

EUFAX
Observatory

**ANNUAL
REPORT**

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CREDITS

EU Tax Observatory

The EU Tax Observatory is a research laboratory dedicated to conducting, promoting, and disseminating innovative, high-quality, and impactful research on taxation. It is one of the leading institutions for the study of taxation within the European Union and globally, with a particular focus on corporate tax avoidance and tax evasion.

The EU Tax Observatory serves as a platform for civil society engagement, enjoys high global visibility, and is a source of new ideas for combating tax evasion.

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EUTAX

Observatory

WWW.TAXOBSERVATORY.EU

Welcome to our annual report.

This year has been transformative for the EU Tax Observatory, marked by important milestones and growing recognition of our work. Our publications continue to resonate widely, not just within academic and policy circles but also among a broader global audience. By highlighting the pressing challenges of fair taxation and offering actionable insights into global tax reforms, the Observatory has established itself as a trusted voice, earning over 12,000 media mentions.

One of our most notable achievements this year was the launch of our first Global Tax Evasion Report. An unprecedented research collaboration investigating the successes and failures of the fight against tax evasion over the last decade. The report's flagship proposal—to implement a coordinated minimum tax on the super-rich—has gained considerable traction among international policymakers, and was discussed by G20 finance ministers under Brazil's presidency.

Our research has become increasingly global, reflected in the establishment of multiple partnerships with tax authorities to study the effects of policies implemented to curb tax evasion.

As we reflect on the progress made this year, we remain inspired by the journey ahead. Our commitment to promoting fairness, and equity in taxation is stronger than ever.

On behalf of the entire team, I extend my heartfelt gratitude for your continued support, which has been instrumental to our success.

Gabriel Zucman
Director of the EU Tax Observatory

PUBLICATIONS

The EU Tax Observatory's publications are categorized into three types:

Reports: Written by the EU Tax Observatory's researchers, and combine high-quality research with a policy-oriented perspective.

Research Notes: These publications either complement the the EU Tax Observatory's

reports or provide timely responses to international issues.

Working Papers: Targeted primarily at an academic audience, these papers are authored by the EU Tax Observatory's researchers and academic partners, covering a broader range of topics related to tax avoidance and tax evasion.

A Blueprint for a Coordinated Minimum Effective Taxation Standard for Ultra-High-Net-Worth Individuals

Gabriel Zucman, June 2024

This report presents a proposal for an internationally coordinated standard ensuring an effective taxation of ultra-high-net-worth individuals. In the baseline proposal, individuals with more than \$1 billion in wealth would be required to pay a minimum amount of tax annually, equal to 2% of their wealth. This standard could be flexibly implemented by participating countries through a variety of domestic instruments, including a presumptive income tax, an income tax on a broad notion of income, or a wealth tax.

The report presents evidence that contemporary tax systems fail to tax ultra-high-net-worth individuals effectively, clarifies

the case for international coordination to address this issue, analyzes implementation challenges, and provides revenue estimations. The main conclusions are that (i) building on recent progress in international tax cooperation, such a common standard has become technically feasible; (ii) it could be enforced successfully even if all countries did not adopt it, by strengthening current exit taxes and implementing "tax collector of last resort" mechanisms as in the coordinated minimum tax on multinational companies; (iii) a minimum tax on billionaires equal to 2% of their wealth would raise \$200-\$250 billion per year globally from about 3,000 taxpayers; extending the tax to centimillionaires would add \$100-\$140 billion; (iv) this international standard would effectively address regressive features of contemporary tax systems at the top of the wealth distribution; (v) it would not substitute for, but support domestic progressive tax policies, by improving transparency about top-end wealth, reducing incentives to engage in tax avoidance, and preventing a race to the bottom; (vi) its economic impact must be assessed in light of the observed pre-tax rate of return to wealth for ultra-high-net-worth individuals which has been 7.5% on average per year (net of inflation) over the last four decades, and of the current effective tax rate of billionaires, equivalent to 0.3% of their wealth.

