

ANALYSIS

Wealth taxes for an eco-social transition: How different tax designs align with post-growth goals

Thomas Webb^{a,*}, Arthur Apostel^b, Milena Büchs^a, Richard Bärnthaler^a^a Sustainability Research Institute, School of Earth, Environment and Sustainability, University of Leeds, Leeds LS2 9JT, UK^b Faculty of Economics and Business Administration, Ghent University, Campus Tweakerken, Tweakerkenstraat 2, 9000 Ghent, Belgium

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ABSTRACT

Wealth taxes are frequently proposed within the post-growth policy literature, but evaluations of their alignment with post-growth goals, and empirical estimates of their potential effects, are lacking. We contribute to this literature by examining the extent to which different wealth tax designs can contribute to four goals of a post-growth transition: redistributing wealth; eradicating extreme wealth; curbing rent-seeking; and reducing CO₂ emissions. The analysis is based on microsimulation modelling, using household-level data from 18 countries of the 2017 EU Household Finance and Consumption Survey. It shows that broad-based net wealth taxes with lower thresholds and higher rates are most effective for maximising revenue, reducing top 10% wealth shares, limiting extreme wealth, and lowering inequality-related CO₂ emissions; more targeted net wealth taxes with higher thresholds and rates maximise progressivity and reduce top 1% wealth concentration; while taxes on financial and investment property wealth tend to be most effective at curbing rent extraction (all else equal). However, we also identify trade-offs and conflicts between different tax designs and goals. As a result, a broader package of policies will be necessary to navigate these conflicts and mitigate the limitations inherent in any single wealth tax design.

1. Introduction

Humanity faces a polycrisis (Lawrence et al., 2024) – a set of intertwined and mutually reinforcing crises – including climate and ecological breakdown as well as extreme, deepening inequality. Six of the nine planetary boundaries have now been transgressed (Sakschewski et al., 2025), and wealth ownership is becoming ever-more concentrated (Piketty and Saez, 2014; Piketty and Zucman, 2014; European Environmental Bureau, 2024). Attempts to tackle these tendencies from within the growth paradigm appear increasingly inadequate, due to insufficient decoupling of GDP growth from environmental harm (Haberl et al., 2020; Vadén et al., 2020; Vogel and Hickel, 2023) and the failure of growth to reduce inequality (Hickel, 2017; Christensen et al., 2023). As a result, post-growth – the science of well-being within planetary boundaries (Kallis et al., 2025) – is exploring alternatives to the goal of continuous economic expansion. Instead, it focuses on policies that prioritise the enhancement of human well-being and social equity within planetary boundaries (O'Neill et al., 2018), while also promoting a more emancipatory political system (Laruffa, 2025).

Sustainable welfare has emerged as a key topic within post-growth

and eco-social policy research (Koch and Hansen, 2024), exploring how welfare states can contribute to universal and sustainable need satisfaction without growth (Hirvilammi and Koch, 2020; Büchs et al., 2024a). Welfare state funding, however, is typically framed as relying on growth via income and consumption taxes and income-related social security contributions. Changes in the revenue generated by these sources tend to be coupled to changes in economic output (Raphael et al., 2024; Langridge and Büchs, 2026), which would likely contract in a post-growth scenario in the Global North.

Post-growth welfare funding is therefore one of the ‘bottleneck questions’ in sustainable welfare and eco-social policy research (Bohnenberger, 2023). A range of fiscal and monetary proposals for a post-growth context have been explored (Jackson and Jackson, 2021; Olk et al., 2023), and among these, taxes on wealth have received growing attention (Bailey, 2015; Hickel et al., 2022; Koch, 2022). Because wealth represents a *stock* rather than a *flow*, some authors argue that it may be more resilient to fluctuations in GDP (Koch, 2022; Langridge and Büchs, 2026). Another prominent argument for wealth taxation in the post-growth context is that inequality is likely to increase without growth and targeted intervention (Piketty and Saez, 2014;

* Corresponding author.

E-mail address: ee22tcw@leeds.ac.uk (T. Webb).

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Jackson and Victor, 2016). Wealth taxes could therefore be an important measure for reducing inequality in a post-growth context (Murphy, 2023; Kallis et al., 2025; Büchs et al., 2024a).

Depending on underlying assumptions about the mechanisms of government spending, wealth taxes are understood to either directly raise revenue for welfare spending (e.g. Buch-Hansen and Koch, 2019; Fitzpatrick et al., 2022; Engler et al., 2024) or – following Modern Monetary Theory – to operate primarily by removing money from circulation, thereby reducing aggregate demand and helping maintain price stability, which in turn creates macroeconomic space for public spending (Olk et al., 2023). In both cases, wealth taxes play an important role, and both perspectives recognise their significance for distributive justice as well as for dis/incentivising behaviours that influence the allocation of real resources.

