



Improving the Taxation of Wealthy Individuals in Low- Income Countries Through Existing Measures

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Abstract

Increasing income and wealth inequalities are a defining feature of our time, with many negative economic, social, and political consequences. Over the past few years there has been a growing interest in understanding how tax systems can help reverse these trends. Many scholars focused on the potential of wealth taxes, including through work funded by the G20, which led to the proposal of an individual tax of 2% on the combined income and wealth of billionaires and centimillionaires. The introduction of such a measure would be a welcome development, but it will also take a substantial amount of time and require investment of significant political capital. Additionally, it would do little to address existing inequalities in the lower-income countries that do not host these types of individuals. However, recent research by ICTD and ATAF shows that many of these countries, especially across Africa, could significantly increase collection from wealthy individuals by better enforcing existing personal income, property, capital gains, and withholding taxes. All of these tax handles are severely underperforming across lower-income countries and bear heavily on the income of wealthy citizens. Changing this picture requires a combination of interventions aiming to better capacitating revenue administrations, improving access to data required to identify wealthy individuals, simplifying compliance, and ensuring stricter enforcement of existing laws. In turn, this entails a clear understanding of the existing administrative, legal, institutional, and political constraints behind underperformance, as well as the presence of strong leadership willing to address these constraints.

While the concrete policy mix required varies across nations, several interventions have shown promise in different contexts. This includes country-specific criteria for defining wealthy individuals, which can be operationalised with existing data; establishment of high-net-worth individuals' units within tax administration; strengthening of data sharing provisions as countries develop their digital public infrastructure; and the potential implementation of well-crafted voluntary disclosure programs alongside tax amnesties. The G20 could play an important role in spearheading an approach focused on getting the basics right while laying the groundwork for the future introduction of wealth taxes.

Keywords: High-net-worth Individuals, Tax Administration, Tax Compliance, Low-income Countries

Diagnosis

Increasing inequality in the distribution of income, wealth, and opportunities is one of the defining issues of our times. This has been linked with lower economic growth in society, low intergenerational mobility, lower human capital accumulation, and increasing social tension.¹ Consequently, reducing inequality across and within countries is enshrined in a dedicated Sustainable Development Goal (SDG 10). While there were signs of progress before the emergence of COVID-19, although with significant regional differences,² the global pandemic contributed to reversing this trend, especially across low- and lower-middle-income countries (LICs).³ The recent reduction in official development assistance, which fell by 7.1% between 2023 and 2024, is likely to exacerbate the issue.⁴ Efforts to significantly reduce inequality, and to meet the SDGs more generally, will require a substantial increase in government revenue mobilisation capacity by 2030.⁵

Fiscal systems have historically played a significant role in redressing income inequalities, with higher potential in high-income than in LICs. Yet, even among high-income countries, the combined redistributive effect of taxes and social transfer has weakened since the mid-1990s.⁶ It is thus not surprising that there has

¹ Stiglitz, Joseph. E. 2016. "Inequality and Economic Growth", *Political Quarterly* 86(S1): 134-155.

<https://doi.org/10.1111/1467-923X.12237> ; Aiyar, Shekar and Christian Ebeke. 2020. "Inequality of opportunity, inequality of income and economic growth", *World Development* 136, 105115, <https://doi.org/10.1016/j.worlddev.2020.105115>.

² Alvaredo, Facundo, and Leonardo Gasparini. 2015. "Recent Trends in Inequality and Poverty in Developing Countries." In *Handbook of Income Distribution*, Vol. 2, edited by Anthony B. Atkinson and François Bourguignon, 697–805.