REPORTS

Global Tax Evasion Report 2024

Coordinated by Annette Alstadsæter, Sarah Godar, Panayiotis Nicolaides and Gabriel Zucman

Over the last 10 years, governments have launched major initiatives to reduce international tax evasion. Yet despite the importance of these developments, little is known about the effects of these new policies. Is global tax evasion falling or rising? Are new issues emerging, and if so, what are they? This report addresses these questions thanks to an unprecedented international research collaboration building on the work of more than 100 researchers globally.



The EU Tax Observatory's Research Notes are intended to complement our reports or to react to current events.

Mapping the Global Geography of Shell Companies

Giulia Aliprandi, Thijs Busschots, and Carlos Oliveira, December 2023

This note examines the global prevalence and distribution of shell companies, which are often used for illicit financial activities like tax evasion. Using business registry data for over 200 jurisdictions, including individual US states, we construct an indicator of shell company prevalence based on the number of registered companies per capita. We find that

known tax havens like the British Virgin Islands and the Cayman Islands have extremely high rates of company presence per adult. Zooming in on Europe reveals Estonia as a lesser-known host for shell companies, besides flagging known conduit countries like Luxembourg and Cyprus. A unique decomposition of US states also shows Delaware and Wyoming are potentially hosting a large number of shell companies. Indicative for the role of shell companies in international tax evasion, our shell company prevalence indicator correlates with jurisdiction characteristics catering tax evasion, such as low corporate tax rate and aggressive tax treaties.

The EU Tax Observatory has developed a comprehensive Working Papers Series, which has grown at a very fast pace. The series publishes novel research on tax evasion, tax avoidance and other related taxation topics. It serves as an important source of information for researchers, policymakers, and the public.

The complete list of the working paper series is available on our website.

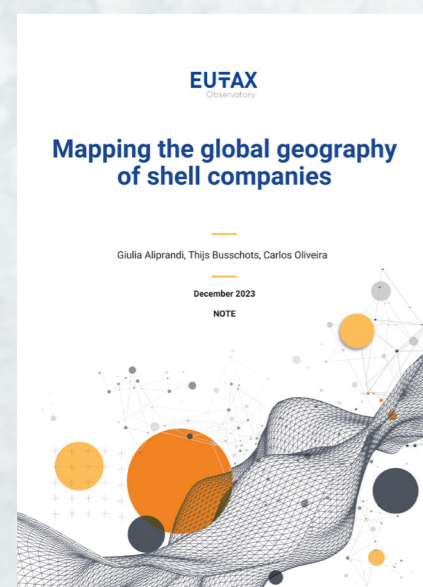
Taxing Wealth in a Globalized World: The Compliance Effect of Automatic Information Exchange in cooperation with the Danish Tax Authorities

Hjalte Fejerskov Boas, Niels Johannesen, Claus Thustrup Kreiner, Lauge Larsen, and Gabriel Zucman, July 2024

may start to self-report offshore income to the tax authorities, or the tax authorities may detect their evasion in audits that use the new information reports.

Using a variety of research designs, we find large compliance effects along all these margins, with the largest response coming from repatriation of wealth. Overall we estimate that the automatic exchange of bank information has closed about 70% of the offshore tax gap.

These results highlight the power of international cooperation to improve tax compliance: tax evasion is not a law of nature in a globalized world.



ALSO PUBLISHED

Foreign investment in the Dubai housing market, 2020–2024.

Annette Alstadsæter, Matt Collin, Bluebery Planterose, Gabriel Zucman, and Andreas Økland, May 2024

The Mystery of Anonymous Investment in US Real Estate

Matt Collin, Karan Mishra, and Andreas Økland, June 2024

Australian Public CbCR: Filling the Gaps?

Giulia Aliprandi, July 2024

In the second half of the 2010s more than 100 countries – including all large offshore financial centers – started to automatically exchange bank information with foreign tax authorities. This informational big-bang marks a break with the situation of offshore bank secrecy that prevailed before. We study its effects on tax compliance by analyzing the universe of information reports sent by foreign banks to Danish authorities, matched to population-wide micro-data on income, wealth, and cross-border bank transfers.

