

TAXING COMPANIES PROFITING FROM THE US-ISRAEL WAR AGAINST IRAN

April, 2026.



ICRICT



The ongoing US-Israel war against Iran and the wider destabilisation of global energy markets have triggered an extraordinary surge in oil, gas and fertiliser prices—a surge that disproportionately hurts ordinary workers, farmers, and fossil fuel importing nations, while a small group of large corporations and state producers accumulate windfall profits at their expense.

ICRICT is calling on governments to immediately impose a windfall profits tax on the oil, gas and fertiliser sectors as both economically sound and morally imperative. There is an important precedent for this tax in the US Excess Profits Tax imposed during the Korean War.

I. The Crisis: War, Prices, and Profit

The war in Iran has produced a dramatic and rapid acceleration of the price of fossil fuels. The cost of crude oil has increased by more than 50% since the start of 2026, with market analysts warning of

prices potentially cresting at [\\$150 per barrel](#). This is already affecting retail prices for consumers in many parts of the world, and causing absolute shortages in countries that are unable to pay for imported oil and gas at higher prices.

Beyond the immediate energy price spike, [the inflation](#) caused by the shock is propagating through the entire industrial supply chain and extends to critical inputs — such as fertilizers, aluminum, sulphur, and helium — threatening a cost-price spiral over the next several months. There will be, of course, large real consequences. Interest rate increases are now anticipated worldwide. The combination of increased interest rates and high prices will slow growth. The [WTO projects](#) a sharp slowdown in global trade for 2026 — which had grown by 4% in volume in 2025 — with logistics disruptions and industrial input costs compounding the damage.

The damage to energy markets and to the global economy will outlive the war itself.

Even if the Strait of Hormuz were to reopen immediately, global oil and gas markets would still be undersupplied [for at least four months](#). Windfall profits are therefore not just a temporary spike; they represent a sustained transfer of income due to supply constraints that will persist long after any (hopefully diplomatic rather than military) resolution is reached. War-induced supply constraints, global price transmission, and massive redistribution from consumers to producers are unfolding, as they did after Russia triggered the previous energy shock through its invasion of Ukraine in February 2022. The [war in Ukraine](#), combined with post-pandemic demand recovery, amplified existing energy price pressures, creating the conditions for windfall profits: coal, oil, natural gas and cereals prices surged as pandemic recovery demand collided with supply constraints, and were compounded by a significant rise in global interest rates.

II. The Economic Argument: Windfall Profits, Not Normal Returns

The current windfall profits result from supply scarcity driven by geopolitical conflict, but they are no less unjust, no more deserved, for being the product of war rather than anticompetitive behaviour. These profits, in excess of normal sectoral levels, are not the product of innovation, entrepreneurship, or productive investment decisions. They are driven by geopolitical events entirely external to the firm and will not generate new fossil fuel supply, certainly in the short run as

producers will not interpret the shock as long-lasting enough to increase supply, and likely in the long run, as one of the lessons of the war is the danger in relying on fossil fuels.

The distributive effects of these windfall profits are large, regressive, and immediate. They fall disproportionately on low-income households, who spend a greater share of their earnings on transportation, food, and heating.

[Research on the 2022 energy shock](#) triggered by Russia's invasion of Ukraine found that in 2022 net income in publicly listed oil and gas companies reached US\$916 billion globally, with US\$301 billion accruing to United States companies alone — more than total US investment in the low-carbon economy that year. In the United States, [50% of those profits went to the wealthiest 1% of individuals](#), predominantly through direct shareholdings and private company ownership; whilst the bottom 50% received only 1%. The same phenomenon is at work today.

Windfall profits are likely to occur also in the fertilizer sector. These are not merely a downstream consequence of higher energy costs; fertilizer companies benefit directly from the same price dynamics as oil and gas companies, whose byproducts are key inputs in fertilizer production. [One-third of the world's fertilizers](#) may be blocked in the Strait of Hormuz, while some countries like China are [restricting fertilizer exports](#) to protect their domestic farmers.