Amsterdam: Elsevier; Lakner, Christoph, and Branko Milanović. 2016. "Global Income Distribution: From the Fall of the Berlin Wall to the Great Recession." *World Bank Economic Review* 30 (2): 203–232. <https://doi.org/10.1093/wber/lhv039>

³ World Bank. 2022. "Impact of COVID-19 on Global Income Inequality." In *Global Economic Prospects*, January 2022, 157–172. Washington, DC: World Bank; Naraya, Ambar et al. 2022. "COVID-19 and Economic Inequality. Short-Term Impacts with Long-Term Consequences", World Bank Policy Research Working Paper 9902

⁴ Organisation for Economic Co-operation and Development (OECD). 2025. Official Development Assistance 2024 Figures. DCD (2025)6. Paris: OECD. <https://one.oecd.org/document/DCD%282025%296/en/pdf>

⁵ Gaspar et al. 2019. "Fiscal Policy and Development: Human, Social, and Physical Investments for the SDGs", IMF Staff Discussion Notes No. 2019/003;

⁶ International Labour Organization. 2008. "Redistribution Through Taxes and Social Transfers." In *World of Work Report 2008: Income Inequalities in the Age of Financial Globalization*, 127–150. Geneva: International Labour Office; Causa, Orsetta, James Brown and Anna Vindics. 2018. "Income redistribution across OECD countries: main findings and policy implications", OECD Economic Policy Paper No. 23, September 2018; Causa, Orsetta, and Mikkel Hermansen. 2019. *Income Redistribution through Taxes and Transfers across OECD Countries*. OECD Economics Department Working Papers No. 1453. Paris: Organisation for Economic Co-operation and Development. <https://dx.doi.org/10.1787/bc7569c6-en>;

been an increase in scholarly investigations of the potential of wealth taxes, culminating in a proposal funded by the Brazilian presidency of the G20 to introduce a global tax of 2% of the combined income and wealth of dollar billionaires. This proposal could raise between \$200 and \$250 billion per year globally from around 3 000 individuals, with the potential collection increasing to \$300-390 billion if centimillionaires are also targeted.⁷

While the introduction of a global minimum tax on wealth is worth pursuing, there are good reasons to believe that it will not raise substantial revenue across many LICs. Africa provides the best example of the limited utility of such a measure. Despite a population of approximately 1.5 billion (18.8% of the world's population), the continent hosts only an estimated 21 dollar billionaires (0.7% of the estimated total) and 342 dollar millionaires (0.5% of the estimated total). While significant revenue could still be collected from these individuals, three-quarters of them are concentrated in just six countries, limiting the redistributive potential of such a measure in the continent.⁸

A strategy to decrease income and wealth inequality across Africa is sorely needed. Data from the World Inequality Database shows that, on average, in low- and lower-middle-income countries across the continent, in 2022 the top 10% of the population controlled 17.3 times the share of national wealth and 3.3 times the share of national income than the bottom 50%. These ratios are higher than the average for non-African low- and lower-middle income countries,

Immervoll, Herwig and Linda Richardson. 2022. "Redistribution Policy and Inequality Reduction in OECD Countries: What Has Changed in Two Decades?", OECD Social, Employment and Migration Working Papers No. 122; Granger, Hazel, Laura Abramowsky and Jessica Puduserry. 2022. "Fiscal policy and income inequality. The role of taxes and social spending", ODI Report. London: ODI, September 2022.

⁷ Saez, Emmanuel and Gabriel Zucman. 2019. "Progressive Wealth Taxation", Brookings Papers on Economic Activity Fall 2019: 437-533; Advani, Arun and Andy Summers. 2020. "How much tax do the rich really pay? New evidence from tax microdata in the UK", CAGE Policy Briefing No. 27. CAGE Research Centre, University of Warwick & LSE International Inequalities Institute; Zucman, Gabriel. 2024. "A blueprint for a coordinated minimum effective taxation standard for ultra-high-net-worth individuals", Commissioned by the Brazilian G20 Presidency, EU Tax Observatory.

⁸ Henley & Partners. 2024. "Africa wealth report 2024". Accessed March 30th 20205.

