since 1964, while financial assets were valued at current market prices; the Federal Constitutional Court ruled in 1995 that this gap violated the constitutional principle of equal treatment, leading the government to suspend collection in 1997 (11). Austria's tax, by contrast, had no statutory exemptions at all, yet still applied the same below-market Einheitswert convention used elsewhere in the Austrian tax system to value real estate, which meant that wealth held in property was taxed more lightly than wealth held in cash or securities even without any formal carve-out.

Table 1. Wealth tax design features across OECD countries with an active net wealth tax as of 2024, plus the four repeal-country comparison group.

Country	Status (2024)	Rate / threshold	Valuation approach	Enforcement	Key exemption
Norway	Active	~1% above ~NOK 1.7M; no large regional relief	Assessed/market value, updated centrally	Strong third-party reporting via tax administration	Limited; broad base
Switzerland	Active (cantonal)	Varies by canton; Zurich threshold ~CHF 80,000 (low)	Formula-based for private business (book value / profit multiples)	Historically limited third-party reporting on financial wealth; bank secrecy legacy	Few statutory exemptions, but weak verification of financial assets
Spain	Active (regional variation)	Threshold ~€700,000; several regions grant full relief	Mixed; market value for securities, cadastral/assessed value for real estate	Self-assessment with limited third-party verification for closely held assets	Historically broad relief for closely held business stock
France	Narrowed (2018–)	Real-estate wealth tax (IFI) only; broader ISF repealed	Assessed real estate value	Property-registry based; stronger for real estate than the former broad base	All financial and business assets now exempt
Austria	Repealed (1994)	1% flat; no threshold, ~€11,000 personal allowance	Real estate at assessed value (Einheitswert), well below market value; other assets generally at market value	Self-assessed; predates automatic cross-border information exchange	No exemptions
Denmark	Repealed (1997)	2.2%, cut to 1% in 1996; threshold reset annually near the 98th wealth percentile	Administrative third-party wealth records covered many asset classes	Relied on third-party records for financial assets; predates automatic exchange	Preferential taxation of business assets

Country	Status (2024)	Rate / threshold	Valuation approach	Enforcement	Key exemption
Germany	Suspended (1997)	~1%; threshold ~€61,000	Real estate at outdated 1964 assessed values while financial assets used current market value	Self-assessed; the real estate/financial-asset valuation gap was ruled unconstitutional in 1995	Valuation discounts for business assets
Finland	Repealed (2006)	0.9%; threshold ~€250,000	Market value for financial assets; discounted valuation for business assets	Self-assessed; predates automatic cross-border information exchange	Valuation discounts on selected business assets

Sources: (4, 10, 11); design details in the preceding section.

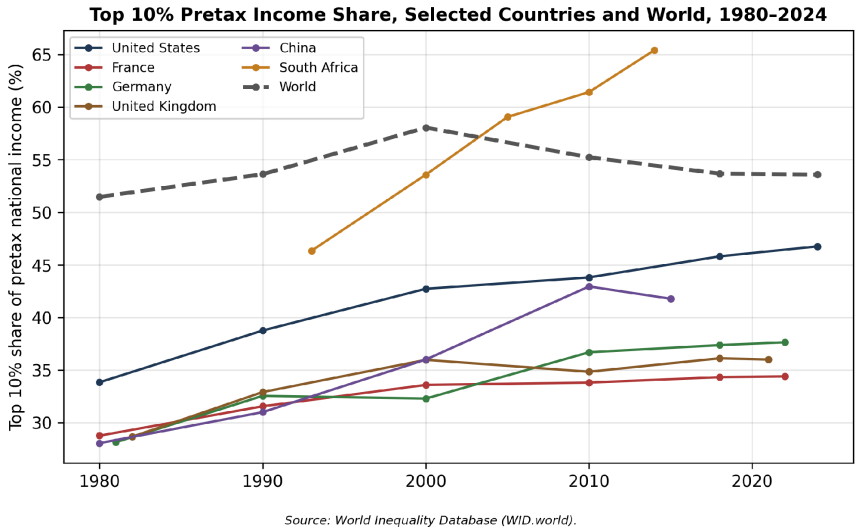

Figure 1. Top 10% share of pretax national income, United States, France, Germany, United Kingdom, China, South Africa, and World, 1980–2024. Source: World Inequality Database (WID.world) (14).