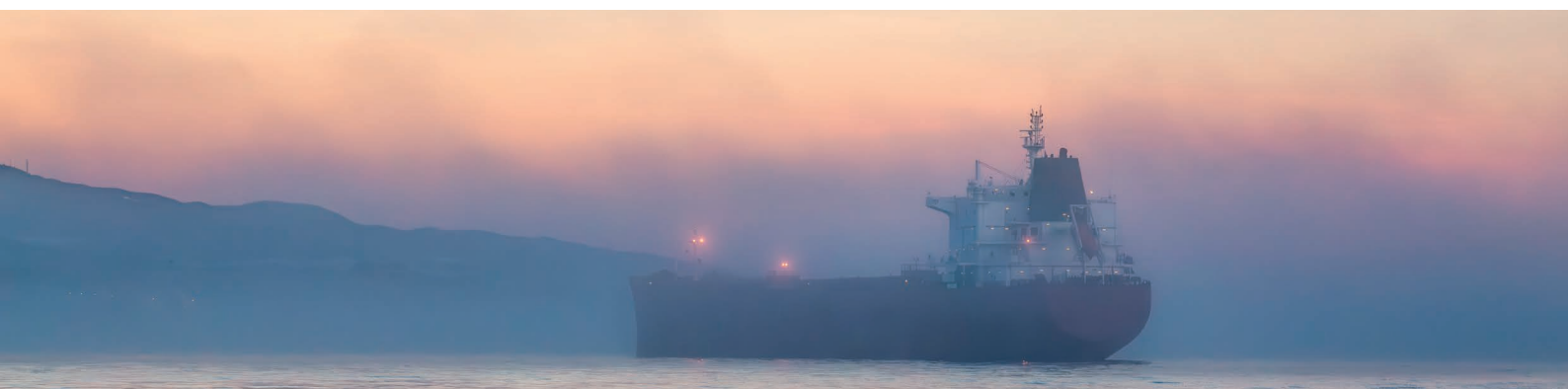
These rational national responses compound global shortages and are likely to increase cultivation costs, reduce crop yields and drive up food prices for net-importing nations across the Global South.

According to [the World Food Program](#), “surging food and fuel prices driven by the escalation of the conflict in the Middle East could have ripple effects that will worsen hunger for vulnerable populations in the region and beyond.”

III. A Concrete Proposal: How a Windfall Tax Should Work

As one response to the current emergency, ICRICT endorses and urges governments to adopt windfall profits taxes specifically targeted at oil, gas, and fertilizer companies. This is a direct tax on excess profits that are a product of war and the resulting scarcities in gas, oil, and fertilizer not of productive investment or risk-taking. Taxing these windfall profits will not worsen inflation; it will recapture unearned gains from corporations and resource owners and can be used to protect vulnerable populations. The windfall profits tax is not a tax on energy consumption, which could worsen inflation; indeed, the proceeds can be spent in ways that reduce inflation.

Governments have introduced windfall profits taxes several times in the past during periods of crisis. In 1918, all profits made by corporations in the United States above and beyond an 8 percent rate of return on their capital were deemed abnormal, and abnormal profits were taxed at progressive rates of up to 80 percent. Similar taxes on excessive profits were applied during World War II by Australia, Canada, New Zealand, South Africa, France, Italy and the UK. The Korean War induced the US Congress to reimpose an [excess profits tax](#), effective from 1 July 1950 to 31 December 1953. The tax rate was 30 percent of excess profits with the top corporate tax rate rising from 45% to 47%, a 70 percent ceiling for the combined corporation and excess profits taxes.



More recently we have seen windfall profits taxes aimed at capturing windfall profits in the energy and agribusiness sectors introduced or proposed in many countries (in Europe as well as in Argentina and Colombia) following Russia’s invasion of Ukraine.

The [IMF](#) has confirmed that well-designed excess profit taxes are efficient, do not induce inflation, and do not distort the scale or [allocation of investment](#). We recommend the following principles for the proposed windfall tax:

- **Sector specificity.** The tax should apply to producers and traders of fossil fuels and their by-products, including fertilizer companies, as the sectors experiencing the clearest and most direct windfall from war-driven price disruptions.