<https://www.henleyglobal.com/publications/africa-wealth-report-2024> ; Occhiali, Giovanni, Giulia Mascagni, Wilson Prichard and Martin Hearson . 2025. "Taxing the Wealthy in Lower-Income Countries: Why It's Important, and How to Do It". ICTD Policy Brief 14. Brighton: Institute of Development Studies. DOI: 10.19088/ICTD.2025.007

respectively 14.6 times for wealth and 3.2 times for income, indicating that reducing inequality is even more relevant for the continent than for other regions.⁹

While many LICs, including in Africa, tax some forms of wealth, such as properties or inheritance, none has introduced a comprehensive wealth tax, which is only present in a handful of European and Latin American countries.¹⁰ This might seem to provide a reasonable ground to champion wealth taxes across LICs. However, evidence from research undertaken across Africa by the International Centre for Tax and Development and the African Tax Administration forum suggests that most governments would be better off by first focusing on improving the performance of existing tax handles.¹¹ Given data and staff capacity constraints across LICs' revenue administration, wealth taxes are not the ideal starting point to improve fiscal equity.

Even though LIC tax systems are generally progressive, enforcement of particular tax handles is often weak. For example, between 2009 and 2018, corporate income taxes and value added taxes raised, on average, the same amount of GDP in high-income countries as they did in LICs. However, over the same period, high-income countries collected around three and seven times as much revenue – in proportion to their GDP – as LICs in personal income and property taxes.¹² Depending on the period under analysis, figures can be even starker: LICs raised

⁹ Chancel, Lucas, Thomas Piketty, Emmanuel Saez, and Gabriel Zucman. 2022. *World Inequality Report 2022*. Cambridge: Harvard University Press.; World Inequality Database. 2025. World Inequality Database. Accessed March 30, 2025. <https://wid.world>.

¹⁰ Occhiali, Giovanni, Giulia Mascagni, Wilson Prichard and Martin Hearson. 2025. "Taxing the Wealthy in Lower-Income Countries: Why It's Important, and How to Do It". ICTD Policy Brief 14. Brighton: Institute of Development Studies. DOI: 10.19088/ICTD.2025.007; UNU-WIDER. 2023.

¹¹ Kangave, Jalia, Giovanni Occhiali, and Ishmail Kamara. 2023. "How Might the National Revenue Authority of Sierra Leone Enhance Revenue Collection by Taxing High Net Worth Individuals?" ICTD Working Paper 156. Brighton: Institute of Development Studies. DOI: 10.19088/ICTD.2023.008; Santoro, Fabrizio, and Ronald Waiswa. 2024. "How to Improve Tax Compliance by Wealthy Individuals? Evidence from Uganda." *Development Policy Review* 42 (2): e12754.

<https://doi.org/10.1111/dpr.12754> Occhiali, Giovanni, Jalia Kangave, and Hamza Ahmed Khan. 2025. "Taxing High-Net-Worth Individuals in Nigeria: Challenges and Opportunities for Policy-Makers from a Preliminary Investigation." *Development Policy Review*. <https://doi.org/10.1111/dpr.70001> ; Occhiali, Giovanni, Giulia Mascagni, Wilson Prichard and Martin Hearson. 2025. "Taxing the Wealthy in Lower-Income Countries: Why It's Important, and How to Do It". ICTD Policy Brief 14. Brighton: Institute of Development Studies. DOI: 10.19088/ICTD.2025.007

¹² Occhiali, Giovanni, Giulia Mascagni, Wilson Prichard and Martin Hearson. 2025. "Taxing the Wealthy in Lower-Income Countries: Why It's Important, and How to Do It". ICTD Policy Brief 14. Brighton: Institute of Development Studies. DOI: 10.19088/ICTD.2025.007

between 0.06% and 0.19% of GDP from property taxes during 2010–2018, against 1.3% of GDP in high-income countries.¹³ Regarding personal income taxes, LICs collect their bulk (over 85% in many African countries) from individuals in formal employment.¹⁴

Focusing on improving the performance of personal income taxes and property taxes in LICs can significantly improve domestic revenue mobilisation while strengthening the effective progressivity of their tax systems. Achieving this goal, however, requires concerted efforts to understand and address the administrative, legal, and political obstacles behind underperformance.

