EDITORIAL

The Zucman Tax

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Discussions on wealth taxes have become more prominent in the public debate over the past years. The popularity of the topic can be linked to increasing wealth inequality across the world and the associated fear that ultra wealthy individuals exert a disproportionate influence on politics. One of the recent ideas that has been widely discussed is Zucman's proposal for a global wealth tax that he refers to as an 'internationally coordinated standard ensuring an effective taxation of ultra-high-net-worth individuals'.[1] He recommends a top-up tax for the ultra-high-net-worth individuals who currently pay less than 2% of their wealth in tax. Thus, '[t]heir individual income tax payments would be topped up to reach 2% of wealth' and offset 'the failure of income tax' when it happens.[2]

This editorial provides an overview of the different policy objectives that such a proposal might help to achieve. Among others, it reflects upon the impact of a global minimum wealth tax in terms of international justice. It then examines the attractiveness of Zucman's proposal and explains how it differs from other types of taxes. This editorial elucidates these two dimensions of the proposal and thereby serves as an introduction to the seven contributions included in this special issue. They are authored by scholars from different disciplinary backgrounds including philosophy, law, and economics. All of them agree that there is a failure of the income tax at very high wealth levels and that steps should be taken to at least reduce it. Progressivity is avoided by ultra-high-net-worth individuals by establishing intermediaries such as holding companies and generally by avoiding dividend and capital gains realizations as well as finding other forms of liquidity such as bank loans. Despite their large consensus on the fact that the current tax system needs to be reformed, the contributions published in this special issue draw the attention to different aspects of Zucman's proposal. They weigh its benefits and potential drawbacks in an attempt to illuminate the important policy debate around the need for using the tax system as a way to limit wealth inequality. The authors also offer their own disciplinary perspectives on how to tax the ultra-high-net-worth individuals.

1 Policy objectives

Different policy objectives have been associated with Zucman's proposal: they range from improving the progressivity of income tax systems to mitigating the negative externalities associated with ultra-high-net-worth individuals and generating additional revenues. This section briefly reviews each of these objectives as they should guide the assessment of Zucman's proposal: are these policy objectives convincing and, if so, is Zucman's proposal the proper instrument to achieve them? As this special issue illustrates, there seems to be more consensus on the first question than on the latter.

A first policy objective of Zucman's proposal is to remediate the inability of the income tax system to be truly progressive. Indeed, the proposal relies on the observation that wealthy individuals escape the progressivity of the income tax system because they are able to report low taxable income by funding their expenses through other means. Zucman's proposal is thus designed to serve as a compensation mechanism for the fact that ultra-high-net-worth individuals are not effectively subject to income taxation.[3] This argument assumes that the income tax system will not be able to target them. In this context, Zucman describes his proposal as a 'presumptive income tax'. To the extent that wealthy individuals are taxed sufficiently, which would be deemed to be the case when the total individual income tax is equivalent to at least 2% of their wealth, they will not be required to pay an additional tax. In all other situations, they will be subject

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1 Gabriel Zucman, *A Blueprint for a Coordinated Minimum Effective Taxation Standard for Ultra-High-Net-Worth Individuals* (Report Commissioned by the Brazilian G20 presidency 25 Jun. 2024), available at https://www.taxobservatory.eu/publication/a-blueprint-for-a-coordinated-minimum-effective-taxation-standard-for-ultra-high-net-worth-individuals/ (accessed 1 Oct. 2025).

2 Gabriel Zucman, *The Billionaire Tax: A (Modest) Proposal for the 21st Century*, 54(1) Intertax 1, at 1 (2026).

3 This policy rationale is discussed in Edmund Valpy FitzGerald, Tommaso Faccio & Jayati Ghosh, *The Global Wealth Tax and Developing Countries*, 54(1) Intertax (2026).

to a top-up tax. This should not be viewed as a sanction against the richest among the population. Given that progressivity is often justified by reference to the ability-to-pay principle and broader principles of tax justice,[4] the top-up tax should rather be viewed as a way of promoting justice by undoing the 'unjust' consequences that derive from the income tax system as it is designed and applied today.[5] This could contribute to reinforcing the 'fiscal social contract' and the perception that the tax system is legitimate.[6]

A second policy objective that has been used to justify the proposal is that it would mitigate some of the 'negative externalities generated by the super-rich'.[7] Such a justification is based on the hypothesis that the ultra-high-net-worth individuals, due to their extreme wealth, impose costs on the rest of society for multiple reasons. Some of them own traditional and new media platforms whereas others, thanks to their investment in critical sectors of the economy, become part of an economic elite that regularly comes into contact with high-level politicians. They are consequently in a better position to influence the policy debate to an extent that other citizens cannot and thereby undermine democratic decision-making processes. Additionally, the presence of ultra-high-net-worth individuals and hence greater economic inequality is thought to be associated with weaker 'social cohesion', lower 'social trust', and fewer possibilities for 'relational equality'.[8] Moreover, this group of individuals contributes disproportionally to environmental degradation, including climate change.[9] In light of these externalities, it is worth pointing out that Zucman's proposal would not capture the maximum wealth that can be owned by individuals nor would it unconditionally tax wealth. The global minimum wealth tax would simply limit the wealth of those ultra-high-net-worth individuals who do not yet pay the equivalent of 2% of their wealth in individual income taxes and wealth taxes.[10]

