ICRICT

Independent Commission for the Reform of International Corporate Taxation

NEW REPORT: “Making UK wealth ownership more transparent through a national asset register”

A **webinar linked to this research** was organized by ICRICT and Tax Justice UK on Monday 14 December, 14:00 GMT, with the participation of ICRICT Chair José Antonio Ocampo. **You can watch the video here.**

Amidst an unprecedented global health and economic crisis, policy makers are adjusting to the resource challenges looming over the global economy. The powers of government are being tested to preserve health and livelihoods at all costs. These costs will be immense and are already constraining how policy makers are able to respond.

Even before the current crisis there were widespread calls to tax wealth more. In the UK, these proposals have so far focused on reforming our existing taxes on wealth. COVID-19 has rapidly pushed the idea of introducing a wealth tax higher up political agendas around the world. And yet publicly available information on who owns most of UK wealth is simply not available. The veil of secrecy that surrounds much of UK wealth’s ownership is also a fertile ground for illicit financial activities. **A UK national asset register would create a comprehensive registry of all wealth and assets, along with their real beneficial owners.**

By providing a centralised resource detailing who owns what, and where they own it, a national asset register would provide a means to record, measure, and understand the distribution of UK wealth and thereby empower regulatory authorities with a thorough and detailed understanding of inequality. This would in turn allow the UK government to develop effective taxation policies and regimes so as to redress these inequalities and provide a vital tool against illicit financial flows (e.g., money laundering/corruption).

UK aggregate wealth stood at £14.6 trillion in 2018, with property wealth, financial wealth, physical wealth, private pension wealth, representing 35%, 15%, 9% and 42% of wealth respectively. The UK is also home to 5% of the world’s USD millionaires (2.4 million people), 3,900 ultra-high net worth adults (those with net worth exceeding $50 million), and 24 USD billionaires. Wealth ownership is highly concentrated, and inequality is high.
The example of property wealth is particularly eloquent. Representing 35% of aggregate wealth in the country, the UK’s property market, and London in particular, **is a prime destination for corrupt individuals and other criminals to launder their stolen wealth**. And yet, no beneficial ownership information is available in the register of ownership for

properties and land, the Land Registry. In 2019 properties worth £5 billion were identified as being bought with suspicious wealth and more than 87,000 properties in England and Wales were owned by companies registered in tax havens.

A national or global asset registry is only useful if it contains ownership information at the 'beneficial ownership' level, **meaning the individual who ultimately owns and controls or benefits from the assets**. By identifying all the (relevant) assets belonging to each individual, it would be possible to measure inequality and to tackle illicit financial flows, by investigating and prosecuting people who acquired assets using funds originated in corruption, drug trafficking or other illegal means.

The report explains **why the UK is well positioned to establish a national asset register**, due to the political commitment towards becoming a champion in transparency, the country's experience and interest in analysing and measuring wealth as much as its technology and capabilities to process and apply advanced analytics to millions of data from different sources.

The road to a national asset register should start by increasing transparency on the following classes of assets:

- **Property and land register:** the current register should be amended to include identities of beneficial owners and details of the price paid; information should be published in open format so that it is easily accessible to the public.
- **Financial wealth transparency** should start with the creation of a government debt register to include identities of beneficial owners of government debt, which could then be replicated to cover remaining financial wealth (including debt). Statistical information on income/wealth inequality of debt ownership and effective taxes paid on income arising from government debt should be published on an annual basis.

Other countries could benefit from similar proposals, based on feasibility and relevance, in particular countries which already have individual asset registers and technological capacity to develop a national asset register, or countries that already have a wealth tax or that are considering introducing one (e.g., Spain, Norway, Argentina, Peru, Colombia, South Africa).

KEY FIGURES

- The Independent Office for Budget Responsibility announced late November that the UK's economy was set to shrink by 11.3 per cent in 2020, while the government would need to borrow £394bn to fund a shortfall in taxes and £280bn in public spending to fight Covid-19.
- The coronavirus crisis has resulted in a sharp increase in poverty and low incomes across the UK. The New Economics Foundation warned that a third of the UK's population would be living below the minimum socially acceptable standard of living by next spring.
- The UK is a wealthy nation; but that wealth is very unevenly divided. The wealthiest 10 per cent of households own 45 per cent of the nation's wealth, while the least wealthy half of all households own just 9 per cent. The wealthiest 1,000 individuals and families

in Britain have a combined wealth of 658 billion. By contrast, the net wealth of the lowest 30 per cent of households is £200 billion.

- Fewer than half of 'millennials' (those born between 1981 and 2000) are expected to own their own home by the age of 45, based on current trends. Every generation since the post-war 'baby boomers' has accumulated less wealth than the generation before them had at the same age.
- £4.4 billion worth of UK property is owned with suspicious wealth, a fifth of it owned by Russian individuals, according to Transparency International.
- Globally, tax avoidance diverts 40% of foreign profits to tax havens, according to ICRICT commissioner Gabriel Zucman. You can explore the world map to see how much profit and tax revenue your country loses (or attracts) here.
- The State of Tax Justice 2020 finds that the UK's network of Overseas Territories and Crown Dependencies is responsible for 37.4 per cent of all tax losses suffered by countries around the world, costing countries over $160 billion in lost tax every year.
- The UK increased its secrecy score more than any other country, according to the Financial Secrecy Index 2020. The worsened tolerance for financial secrecy practices in the UK led to the UK increasing its overall supply of financial secrecy to the world by a whopping 26 per cent, catapulting the country from 23rd on the 2018 index to 12th on the 2020 index.
- On a global scale, 10% of global GDP is hidden in tax havens as deposits, shares, bonds and investment funds. And this is a conservative estimate, which also varies a lot per country: in northern European countries this hidden wealth is no more than 5%, but this figure goes up to around 15% in continental Europe, and even to 60% in Russia, some Gulf states and a few countries in Latin America.
- Wealth kept in tax havens is concentrated in the hands of only a few people: half of the funds stored there belongs to households with a net worth of over USD 50 million.

Read our latest report, "The global pandemic, sustainable economic recovery and international taxation".

MEDIA CONTACT: LAMIA OUALALOU
loualalou@gmail.com or by WhatsApp +52 1 55 54080974.

ABOUT ICRICT:
The Independent Commission for the Reform of International Corporate Taxation (ICRICT) aims to promote the international corporate tax reform debate through a wider and more inclusive discussion of international tax rules than is possible through any other existing forum; to consider reforms from a perspective of public interest rather than national advantage; and to seek fair, effective and sustainable tax solutions for development.