- **Designed to target windfall profits**, which could be achieved through:
 1. **Profit-based taxes.** The tax should be levied on excess profits — the difference between current profits and a baseline derived from historical averages — not on revenues or production. The proposed windfall profits tax is therefore not a tax on energy — it is a tax on the gains that war-driven scarcity has delivered to those who control current supplies.
 2. **Margin-based taxes to capture the windfall profits arising from high-prices**, for scenarios where companies that may have reduced overall production still enjoy excess profits on their existing production.
 3. **An export duty tax**, for commodity exporting nations, which is the simplest way to capture the windfall and simultaneously reduce domestic prices. The arbitrage between the international price net of tax and the domestic price will bring domestic prices down, while the government collects revenue in the quickest and most administratively simple way.
- **Revenue from the windfall tax should be returned to citizens and deployed in the public interest.** Revenue from the windfall tax must be used to protect ordinary people from inflation and to fund diversification of energy sources. More broadly, the revenue should be devoted to soften the harm caused by the high prices induced by the conflict.
- **A permanent, automatic mechanism.** The recurring nature of these crises — two major energy price shocks in three years — underscores the need for a legal and regulatory framework that activates automatically when prices exceed a defined historical threshold, rather than requiring ad hoc action in each crisis. Colombia's 2022 tax reform provides a relevant model. It introduced progressive surtaxes on oil and coal companies — ranging from 5% to 15% for oil and 5% to 10% for coal — applied on top of the standard corporate income tax rate. These surtaxes are triggered by a price-based mechanism: when international prices exceed an inflation-adjusted historical average, higher tax rates apply. This approach ensures that taxation is only applied to excess profits generated during price booms, avoids political delay and provides predictability to both governments and markets.

Another recent proposal from the [International Tax Observatory \(ITO\)](#) is to tax the gains associated with the increase in stock market capitalization of companies that benefit from extraordinary circumstances, such as energy firms following the invasion of Ukraine in February 2022. Targeting the rise in stock market capitalization (which is easily observable) makes the tax much harder to avoid than standard excess profit taxes, and allows the capture of rents irrespective of where multinational companies book their profits. If this had been applied to energy companies that are headquartered or have sales in the European Union, it is estimated that taxing the January 2022 to September 2022 valuation gains of energy firms at a rate of 33% would have generated around €80 billion in revenue (0.4% of GDP) for the European Union.

IV. ICRICT Call to Action

ICRICT calls on all governments to:

- Introduce windfall profit taxes on oil, gas and fertiliser companies without delay. These taxes should be designed to capture the excess profits generated by war-driven price shocks, while protecting the investment signals needed for the energy transition.
- Establish permanent, trigger-based excess profits tax mechanisms in national corporate tax codes, so that future price shocks automatically activate a fiscal response without requiring political negotiation under crisis conditions.

THE COMMISSION



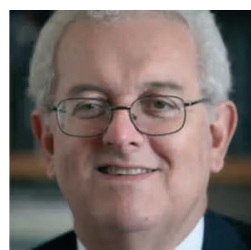
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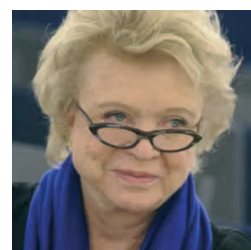
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Professor at Columbia School of International and Public Affairs, former finance minister of Colombia



Eva Joly

Former French magistrate and Member of the European Parliament.



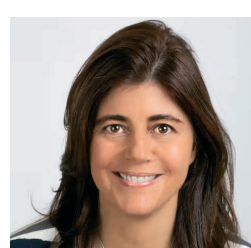
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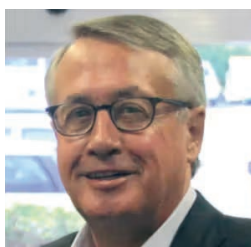
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