In addition, ecological and post-Keynesian macro-economists argue that wealth taxes can act as macroeconomic stabilisers during or after a post-growth transition. For example, Cahen-Fourot and Lavoie (2016) show that positive net profit and interest rates are compatible with a zero-growth economy if accumulated wealth is sufficiently recirculated – through consumption or other expenditures – so that money flows back into productive sectors and enables agents to service their debts; and Kemp-Benedict (2025) argues that wealth taxes can be used to achieve this.

Other justifications for taxing wealth also draw on the well-established ‘ability-to-pay’ and ‘polluter-pays’ principles: high-wealth households have greater capacities to bear fiscal burdens – including through the income and privileges their assets generate (Schmiel, 2024) – and their disproportionately large environmental footprints (see Section 2.1) make them responsible for covering a larger share of ecological mitigation costs (Büchs et al., 2024b; Chancel et al., 2025).

Although the post-growth literature frequently discusses wealth taxes, it has not yet evaluated how concrete wealth tax designs align with specific post-growth goals. This study addresses this gap by examining the effects of different wealth tax designs in relation to four post-growth goals:

1. redistributing wealth
2. eradicating extreme wealth
3. curbing rent-seeking
4. reducing CO₂ emissions

Using data from the EU Household Finance and Consumption Survey (HFCS) and microsimulation modelling, we analyse the impacts of 12 wealth tax designs on these post-growth goals. The tax designs differ by the type of asset that is taxed, the tax rate structure, and the thresholds above which the tax rates apply. We also examine trade-offs and conflicts between different goals and tax designs. The remainder of the article is structured as follows: Section 2 reviews the existing post-growth and empirical literature on wealth taxes and provides details on the four post-growth goals; Section 3 details the data and methods used; Section 4 presents our results; Section 5 contextualises the results, explores potential trade-offs between the tax designs, and discusses methodological limitations of this study; and Section 6 concludes.

2. Literature review

Recurrent taxes on net wealth were once more common in Europe. In 1990, twelve OECD countries levied taxes on net wealth, while today only three do so (OECD, 2018). The widespread repeal of wealth taxes formed part of a broader trend of tax reductions that began in the 1980s (OECD, 2018). However, rising wealth concentration and perceived pressures on public finances (O'Donovan, 2021) have renewed calls for their reintroduction, both within and beyond post-growth debates. Section 2.1 summarises the existing empirical research on wealth taxes, and section 2.2 outlines how wealth taxes could contribute to post-growth goals. The literature review focuses on net wealth taxes,

primarily because the vast majority of existing empirical studies examine this type of wealth tax.

2.1. Empirical wealth tax research: effects on distribution, revenue, and emissions

There are surprisingly few academic studies that examine how a wealth tax affects the distribution of wealth. Apostel and O'Neill (2022) model the effects of different one-off wealth tax proposals in Belgium. Depending on the tax proposal and level of avoidance, they find that the wealth share held by the top 1% could decrease by 0.16 to 0.84 percentage points (from 23.9%), and the wealth share held by the top 5% by 0.12 to 0.91 percentage points (from 42.2%). Marti et al. (2023) analyse differences in wealth inequality and wealth tax design across Swiss Cantons. They find that a 0.1% reduction in top marginal annual wealth tax rates results in an increase of 0.9 percentage points in the wealth share of the top 1%, and 1.2 percentage points for the top 0.1%, five years after the reform. However, the authors note that these results are likely inflated due to misreporting of wealth and inter-cantonal mobility. Since wealth is unevenly distributed along gender, generational, and geographical lines (Parkes and Johns, 2024; Advani et al., 2020c), a wealth tax would also help to address these inequalities.

Some authors have estimated the revenue that a wealth tax could generate across Europe. Apostel and O'Neill (2022) estimate that a wealth tax could generate between €5.9 bn and €43.1 bn in Belgium, depending on the tax design and levels of avoidance. Kapeller et al. (2023) model four different tax designs in Europe with varying degrees of progressivity, estimating revenues between €192 bn and €1281 bn. Similarly, Krenek and Schratzenstaller (2018) simulate that a tax of 1% on wealth above €1 m and 1.5% on wealth above €5 m across 20 EU countries could yield approximately €156 bn. Piketty (2014, p.528) estimates that a progressive Europe-wide tax with rates up to 2% on wealth over €5 m could raise approximately €300 bn. Finally, Landais et al. (2020) estimate that a progressive EU wealth tax with rates of up to 3% for billionaires could raise 1.05% of EU GDP (or approximately €162 bn in 2020) every year.