Wealth Concentration Before and After Repeal

Figure 2 looks at the outcome side of this comparison. It plots the raw share of net wealth held by the top 1% in all six repeal countries: Austria, Denmark, Germany, Finland, Luxembourg, and Sweden from 1980 to 2024, marking with a dashed vertical line the year each country repealed its wealth tax. On average, the wealth share of the top 1% was higher after repeal than before it. Table 2 and Figure 3 report these pre- and post-repeal averages using annual WID observations for each country.

Table 2. Average top 1% net wealth share before and after wealth-tax repeal, four OECD countries.

Country	Repeal year	Pre-repeal avg. top 1% share	Post-repeal avg. top 1% share	Change
Austria	1994	22.5%	25.3%	+2.8 pp
Denmark	1997	16.4%	21.4%	+5.0 pp
Germany	1997	24.4%	27.2%	+2.9 pp
Finland	2006	15.3%	18.3%	+3.0 pp

Source: World Inequality Database (WID.world) (5). Averages are computed from available annual observations before and after the repeal year listed in Table 1 (4); this is a descriptive comparison, not a causal estimate.

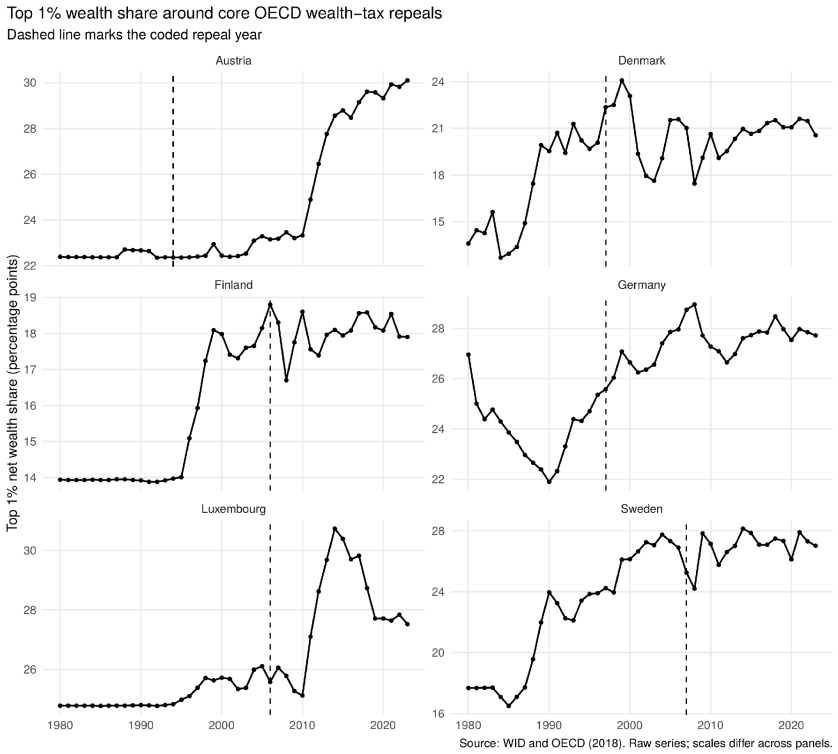

Figure 2. Top 1% net wealth share in the six core repeal-country cases, 1980–2024, with the repeal year marked by a dashed line. Scales differ across panels. Source: World Inequality Database (WID.world) (5); repeal years from (4).