A third policy objective of Zucman's proposal is to raise additional revenues.[11] Such a policy objective is not specific to the global minimum tax as it can be associated with most taxes. This might be in tension with the second policy objective as the latter would be achieved if the global minimum tax had the effect of encouraging super-rich individuals to relocate from the implementing jurisdictions.[12] This, however, would negatively impact the objective of raising additional revenues. Under the assumption that the global minimum wealth tax is only imposed on residents, it would not generate revenue if ultra-high-net-worth individuals no longer reside in the implementing jurisdiction.

The two first objectives of progressivity and mitigating negative externalities are reconcilable and can be considered complementary. However, progressivity cannot be taken as an end in itself as it is justified by redistributive purposes or justice. Whether the top up tax for the ultra-high-net-worth individuals achieves its purpose of achieving (redistributive) justice would require assessing the results.[13] The taxation of billionaires is unlikely to be sufficient to promote tax justice and reduce inequality, and this is most certainly the situation if the tax base is not broadened or the rate increased.[14] Assessing whether the 2% top-up tax on billionaires mitigates the negative externalities caused by the negative influence of the ultra-high-net-worth individuals on democracy can also be difficult to prove. However, it can always be claimed that it works as a compensatory tax for the damages that are incurred. Some additional revenue (the third objective outlined above) would be a modest result but still welcome as an indicator of political will in reaching stronger social cohesion. Yet, to merely increase revenue is a poor objective and can be misleading in terms of achieving redistributive justice.

Above all, international tax justice seems difficult to achieve with such a tax. From a budgetary perspective, Zucman estimates that his proposal would generate approximately USD 200–250 billion on an annual basis and at the global level.[15] In the absence of a global government, however, this amount would not be raised at that level. Instead, the revenue raised as a result of Zucman's proposal would be collected at the national level by the countries adopting it. This implies that the revenue raised by each country will significantly depend on the tax's design features. It can be assumed, as do Waris and Maina, that the states with the primary taxing rights will be those where wealthy individuals reside. Under this

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4 Note, however, Shaviro's nuanced discussion of the distinction between 'rate progressivity' and 'overall distributional outcomes' (Dan Shaviro, *Belling the Cat? A Response to Gabriel Zucman's Billionaire Minimum Tax Proposal*, 54(1) Intertax (2026)).

5 Attiya Waris & Mwaniki Maina, *A Critique of Gabriel Zucman's 2%* B*illionaire Tax*, 54(1) Intertax (2026).

6 *Ibid.*

7 Shaviro, *supra* n. 4.

8 Huub Brouwer & Ingrid Robeyns, *The Normative Case for a Global Minimum Tax on Ultra-High-Net-Worth Individuals*, 54(1) Intertax (2026).

9 *Ibid.*

10 On this point, *see* Brouwer & Robeyns, *supra* n. 8, as well as Matt Zwolinksi, *Capital Punishment. Why a Wealth Tax Won't Work, and What to Do Instead*, 54(1) Intertax (2026).

11 Valpy FitzGerald, Faccio & Ghosh, *supra* n. 3.

12 Shaviro, *supra* n. 4.

13 Shaviro, *supra* n. 4, referring to Liam Murphy.

14 *See* Brouwer & Robeyns, *supra* n. 8; Zwolinski, *supra* n. 10.

15 Zucman, *supra* n. 2.

assumption, Zucman's proposal will not benefit all countries. Developing and least-developed countries might be at a disadvantage to the extent that few (or fewer) wealthy individuals reside in their territory.[16] In this context, it clearly appears that Zucman's proposal does not automatically reduce inequality across countries unless an international institution is made responsible for redistributing the collected revenue. Redistribution would also need to be based on a formula that accounts for individuals' specific needs across countries[17] – a utopian purpose given the current international situation.

2 The attractiveness of the 'Zucman Tax'

The Zucman tax has the undeniable merits of initiating a serious conversation on the need to tax ultra-high-net-worth individuals considering the failure of the realization-based income tax. Acknowledging the erosion of the individual income tax base mirrors the recognition of long-standing issues affecting corporate income tax. At the core of the income tax systems lies the idea that taxation of presumptive income is inaccurate and therefore unfair. However, attempts to tax real income (realization-based) has led to widespread aggressive tax planning by the powerful. The interplay of both personal and corporate income taxes through interposing intermediaries has further facilitated avoidance instead of guaranteeing taxation.