In response to the automatic exchange of bank information, tax evaders may repatriate previously undeclared offshore wealth, they

ALSO PUBLISHED

The Long Way to Tax Transparency: Lessons from the Early Publishers of Country-by-Country Reports

Giulia Aliprandi, Tommaso Faccio, Sarah Godar, and Petr Jansky, Int Tax Public Finance (2024)

Consumption Taxes and Corporate Income Taxes: Evidence from Place-based VAT

Jules Ducept, Evangelos Koumanakos, Panayiotis Nicolaidis



ATLAS OF THE OFFSHORE WORLD

In 2021, the EU Tax Observatory launched a groundbreaking public repository focused on tax evasion, tax avoidance, and aggressive tax planning. This initiative aimed to bridge the gap between academia, policymakers, and the public by providing access to the most up-to-date research on these critical issues.

Building on the repository's success, we significantly expanded the scope of this work package, culminating in the creation of the Atlas of the Offshore World—a comprehensive global data repository. This platform sheds light on how multinational enterprises shift profits, the extent of wealth hidden in offshore jurisdictions, and the taxation of capital and labor worldwide.

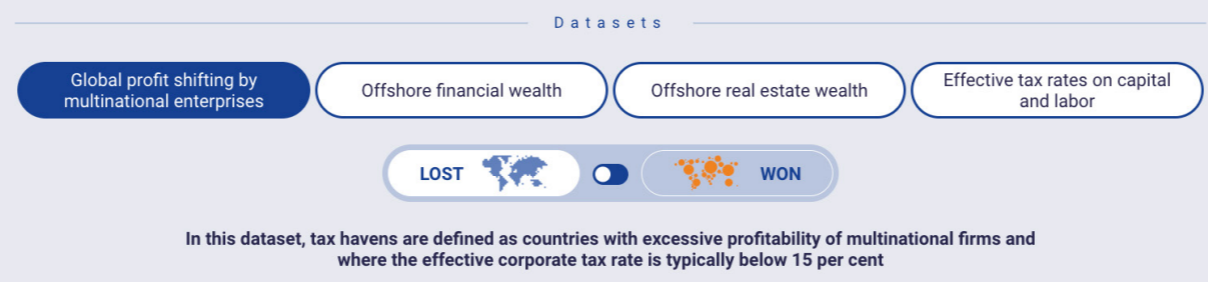
Developed collaboratively by the EU Tax Observatory, Skatteforsk, and DIW Berlin, the Atlas of the Offshore World was launched in 2023 as a cutting-edge global database. It aims to inform the global dialogue on international tax evasion and avoidance, offering timely insights into profit shifting by multinational companies, offshore wealth, and effective tax rates. The data and the methodologies behind the Atlas derive from academic publications (peer reviewed articles and working papers) that ensure its credibility for research purposes.

To enhance accessibility, the Atlas integrates interactive maps and infographics, presenting complex data in an engaging and intuitive

format. This dual approach makes it a valuable tool not only for academics but also for policymakers, journalists, and the wider public. The Atlas has garnered significant media attention since its launch in October 2023 and is poised to become a foundational resource for academic research, public policy, and public discourse on international tax evasion and avoidance.