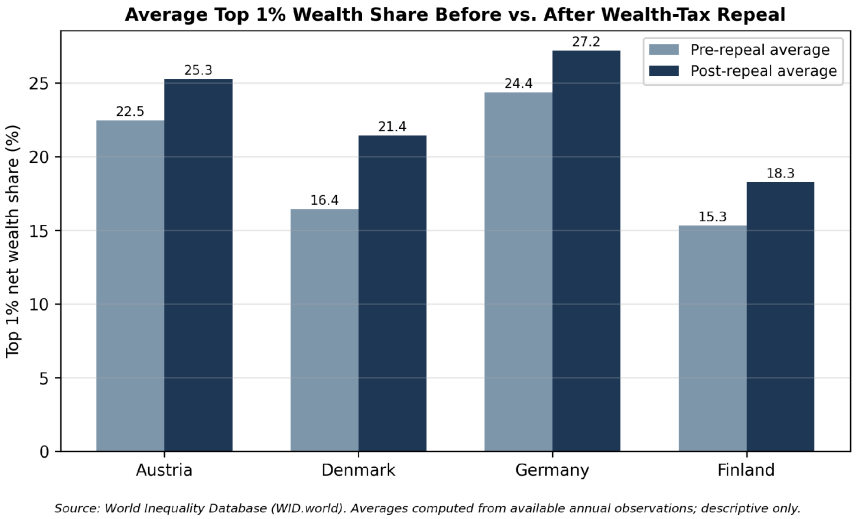

Figure 3. Average top 1% net wealth share before versus after wealth-tax repeal, four OECD countries. Source: World Inequality Database (WID.world) (5).

A More Rigorous Test: Difference-in-Differences Estimates

Table 3 reports the aggregated post-repeal average treatment effect on the treated (ATT) for six outcomes: the top 1%, top 10%, and bottom 50% net wealth shares, the net wealth Gini coefficient, and the top 1% pretax and post-tax income shares. Across all six outcomes the estimated ATT is relatively small compared to its standard error, and none of them are statistically significant at conventional levels. Notably, this includes the top 1% net wealth share, where Table 2 indicated an increase in each of the four countries studied. Figure 4 illustrates entire dynamic path of the top 1% wealth share estimate. Confidence intervals intersect zero in virtually every year from five years before repeal through ten years after, with no apparent break at the repeal year itself.

Table 3. Sun-Abraham aggregated post-repeal average treatment effect on the treated (ATT), by outcome.

Outcome	ATT (pp)	Std. error	p-value
Top 1% net wealth share	0.09	0.48	0.86
Top 10% net wealth share	−0.93	0.72	0.21
Bottom 50% net wealth share	0.24	0.50	0.64
Net wealth Gini	−0.68	0.88	0.45
Top 1% pretax income share	−1.05	0.73	0.16
Top 1% post-tax income share	−0.57	0.61	0.36

Panel of 31 OECD and comparison countries, 44 years, clustered by country. Estimates use the Sun-Abraham (2021) interaction-weighted estimator (12) to avoid the contamination bias that affects simple two-way fixed-effects event studies under staggered treatment timing. None of the six ATTs is statistically significant at conventional levels.

