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G20 must go further in fight to tax the rich

Joseph Stiglitz and Jayati Ghosh

Co-chairs of the Independent Commission for the Reform of International Corporate Taxation

July 25, 2024. For the first time, Finance Ministers of G20 countries have acknowledged that allowing the wealthiest people in the world to pay a smaller percentage in income tax than nearly everybody else is harmful to both democracy and economic growth.

We congratulate the leadership of Brazil for putting this important issue on the table. However, we regret that the G20 finance ministers failed to agree a comprehensive and meaningful roadmap towards coordinated minimum standards. We urge G20 finance ministers and head of states to work towards a more comprehensive agenda, as the world can ill-afford to wait much longer.

The journey towards a coordinated minimum standard for wealthy individuals has only just begun. We hope that G20 Heads of States can deliver by November a mandate for a comprehensive and meaningful roadmap towards coordinated minimum standards.

ICRICT is proud of the strategic contribution made by our Commissioner and leading economist Gabriel Zucman, to the deliberations of the G20 finance ministers with his report A blueprint for a coordinated minimum tax on ultra-high-net-worth individuals.

The report provides valuable insights into the implementation of a minimum global standard, ensuring that ultra-high-net-worth individuals start paying their fair share. We believe that the negotiation of a UN framework convention on international tax cooperation can provide the appropriate forum to advance a comprehensive solution and call on G20 countries to fully support this initiative.

Nobel laureate and ICRICT co-chair Joseph Stiglitz said:

"The G20 finance ministers took a first step towards seriously discussing the system of privileges for the handful of billionaires who pay little or no tax in proportion to their wealth. Now it is time to go further and align the agenda with the ongoing UN process to reach a Framework Convention on International Tax cooperation."

Renowned economist and ICRICT co-chair Professor Jayati Ghosh said:

"ICRICT applauds the efforts of the Brazilian G20 leadership to build a broad consensus to end tax abuse by the richest. To take this forward, G20 should support work on this at the Framework Convention on International Tax Cooperation currently being negotiated at the UN, which provides the perfect forum to advance a comprehensive solution."

Notes to the editors:

- French economist Gabriel Zucman and ICRICT Commissioner, the world's leading researcher on offshore tax havens and tax evasion presented to the G20 the report A blueprint for a coordinated minimum tax on ultra-high-net-worth individuals on the feasibility of a global minimum wealth tax on the super-rich 25 June 2024.
- According to the EU Tax Observatory, a strengthened global minimum tax on multinational corporations, free of loopholes, would raise an additional $250 billion per year. To give a sense of the magnitudes involved, recent studies estimate that Global South countries need $500 billion annually in additional public revenue to address the challenges of climate change.
- For the first time in the history of the G20, a summit of finance ministers has agreed on its official agenda to start a discussion of the potential for a global minimum standard on billionaires' wealth.

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