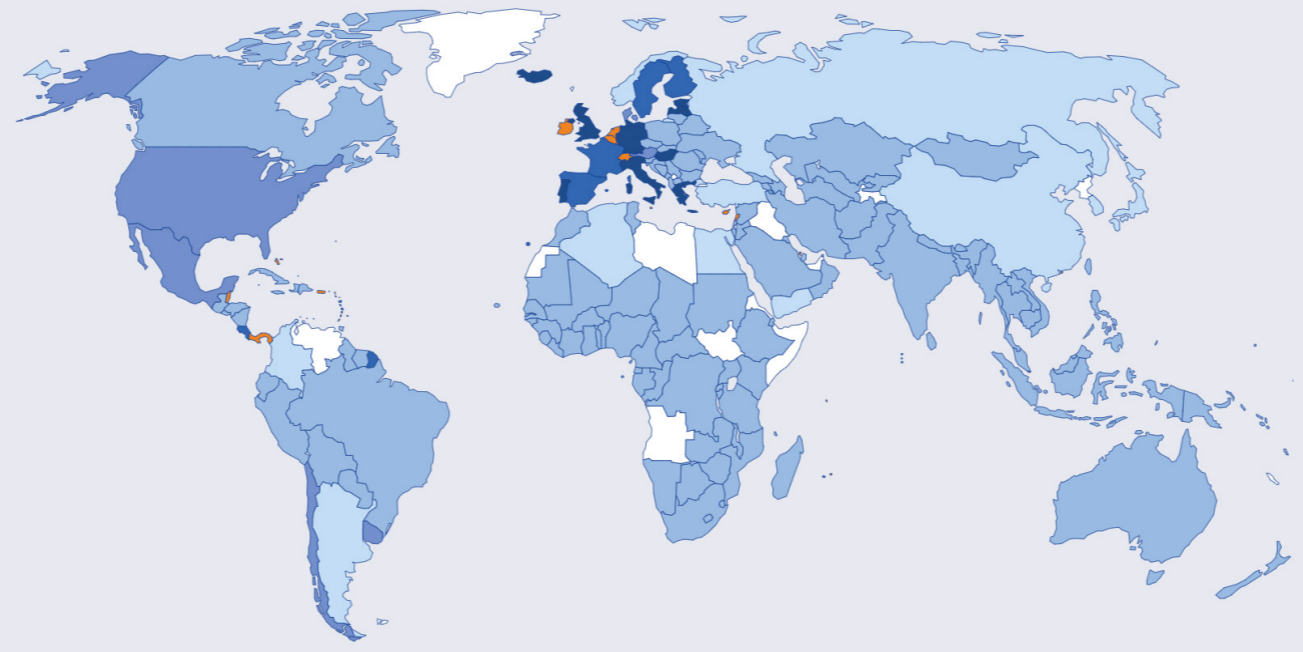
What does it cover?

The Atlas of the Offshore World includes four datasets related to the phenomenon of tax evasion. As the problem it addresses transcends national borders, each dataset has a global coverage with over 150 countries. All datasets include or are planned to include time series data thereby enabling users to assess and understand how tax evasion evolves over time. Crucially, the global coverage and time span of the Atlas allows for the impact analysis of public policies on the evolution of tax evasion.



Where are the missing profits?

Corporate tax revenue **lost** as a share of corporate tax revenue collected (in %) | 2021



Dataset 1: Global Profit Shifting by Multinational Enterprises

Global profit shifting by multinational enterprises		
Geographical coverage	Time coverage	Indicators
196 countries	2015-2021	20

Profit shifting to tax havens is the process through which multinational enterprises book profits in relatively low-tax countries, above and beyond what can be explained by their real activity in these countries. In this dataset, users can obtain information about the amount of profits shifted away from or attracted to different countries and the resulting corporate tax revenue losses or gains. Our research shows that about 36% of foreign profits – profits booked by multinational firms outside of their headquarter country – are shifted to tax havens.

Dataset 2: Offshore Financial Wealth

Offshore financial wealth		
Geographical coverage	Time coverage	Indicators
196 countries	2001-2022	16

Offshore financial wealth refers to the equities, bonds, mutual fund shares, and associated bank deposits owned by households in banks outside of their country of residency. This dataset provides current and historical estimates of the amount of offshore financial wealth owned by residents of each country, and managed by each offshore financial center. Users can find which countries own more offshore financial wealth (dark-shaded countries own more offshore financial wealth than light-shaded countries). The estimates

are derived by combining a variety of official data sources (e.g., from central banks and the Bank for International Settlements) and by exploiting systematic anomalies in international investment statistics caused by offshore household financial wealth.

Dataset 3: Offshore Real Estate Wealth in Selected Areas

Offshore real estate wealth in selected areas		
Geographical coverage	Time coverage	Indicators
214 countries owning real estate in 7 cities	2019	15

Offshore real estate is defined as real estate that is either ultimately owned by an investor in a different country or is owned by domestic residents through offshore structures. The available data on offshore real estate is real estate wealth owned across six major cities and areas across the world. Users can find the amount of offshore real estate wealth held in six cities and areas, by the residence country of the ultimate owners. The aggregate values are reported in USD billions. The values can also be scaled by GDP.