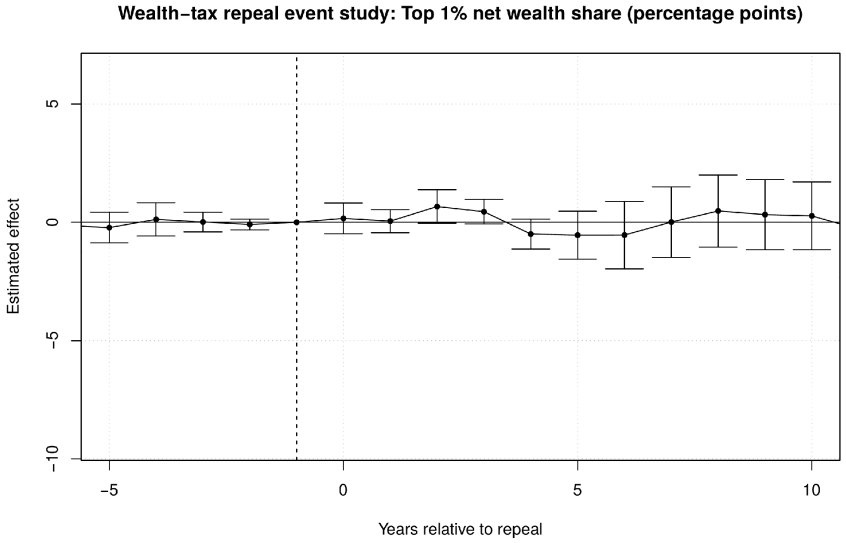

Figure 4. Sun-Abraham dynamic event-study estimates of the effect of wealth-tax repeal on the top 1% net wealth share, with 95% confidence bands (12). Year 0 is the repeal year; the estimate is normalized to zero in the year before repeal.

DISCUSSION

The patterns observed in Table 1 are consistent with the single-country literature reviewed above. Norway pairs a moderate rate with strong third-party reporting and few exemptions, and the Nordic countries generally are cited as cases where reported wealth tracks true wealth closely (3). Switzerland raises far more wealth-tax revenue relative to its tax base than Spain despite a comparable top rate, which is consistent with the finding that Switzerland's low exemption threshold and broad base sustain revenue collection even where enforcement of financial-asset reporting is comparatively weak (9). Spain's narrower revenue relative to Switzerland's is consistent with the erosion of its tax base through the business-asset exemption documented for the Spanish case (3, 6). France's 2018 narrowing illustrates a different pattern: rather than repealing the tax outright, France restricted the base to real estate, an asset class that is comparatively easy to value and verify but excludes the financial and business wealth in which the top 1% hold a disproportionate share of their assets.

This pattern aligns with the concern that motivates progressive wealth taxation in the first place: removing a tax at the very top coincides with that group's share of national wealth growing further. But the comparison in Table 2 and Figure 3 cannot, on its own, be read as evidence that repeal caused the increase. Top wealth shares rose across nearly all OECD countries during this period, including Norway and Switzerland, which kept a wealth tax throughout, and including the world as a whole, where the top 1% captured 38% of all wealth accumulated since the mid-1990s (1).

Financialization, rising asset prices, and changes in corporate and income tax policy all plausibly pushed top wealth shares upward in these four countries independently of their wealth-tax repeals. What the comparison does suggest is that repeal was not obviously followed by a slowdown in wealth concentration relative to the pre-repeal trend, which is the pattern one might expect to see if the wealth tax itself had been constraining top wealth shares before it was removed.

Therefore, while this analysis cannot rule out that repeal had some impact, it cannot detect any effect of repeal separately from zero once common temporal trends present in both the treated countries and the comparison countries are controlled for. The dynamic estimates also show that the treated countries differed from the comparison countries in top 1% wealth share for decades before repeal, particularly more than fifteen years prior, a pattern that narrows steadily as the repeal year approaches but that is worth flagging as a caveat for interpreting even the post-repeal estimates. As a robustness check on the main wealth outcome, a Callaway and Sant'Anna (2021) group-time estimator (13), which handles staggered adoption using a different aggregation approach, produced a similar pattern of estimates clustered around zero throughout the post-repeal window.

When combined with the design comparison presented in Table 1, an honest summary is that while Table 2 demonstrates a descriptive pattern indicating that top 1% wealth shares increased post-repeal in all four countries examined herein, this same pattern disappears when applying a research design designed to isolate repeal-specific impacts from those associated with overall growth in wealth concentration over this period. This does not overturn the case, built on the single-country literature reviewed above, that

enforcement and exemption design shape whether a wealth tax constrains reported wealth; it does mean that the cross-country repeal comparison in this paper should be read as motivating that case rather than as independent evidence for it.

Concerns / Limitations

This comparison has several limitations that bear directly on how much weight its findings can carry. First, even with a heterogeneity-robust estimator, the sample of clean repeal cases is small, six countries for the raw trends in Figure 2, and effectively fewer for outcomes that require overlapping years of data across the full comparison panel, which limits statistical power and how confidently any pattern can be generalized to OECD countries as a whole.