Regarding the environmental effects of wealth taxes, evidence remains scarce. Apostel and O'Neill (2022) use the wealth inequality-CO₂ emissions elasticity from Knight et al. (2017) to estimate that a one-off wealth tax in Belgium could have a positive but small effect – reducing emissions by between 0.1% and 0.6%, depending on tax rates. However, further research is needed to better understand the environmental implications of wealth taxes – in particular, their impact on investment behaviour and associated emissions.

2.2. How wealth taxes can contribute to the goals of a post-growth transition

Wealth taxes are widely regarded as a core component of post-growth policy (Fitzpatrick et al., 2022). However, scholars envision wealth taxes serving a range of purposes, which can be broadly categorised into four goals (in no particular order):

2.2.1. Goal number 1: redistributing wealth

Achieving a more equitable distribution of wealth is the most frequently-mentioned goal of wealth taxes in the post-growth literature and a near-universal aim across post-growth policy research (Fitzpatrick et al., 2022). Redistribution is seen as a worthwhile objective in itself, especially during a post-growth transition, as inequality may otherwise increase without additional predistributive, redistributive, or protective measures (Piketty and Saez, 2014; Jackson and Victor, 2016).

2.2.2. Goal number 2: eradicating extreme wealth

Some authors take the goal of redistribution further, arguing for the need to eradicate extreme wealth altogether (e.g. Buch-Hansen and Koch, 2019). Those working within sufficiency or ‘limitarian’

Table 1

Rates and exemption thresholds applied in the models of four different tax designs.

	Exemption threshold	Rate applied to wealth between 90th and 95th percentile	Rate applied to wealth between 95th and 99th percentile	Rate applied to wealth above 99th percentile
Model 1: Lower threshold, lower rates	90th percentile	1%	2%	3%
Model 2: Lower threshold, higher rates	90th percentile	1%	3%	5%
Model 3: Higher threshold, lower rates	95th percentile	0%	2%	3%
Model 4: Higher threshold, higher rates	95th percentile	0%	3%	5%

frameworks (Robeyns, 2022) emphasise the importance of imposing ceilings on consumption, production, and affluence (Gough, 2022; Khan et al., 2023; Bärnthaler, 2024). Wealth taxes are one tool that can contribute to this objective. Recent work by the New Economics Foundation explores the idea of an ‘extreme wealth line’ (Balata et al., 2025), arguing that such a threshold could help identify the point at which extreme wealth becomes harmful to society, democracy, and the environment, while also challenging the notion of limitless wealth accumulation. However, there is no consensus on what constitutes extreme wealth and where such thresholds should be set (Buch-Hansen and Koch, 2019). In a survey of fifteen millionaires in six middle-to-high income countries, Balata et al. (2025) find that the most popular absolute threshold for ‘extreme’ wealth is \$10 m (equivalent to €8.9 m in May 2025), while Robeyns et al. (2021) find that the Dutch public primarily place the threshold between €1 m and €3 m. Balata et al. (2025) also survey politicians and policy experts and report a preference for relative thresholds. In our analysis, we therefore use both an absolute threshold of €8.9 m following the findings by Balata et al. (2025), and a relative threshold based on the 99th percentile of net wealth (approximately €2.4 m – in line with Robeyns et al. (2021)), in order to explore two suitably distinct cut-offs.

2.2.3. Goal number 3: curbing rent extraction

The third goal involves shifting the economy away from rent-extracting activities to improve needs satisfaction, reduce growth dependencies, and address a key process through which inequality is (re) produced (Stratford, 2020). Rent extraction takes many forms – for example, the for-profit provision of housing by landlords, and the growing financial sector, which increasingly “redistribute[s] money to [itself], at great cost to the rest of society” (Dietz and O'Neill, 2013, p.104) and extracts value created elsewhere (Mazzucato, 2018; Bärnthaler and Gough, 2023). Such rent extracting activities impede social-ecological transformation (Stratford, 2020) and should account for as small a share of a post-growth economy as possible (Dietz and O'Neill, 2013, p.110). In this context, Fanning et al. (2020) introduce the concept of ‘appropriating systems’, which – unlike provisioning systems – extract rents to satisfy the wants of elites at the expense of society at large. To target wealth associated with rent extraction, we focus on financial wealth and property wealth *in excess of the value of a household's main residence* – referred to here as investment property wealth. Taxing these types of wealth may contribute to reducing the power of rent-extracting, appropriating systems. While land wealth can also be considered a source of rent extraction, we are unable to include it in our metric due to data constraints.¹

2.2.4. Goal number 4: reducing emissions

Several authors also argue that wealth taxes can generate

environmental benefits, as greenhouse gas emissions and other environmental pressures are highly unevenly distributed along wealth lines and as inequality might encourage ‘conspicuous consumption’, generating additional environmental burdens (Gore, 2022; Tian et al., 2024; Büchs et al., 2024b). There are several channels through which wealth taxes could impact emission levels. *Consumption* and *investment* channels are critical. Emissions associated with wealth holdings are significant, and vary substantially across asset types and countries (Chancel and Rehm, 2025), so wealth taxes could reduce environmental impacts by constraining the emission-intensive investment and consumption activity of the very wealthy. However, due to data constraints, we focus only on the *inequality channel*, i.e. how lower inequality may translate into lower emissions. In this context, Knight et al. (2017) find the wealth-inequality elasticity of consumption-based CO₂ emissions to be 0.795, meaning that a 1% decrease in wealth inequality is associated with a 0.795% decrease in per capita CO₂ emissions.

