

# Pragmatic approaches to taxing income from wealth more ..

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I was asked to comment on [Brazil's proposal](#) for a global 2% annual wealth tax on billionaires by a journalist, yesterday. This is what I write to them:

*Everyone who has never been involved in the practicalities of collecting tax loves the idea of a wealth tax. And in principle, I agree with them. It would be great if we could tax the wealth of billionaires. The inequality between them and everyone else is economically destructive.*

*I, though, have been involved in the practicalities of collecting tax for decades and that is why I cannot get excited by this idea. The problems of imposing a worldwide wealth tax include:*

- \* Finding the wealth.*
- \* Proving that someone owns it*
- \* Agreeing the value of that wealth: what are private companies, works of art, racehorses, esoteric properties and exceptionally rare wines, and so much more, really worth?*
- \* Collecting the money before the billionaire has disappeared to a place that refuses to cooperate with this tax*
- \* Repeating the process, year in and year out.*

*Any tax authority that tries to undertake this exercise will need access to vast numbers of valuation experts, an armoury of lawyers, and a bottomless pit of funds to take on the legal disputes with the billionaires who they're trying to tax .*

*Alternatively, countries could have:*

- \* Seriously progressive income tax rates*
- \* Capital gains tax rates in line with income tax rates*

- \* Progressive inheritance taxes with strictly capped reliefs for business property that only require asset valuations once in a lifetime*
- \* Progressive corporation tax rates, particularly for private companies*
- \* Close company and trust rules that attribute the income of private companies and trusts to beneficiaries annually so that the personal tax rates owing on these sums is not avoided by hiding them in legal entities.*

*My solution is not perfect. However, it has a lot more chance of success than the 2% wealth tax, and will probably raise considerably more money at a lower cost. If that is the real goal, rather than political posturing being the aim, then pragmatism is to be preferred.*

I stick by that.

Which is why I wrote the [Taxing Wealth Report](#), because that is my aim. I am not into posturing. I am into practical solutions. I have suggested what that looks like.