Recommendations

It is tempting for LICs to introduce wealth taxes in addition to existing tax handles. However, given resource constraints and data challenges, introducing wealth taxes would be premature. For one thing, revenue administration capacity is quite low: tax officers in LICs often manage as many as 10 times the number of taxpayers than their counterparts in high-income countries.¹⁵ Similarly, given scarce information on individuals' income and wealth, thin property markets, and exchange of information systems still in their infancy, it is doubtful that LICs possess the data required to design and implement wealth taxes.¹⁶ Frequent political

¹³ Knebelmann, Justine. 2022. "Digitalisation of Property Taxation in Developing Countries: Recent Advances and Remaining Challenges". London: Overseas Development Institute.

¹⁴ Kangave, Jalia, Susan Nakato, Ronald Waiswa, and Patrick Lumala Zzimbe. 2016. "Boosting Revenue Collection through Taxing High Net Worth Individuals: The Case of Uganda." ICTD Working Paper 45. Brighton: Institute of Development Studies; Kangave, Jalia, Giovanni Occhiali, and Ishmail Kamara. 2023. "How Might the National Revenue Authority of Sierra Leone Enhance Revenue Collection by Taxing High Net Worth Individuals?" ICTD Working Paper 156. Brighton: Institute of Development Studies. DOI: 10.19088/ICTD.2023.008; Occhiali, Giovanni, Jalia Kangave, and Hamza Ahmed Khan. 2025. "Taxing High-Net-Worth Individuals in Nigeria: Challenges and Opportunities for Policy-Makers from a Preliminary Investigation." Development Policy Review. <https://doi.org/10.1111/dpr.70001> ;

¹⁵ Okunogbe, Oyebola, and Gabriel Tourek. 2024. "How Can Lower-Income Countries Collect More Taxes? The Role of Technology, Tax Agents, and Politics." *Journal of Economic Perspectives* 38 (1): 81–106. <https://doi.org/10.1257/jep.38.1.81>

¹⁶ Knebelmann, Justine. 2022. "Digitalisation of Property Taxation in Developing Countries: Recent Advances and Remaining Challenges". London: Overseas Development Institute; African Union Commission, African Tax Administration Forum, and Organisation for Economic Co-operation and Development. 2023. *Tax Transparency in Africa 2023: Africa Initiative Progress Report*. Paris: OECD; Okunogbe, Oyebola, and Gabriel Tourek. 2024. "How Can Lower-Income

opposition to tax reforms also suggests that prioritising improvement in the effectiveness of existing taxes might be more successful since they wouldn't require significant legal reform.¹⁷

The revenue implications of improving the effectiveness of existing tax handles can be substantial: in its first nine months of operation, the Ugandan high-net-worth individual unit raised over \$5 million.¹⁸ Meanwhile, focusing on landlord identification and their compliance led to raising an additional \$900,000 in 2021 in Borno State, Nigeria.¹⁹ Nonetheless, achieving similar results elsewhere will require addressing administrative and political obstacles to improving revenue administration effectiveness.

First, there is a need to increasing revenue administrations resources to fill the existing capacity gap.²⁰ Additionally, existing capacity is too often directed towards the registration of informal sector actors engaged in small-scale trading despite increasing evidence on the ineffectiveness of this approach.²¹ Rather than chasing small informal actors, revenue administrators should focus on profiling high-net-worth individuals (HNWIs), many of whom can be considered informal, since they do not appear on taxpayer registers or fail to declare significant proportions of their income.

Countries Collect More Taxes? The Role of Technology, Tax Agents, and Politics." *Journal of Economic Perspectives* 38 (1): 81–106. <https://doi.org/10.1257/jep.38.1.81> .