Dataset 4: Effective Tax Rates on Capital and Labor

Effective tax rates on capital and labor		
Geographical coverage	Time coverage	Indicators
155 countries	1965-2021	17

How has the taxation of capital and labor evolved in the last 50 years? This dataset presents country-level macroeconomic effective tax rates on capital income, labor income and corporate profits, covering almost all taxes levied for 155 countries, starting, when possible, in 1965. The dataset also includes an indicator showing the total tax revenue as a share of the national domestic product (NDP). Effective tax rates indicate the tax burden faced by a factor of production. They are constructed as ratios of tax revenues collected on a factor of production divided by the factor's value in national accounts. Low effective tax rates can result from tax avoidance or tax evasion, but also from policy choices such as low statutory tax rates and generous tax exemptions to attract mobile capital and high-income earners.

EVENTS

To promote a democratic, inclusive and pluralistic debate on the future of taxation, the EU Tax Observatory aims to foster dialogue between the scientific community, civil society and policymakers in the European Union. To this end, the EU Tax Observatory organises academic events and public debates bringing together participants from the world of research, politics and associations.



Global Tax Evasion: How Big is the Problem, and What Can We Do About It?

Berlin, November 2nd 2023

The EU Tax Observatory organized a public conference together with the Hertie School and DIW to discuss the findings and policy solutions in the German context. Audience featured students, academics and journalists. Panelists included Christian Traxler (Hertie School); Charlotte Bartels (DIW Berlin); Gerhard Schick (Finanzwende) as well as Gabriel Zucman and Sarah Godar from the Observatory.

Tax Evasion: How Big Is It? How Can We Stop It?

co-organised with Oxfam International
Rome, November 13th 2023

This policy event was co-organised by the EU Tax Observatory and Oxfam international with topics focusing on the latest developments in tax evasion and assessment of the solutions. The event was separated in two parts, an international part and an a more focused Italian session. The former included a presentation by Gabriel Zucman on the Global Tax Evasion Report 2024, followed by high-level policy discussion. The second part of the event focused on Italy, with a first session discussing the progress made towards the implementation of Pillar 2 and the second session on policies to fight tax evasion in Italy.



Fighting Global Tax Evasion: What Happened, What Could Happen Now?

co-organised with the IE University
Madrid, January 29th 2024

This public event was organised by the EU Tax Observatory together with IE University. It brought together experts from academia, institution, business, civil society and government. It took place at the premises of IE University in Madrid, Spain, and featured presentations and policy panels.



Country reports

Choose a country

e.g. France

Datasets

Choose a dataset

e.g. Offshore real estate

Research briefs

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MEDIA

This year, the EU Tax Observatory focused on strengthening its brand and expanding its recognition, achieving widespread media coverage across diverse platforms, including radio, press articles, and television. Altogether, the Observatory and its research were featured more than 12,000 times in media outlets across at least 55 countries.