Second, wealth concentration is influenced by many factors besides tax policy, including economic growth, asset price cycles, monetary policy, inheritance patterns, and the tax treatment of income, capital gains, and corporations. The Sun-Abraham design in Section 4 addresses this partially by netting out country-specific levels and common year effects, but it does not, and cannot, rule out that some other policy or economic shift specific to a repeal country coincided with its repeal year.

Third, OECD countries differ in their political and economic systems in ways that make direct comparison difficult even where design features look similar on paper. A given exemption threshold or valuation rule may function very differently depending on a country's broader tax administration capacity, financial sector transparency, and political tolerance for enforcement.

Fourth, wealth is measured differently across the sources this paper draws on. WID's wealth-share estimates combine capitalized income-tax data, survey data, and national accounts in ways that vary by country and by year, and the underlying data sources are not always available for every year, requiring interpolation or extrapolation for some observations. This is a general limitation of cross-country wealth data, not one specific to the countries examined here, but it means the precision implied by reporting shares to a tenth of a percentage point in Tables 2 and 3 should not be overstated.

Lastly, while the direction of causal relationship between the design of wealth taxes and the degree of reported wealth concentration remains unsettled even after considering the difference-in-difference estimates presented above. It is possible that early signs of capital flight, evasion, or political pressure from wealthy taxpayers led a country toward repeal in the first place, in which case the design of the tax and the trend in top wealth shares would both be downstream of a common cause rather than one causing the other. The long pre-repeal divergence visible in Figure 4's far-left estimates is a reminder that treated and comparison countries were not on identical trajectories to begin with, even though that divergence narrows well before the repeal year itself.

CONCLUSION

This paper compared how differences in the design of wealth taxes (thresholds, valuation, enforcement, and exemptions) relate to the concentration of wealth among OECD countries.

The clearest finding from the design comparison in Table 1 is that the OECD countries that have kept a wealth tax in some form have generally kept the parts of the design that are hardest to avoid: strong third-party reporting in Norway, a broad base with a low threshold in Switzerland, and a narrower but easier-to-verify real estate base in France. The countries that repealed their wealth taxes outright, and the exemption that hollowed out Spain's tax base for closely held businesses, both point toward the same conclusion reached in the single-country literature: a wealth tax's effect on wealth concentration depends far more on whether its base can be verified and defended against reclassification than on its statutory rate.

The cross-country comparison of top 1% wealth shares tells a more qualified story than the design comparison. The raw pre/post pattern in Table 2 pointed toward higher top 1% wealth shares after repeal in every country examined, but the Sun-Abraham difference-in-differences estimates in Table 3 and Figure 4, which are built specifically to separate repeal from the broader trend toward higher wealth concentration over this period, found no statistically significant effect of repeal on the top 1% wealth share or on any of the five other outcomes examined. Given this, the design comparison in Table 1 and the single-country literature it draws on—rather than the cross-country repeal comparison itself—should be read as the stronger basis for this paper's conclusions about enforcement and exemption design.

For policymakers evaluating a wealth tax, the practical implication is still that design choices are not a secondary detail to be settled after the headline rate is decided. A high-rate tax with weak enforcement and broad exemptions is unlikely to raise much revenue and will not slow down the concentration of wealth; a tax with a lower rate but strong third-party reporting and a base that is hard to avoid, closer to Norwegian design than pre-1994 Austrian design, is more likely to work as intended. What this paper's own difference-in-differences results caution against is treating the cross-country repeal pattern as direct proof of that claim; establishing it more firmly would benefit from a larger panel of repeal and non-repeal countries, longer post-repeal windows for the more recent repeals, and covariates that could absorb some of the pre-repeal divergence visible in Figure 4.

CONFLICT OF INTEREST

The author declares that there are no conflicts of interest related to this work.

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