¹⁷ Lakin, Jason. 2020. "The Politics of Tax Reform in Low- and Middle-Income Countries. A literature review" Washington, DC: International Budget Partnership

¹⁸ Kangave, Jalia, Susan Nakato, Ronald Waiswa, Milly Nalukwago, and Patrick Lumala Zzimbe. 2018. "What Can We Learn from the Uganda Revenue Authority's Approach to Taxing High Net Worth Individuals?" ICTD Working Paper 72. Brighton: Institute of Development Studies

¹⁹ Occhiali, Giovanni, Jalia Kangave, and Hamza Ahmed Khan. 2025. "Taxing High-Net-Worth Individuals in Nigeria: Challenges and Opportunities for Policy-Makers from a Preliminary Investigation." *Development Policy Review*. <https://doi.org/10.1111/dpr.70001>

²⁰ Okunogbe, Oyebola, and Gabriel Tourek. 2024. "How Can Lower-Income Countries Collect More Taxes? The Role of Technology, Tax Agents, and Politics." *Journal of Economic Perspectives* 38 (1): 81–106. <https://doi.org/10.1257/jep.38.1.81>

²¹ Gallien, Max, Giulia Mascagni, Mick Moore, Giovanni Occhiali, Wilson Prichard, Fabrizio Santoro, Celeste Scarpini, and Vanessa van den Boogaard. 2023. "Why Mass Tax Registration Campaigns Do Not Work." ICTD Policy Brief 2. Brighton: Institute of Development Studies. <https://doi.org/10.19088/ICTD.2023.032> ; Lediga, Collen, Nadine Riedel, and Kristina Strohmaier. 2025. "What You Do (Not) Get When Expanding the Net: Evidence from Forced Taxpayer Registrations in South Africa." *Journal of Development Economics* 172: 103388. <https://doi.org/10.1016/j.jdeveco.2024.103388>

Understanding country-specific sources of income and stores of wealth is crucial to identifying HNWIs. Buying real estate seems a major form of investment for HNWIs in countries with booming urban property markets and limited access to other financial assets. Properties can be rented for stable income streams, stressing the relevance of property and withholding tax systems. They can also be sold for a profit, although – at least for big commercial properties – evading capital gains taxes is becoming increasingly hard. Customs transactions can also help identify individuals moving a disproportionate amount of goods in and out of the country given their declared income.²² One of the biggest challenges to taxing HNWIs in LICs is accessing data from third parties, either because it is protected by secrecy laws, it is in a format that is not easy to interface with tax administrative information, or it is outside the country's jurisdiction. Accessing data in foreign jurisdictions through exchange of information is helping a handful of countries to recover revenue from assets held abroad, even if revenue authorities sometimes lack the capacity to analyse the data. Both information and revenue can also be obtained through voluntary asset disclosure schemes and amnesties that waive penalties and interest for previous non-compliance, which contributed substantial revenue in South Africa (\$296 million) and Nigeria (\$162 million).²³

Much also remains to be done to facilitate domestic data sharing across government institutions and with the private sector. Many LICs are steadily building their digital public infrastructure, but making it secure and robust requires substantial technical and financial support. Making it useful for tax

²² Kangave, Jalia, Susan Nakato, Ronald Waiswa, and Patrick Lumala Zzimbe. 2016. "Boosting Revenue Collection through Taxing High Net Worth Individuals: The Case of Uganda." ICTD Working Paper 45. Brighton: Institute of Development Studies; Goodfellow, Tom. 2017. "Taxing Property in a Neo-Developmental State: The Politics of Urban Land Value Capture in Rwanda and Ethiopia." *African Affairs* 116 (465): 549–572. <https://doi.org/10.1093/afraf/adx020> ; Kangave, Jalia, Susan Nakato, Ronald Waiswa, Milly Nalukwago, and Patrick Lumala Zzimbe. 2018. "What Can We Learn from the Uganda Revenue Authority's Approach to Taxing High Net Worth Individuals?" ICTD Working Paper 72. Brighton: Institute of Development Studies; Kangave, Jalia, Giovanni Occhiali, and Ishmail Kamara. 2023. "How Might the National Revenue Authority of Sierra Leone Enhance Revenue Collection by Taxing High Net Worth Individuals?" ICTD Working Paper 156. Brighton: Institute of Development Studies. DOI: 10.19088/ICTD.2023.008