FINANCIAL TIMES



Le Monde

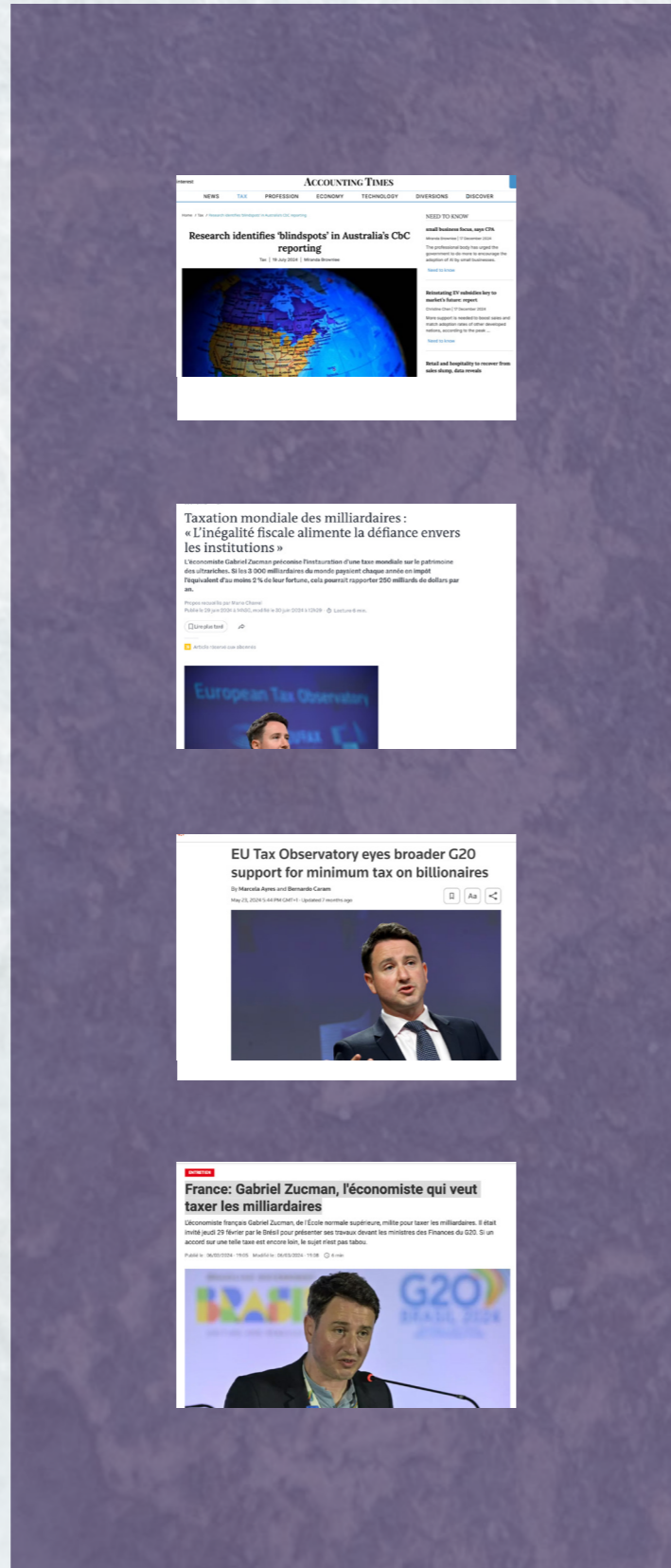
Forbes



The Guardian



Bloomberg



SELECTED PRESS ARTICLES

[Research identifies 'blindspots' in Australia's CbC reporting - Accounting Times \(19/07/2024\)](#)

[Taxation mondiale des milliardaires : « L'inégalité fiscale alimente la défiance envers les institutions » - Le Monde \(29/06/2024\)](#)

[EU Tax Observatory eyes broader G20 support for minimum tax on billionaires - Reuters \(23/05/2024\)](#)

[We are a step closer to taxing the super-rich - Financial Times \(19/05/2024\)](#)

[Gabriel Zucman: "Es urgente un impuesto a la riqueza. En juego está la legitimidad democrática" - El Mostrador \(14/03/2024\)](#)

[France: Gabriel Zucman, l'économiste qui veut taxer les milliardaires - rfi \(06/03/2024\)](#)

['Quando super-ricos não pagam impostos, é o resto da população que paga', diz economista Gabriel Zucman - BBC Brasil \(04/03/2024\)](#)

[A global tax on billionaires is on the agenda. Will it ever happen? - CNN \(01/03/2024\)](#)

[Support Is Growing for a Global Tax on Billionaires - The New York Times \(01/03/2024\)](#)

[G20 hears a \\$250-billion-a-year idea: tax the super-rich - France 24 \(29/02/2024\)](#)

[A historic step: G20 discusses plans for global minimum tax on billionaires - The Guardian \(29/02/2024\)](#)

[Elizabeth Warren's Tax Guru Makes Case at G-20 to Soak Global Billionaires - Bloomberg \(29/02/2024\)](#)

[The Overshadowed OECD Tax Project - Forbes \(04/12/2023\)](#)

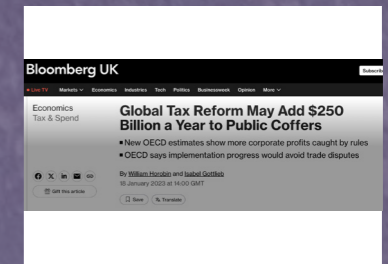
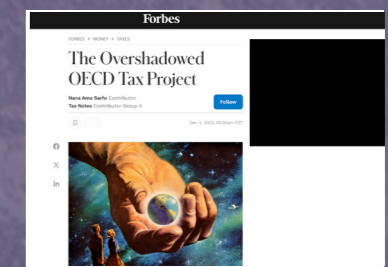
[L'intervista – Gabriel Zucman: "Per aiutare la classe media serve una patrimoniale equa" - Il Fatto Quotidiano \(23/10/2023\)](#)