The Zucman tax is appealing for several reasons when compared to other alternatives aimed at reforming taxation of the wealthy. It stands on its own (even if it is a top-up tax) instead of covering specific gaps and avoidance schemes. In fact, amending the individual income tax could be inefficient and lead to more tax planning. It could also be more difficult to implement. For instance, high-end taxation of unrealized gains or imposing interest charges for gain deferrals are interesting proposals, but they could nevertheless face more constitutional obstacles than a top-up minimum tax – at least with the first one. Amending the individual income tax could also lead to more complexity (*see* the example of the Base Erosion Profit Shifting (BEPS) Project and the current debate on decluttering tax provisions). In contrast, the main design features of the Zucman top-up tax on billionaires are straightforward. The cost of setting up the evaluation methods necessary to assess wealth is disputable,[18] but wealth taxes already exist and have existed previously, and complexity has not always been a major issue. The tax is intended for presumptive income,[19] therefore, it should be simpler to levy than a tax on realized income. It would certainly be difficult to correctly apply the minimum tax on hidden wealth, but a 2% tax would probably not lead to an increase in aggressive tax planning.[20]

Moreover, the fact that Zucman's tax has a specific target (the ultra-high net-worth-individuals) could mean that it finds more popular support than taxation of non-realized capital gains or inheritances. It could also rely on the momentum of a coordinated minimum tax on multinationals (Pillar Two) even if the latter currently has an uncertain future. Similar to the minimum tax on multinationals approved under Pillar Two, international coordination of the Zucman tax would be the first-best option to ensure effectiveness of the top-up tax for the ultra-high-net-worth individuals and to avoid them exiting a jurisdiction for tax motives (tax exiles). In some respects, the logic underlying a global minimum wealth tax could mimic that of the Global Anti-Base Erosion Model Rules: with a sufficient number of countries adopting the proposal, there could be an incentive for others to do the same.[21] However, following the Pillar Two's logic would also make the design and approval of such a tax much more complex due to the diversity of interests to be accommodated. Indeed, the differential impact of a global minimum wealth tax on different countries suggests that, if it was to be discussed at the global level, the negotiations would need to take place in a context with strict procedural rules to ensure that all countries not only get a seat at the table but also are in a position to voice their concerns. Past experience with the BEPS Project, however, strongly indicates that, for such a new tax proposal to be viewed as legitimate, truly inclusive negotiation methods would be required (instead of using coercive-like practices to increase participation).[22] Thus, a second-best, more realistic option could be to begin with adopting the Zucman tax in a pioneer jurisdiction to be later replicated

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16 *See* however, Valpy FitzGerald, Faccio & Ghosh, *supra* n. 3. They suggest that the figures based on the Forbes list might 'underestimate the numbers and wealth of "Southern Billionaires"'.

17 *See* Valpy FitzGerald, Faccio & Ghosh, *supra* n. 3.

18 *See* Zwolinski, *supra* n. 10.

19 Wolfgang Schön refers to it as a 'hybrid compromise between the tax on capital income and a fully-fledged wealth tax'. (Wolfgang Schön, *Taxing Wealth or Taxing the Wealthy? Some Remarks on the Zucman Billionaire Tax,* 54(1) Intertax (2026)).

20 *See* Zwolinski, *supra* n. 10, who notes, 'The wealth tax thus either fails by being too small to matter, or fails by being too large to be sustainable'.

21 For a detailed overview of how a global minimum wealth tax would cf. to Pillar Two, *see* Robin Boadway & Michael Keen, *A Global Minimum Tax: Some Issues of Economics and Implementation*, 54(1) Intertax (2026).

22 On the coercive approach used in the context of Pillar Two, *see* Tsilly Dagan, *Globe: The Potential Costs of Cooperation*, 51(10) Intertax 638–649 (2023), doi: 10.54648/TAXI2023059; Cees Peters, *The Legitimacy of the OECD's Work on Pillar Two: An Analysis of the Overconfidence in a 'Devilish Logic'*, 51(8/9) Intertax 554–571 (2023), doi: 10.54648/TAXI2023057. On legitimacy and international tax justice, *see* Ana Paula Dourado, *United Nations, International Tax Justice and Mutual Recognition of Interests*, 53(1) Intertax 3–8 (2025), doi: 10.54648/TAXI2025012 and the other articles published in issue 53(1).

and adapted by others if it is successful. It should be noted, however, that developing countries might need to rely on stronger cooperation with OECD countries to achieve the purpose of taxing their ultra-high-net-worth individual residents.

3 Conclusion

Zucman's tax proposal has led to serious discussions on the need for tax reforms to reduce wealth inequality and mitigate the negative externalities associated with extreme wealth. It is not a magical wand that has the potential to make all tax problems disappear, but it could serve as a 'steppingstone … towards a generally applicable and additional wealth tax'.[23] At the very least, it will hopefully serve as a catalyst to eliminate features of existing tax systems that strengthen wealth inequalities. Many contributions highlight that amendments to taxing capital gains, inheritance, and even corporate income could all contribute to the policy objectives that have been associated with the global minimum wealth tax.[24]

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23 Boadway & Keen, *supra* n. 21.

24 *See* Shaviro, *supra* n. 4; Boadway & Keen, *supra* n. 21; Zwolinski, *supra* n. 10.