²³ African Tax Administration Forum. 2024. ATAF Guide on Implementation of the Voluntary Disclosure Programme. Pretoria: African Tax Administration Forum.

identification purposes, and available to revenue authorities, also requires significant political backing, as powerful individuals value the secrecy of their financial information and will oppose their accessibility to tax administrators.²⁴

Once the relevant information is available, the next step should be the creation of a domestically fitting definition of HNWI, needed to identify the pool of qualifying taxpayers in the country. To increase the chances of successfully taxing this taxpayer segment, revenue authorities should establish dedicated units, staffed by highly qualified tax officers with the soft skills required to interact with HNWI as peers. Evidence from Uganda and Nigeria shows this approach can help to quickly mobilise substantial revenue, although this can plateau after a few years if investment in the unit is insufficient to keep up with HNWI's tax planning efforts. As with data sharing, political support for the work of HNWI units, both from senior management and the government, is crucial: most customers will be politically exposed individuals and high-profile figures capable of resisting enforcement efforts through both legal battles and coercion.²⁵

Given the experiences of G20 countries with the matter covered in this brief, there is ample scope for them to provide support to LIC governments looking to improve revenue mobilisation from HNWI. Support can also be delivered through collaboration with the Sub-Committee on Tax and Illicit Financial Flows of the AU, established in 2022 to assist member countries' efforts to reform their tax systems. This can include technical and financial assistance in setting up and

²⁴ Okunogbe, Oyebola, and Fabrizio Santoro. 2023. "Increasing Tax Collection in African Countries: The Role of Information Technology." *Journal of African Economies* 32 (Supplement 1): i57–i77. <https://doi.org/10.1093/jae/ejad005> ; Okunogbe, Oyebola, and Fabrizio Santoro. 2023. "Promise and Limitations of Information Technology for Tax Mobilization." *The World Bank Research Observer* 38 (2): 295–324. <https://doi.org/10.1093/wbro/lkac008> .

²⁵ Kangave, Jalia, Susan Nakato, Ronald Waiswa, and Patrick Lumala Zzimbe. 2016. "Boosting Revenue Collection through Taxing High Net Worth Individuals: The Case of Uganda." ICTD Working Paper 45. Brighton: Institute of Development Studies; Kangave, Jalia, Susan Nakato, Ronald Waiswa, Milly Nalukwago, and Patrick Lumala Zzimbe. 2018. "What Can We Learn from the Uganda Revenue Authority's Approach to Taxing High Net Worth Individuals?" ICTD Working Paper 72. Brighton: Institute of Development Studies; Kangave, Jalia, Giovanni Occhiali, and Ishmail Kamara. 2023. "How Might the National Revenue Authority of Sierra Leone Enhance Revenue Collection by Taxing High Net Worth Individuals?" ICTD Working Paper 156. Brighton: Institute of Development Studies. DOI: 10.19088/ICTD.2023.008; Santoro, Fabrizio, and Ronald Waiswa. 2024. "How to Improve Tax Compliance by Wealthy Individuals? Evidence from Uganda." *Development Policy Review* 42 (2): e12754. <https://doi.org/10.1111/dpr.12754> ; Occhiali, Giovanni, Jalia Kangave, and Hamza Ahmed Khan. 2025. "Taxing High-Net-Worth Individuals in Nigeria: Challenges and Opportunities for Policy-Makers from a Preliminary Investigation." *Development Policy Review*. <https://doi.org/10.1111/dpr.70001>

capacitating HNWI units, support in ensuring that data relevant for tax compliance is captured as digital public infrastructure is rolled out, as well as help to develop legal frameworks making this data available to revenue authorities when they need it. However, insufficient political will to tackle non-compliance from HNWIs is often as strong an obstacle as technical or administrative shortcomings. Hence, exchanging lessons on how G20 countries navigated political opposition to fair tax contribution from vested interests will also be crucial, as will be to demonstrate open support to those administrations willing to embark on this crucial reform journey.

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