[Billionaires should face a minimum tax rate, report says - BBC \(23/10/2023\)](#)

TELEVISION

[L'intervista – Gabriel Zucman: "Per aiutare la classe media serve una patrimoniale equa" - European Parliament \(17/10/2024\)](#)

[Paradis fiscaux et évasion fiscale : ce que vous ne saviez pas - Konbini \(15/07/2024\)](#)



PARTNERSHIPS

The EU Tax Observatory supports an active partnership policy, demonstrating its commitment to science that is open to society and outside the university walls. During this year, we have established strong academic and institutional links with European and international actors.



DG TAXUD

In 2020, the European Commission launched a call for proposals to create an independent research structure capable of enhancing the involvement of civil society in the advocacy, design and implementation of EU actions to combat tax evasion, tax avoidance and aggressive tax planning and to promote fair taxation. This call was won by the consortium composed of the Paris School of Economics and the University of Copenhagen, and led by the economist Gabriel Zucman.

The collaboration aims at performing cutting-edge research on tax avoidance, tax evasion and aggressive tax planning, at the highest scientific international level; promoting an inclusive, democratic, pluralistic debate on taxation policies across the EU; informing policymakers with the most current research findings and propose concrete policy reforms to foster fair taxation in the EU.

MIROVA

Mirova is a conviction-based asset management company that offers its clients investment solutions that combine the search for financial performance with environmental and social impact.

HEWLETT FOUNDATION

The Hewlett Foundation is working to foster the development of a new “common sense” about how the economy works and the aims it should serve. Through its Economy and Society program, the Hewlett Foundation has decided to support the establishment of the EU Tax Observatory.

RESEARCH COUNCIL OF NORWAY

The EU Tax Observatory is taking part of the research project ‘The extent of tax haven use and its consequences’ funded by the Research Council of Norway and coordinated by the Norwegian University of Life Sciences. In the framework of this 5-year project, the EU Tax Observatory will participate in the production of research papers and in dissemination actions towards the media, policymakers and the public.

NORAD

Norad is the Norwegian agency for development cooperation, an administrative and professional body for international aid. Together with its partners and on behalf of Norway, Norad works for a greener future in a world without poverty. Through Norad, Norway is

supporting the EU Tax Observatory in collaboration with Skatteforsk - Centre for Tax Research for the implementation of the Public Repository, a global database aimed at informing scientific communities, civil society and policymakers around the world about global tax avoidance.

The project is also supported by many European academic and civil society partners: Ecole Normale Supérieure (France), Hellenic Open University (Greece), Norwegian University of Life Sciences (Norway), Charles University (Czech Republic), German Institute for Economic Research (Germany) and Oxfam.



OTHER MAIN PARTNERS

In 2023, the EU Tax Observatory continued to strengthen its network of academic partnerships, reflecting the growing interest in its mission and projects.

PARIS SCHOOL OF ECONOMICS

The Paris School of Economics hosts the offices of the EU Tax Observatory. It supports the administrative and financial management of the Observatory with its teams and provides rooms for its events.



UNIVERSITY OF COPENHAGEN



The University of Copenhagen hosts the co-director and the Danish team of the EU Tax Observatory. It provides rooms for the Observatory's events.



WORLD INEQUALITY LAB (WIL)

The WIL collaborates scientifically with the Observatory and co-organises events and workshops.



WID.WORLD
THE SOURCE FOR
GLOBAL INEQUALITY DATA

BUDGET

The EU Tax Observatory is a non-for-profit research center, operating with grants from public and private partners. The expenditure and resources cover the period 2023-2024 and concern the whole consortium of the EU Tax Observatory.

CATEGORY	EXPENSES
Staff Costs	978 415 €
Operating Expenditures	69 565 €
IT	47 726 €
Other Costs	391 675 €
Overheads	114 079 €
Total	1 601 460 €

GRANTS	RESOURCES
DG TAXUD	472 925 €
NORAD	768 999 €
Hewlett Foundation	21 811 €
Mirova	46 006 €
Other Financing	291 719 €
Total	1 601 460 €



Meet our team.



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