3. Methods and data

3.1. Tax models and assessment criteria

While taxes on wealth can exist in many forms, our analysis focuses on taxes on stocks of wealth, rather than on wealth transfers (such as inheritance or gift taxes) or income from wealth (such as taxes on capital gains, profits and interest), in line with most of the wealth tax literature. This choice is primarily driven by methodological and data constraints. Although the HFCS includes information on inheritance and gifts, these data are unreliable, and no straightforward correction method exists (Alvaredo et al., 2017). In addition, taxes on wealth transfers or increases differ in ways that make them less relevant to our goals and criteria. For example, such taxes are levied only when gains are realised, making their incidence irregular and unpredictable, with no direct link between the total stock of wealth and the resulting tax burden or distributional effects. Because we are primarily interested in how a tax would affect outcomes related to stocks of wealth, we focus on taxes directly levied on those stocks.

There is also an inherent connection between taxes on stocks of wealth and taxes on income from wealth. A tax on a stock of wealth must ultimately be paid out of income, either from asset sales or from the returns generated by those assets, making a net wealth tax somewhat comparable to a tax on capital income. For example, a 1% tax on assets worth €1 m with an annual return of 5% is comparable to a 20% tax on the resulting €50,000 in income. However, the two taxes are not equivalent. Revenue from capital income taxes fluctuates with returns, whereas revenue from a tax on the stock of wealth might be more stable if the value of that stock varies less with changes in economic growth. If returns fall to 1% the following year, due to, for example, a financial crisis, the capital income tax rate required to maintain the same revenue would be 100%. Alternatively, if the capital income tax rate remained at 20%, revenue would fall by four-fifths. A tax on stocks of wealth might have greater potential to avoid these fluctuations. The tax model with the broadest base and highest burden in our analysis corresponds to a capital income tax of around 70% assuming net wealth of €5 m and

¹ In the HFCS correction procedure outlined in section 3.3, land wealth is split between two variables: land underlying properties is assigned to property wealth, while other land holdings are assigned to non-financial business wealth. As a result, we are unable to accurately model effects on land wealth holdings.

Table 2

Goals and related assessment criteria applied in the modelling.

Goal	Criterion 1	Criterion 2
Redistributing wealth	Change in the share of wealth held by the top 10% and 1%.	Kakwani index of tax progressivity, which indicates the progressivity of the distribution of the tax burden relative to the distribution of wealth.
Eradicating extreme wealth	Percentage change in the number of households with wealth in excess of €8.9 m.	Percentage change in the number of households with wealth above the pre-tax 99th percentile.
Curbing rent extraction	Percentage change in total financial and investment property wealth.	–
Reducing (inequality-related) emissions	Expected change in CO ₂ emissions based on Knight et al.'s (2017) inequality-emissions elasticity.	–

annual returns of 5%.

We create four tax designs by combining two exemption thresholds with two rate structures, as shown in Table 1 below. We then apply each design to three types of wealth: (i) net wealth, (ii) combined financial and investment property wealth, and (iii) total property wealth, which includes the value of all properties owned, as well as underlying land. This results in twelve combinations. We then use microsimulation analysis to investigate how each of these twelve tax designs performs against the four goals.

By using three tax bases and four tax designs, we can see how the effects of wealth taxes vary when these features differ. Of course, each design has also implications beyond the scope of our analysis. Each of the three tax bases comes with specific advantages and drawbacks. Exempting certain assets (i.e., defining the tax base as anything other than total net wealth) can create incentives for households to shift their holdings toward exempt assets (OECD, 2018; Advani et al., 2020a). For example, if a tax were levied on property wealth, wealthy households might shift their holdings toward other assets that are no less economically or ecologically harmful. They may also exploit the imprecision of wealth categorisation by, for example, holding property via a financial vehicle or a business so that it is classified as exempt. Similarly, a tax on financial wealth could have adverse effects on government bond markets – for example, if government bonds become less attractive due to the tax, their price could fall, driving interest rates up (Jackson, 2024). Every wealth tax design has its own implications, and none will be perfect. This again highlights that wealth taxes should not be seen as a silver bullet but rather as part of a comprehensive package to ensure the tax system as a whole is fair.

The tax rates applied in our analysis are in line with most other studies. For example, Advani et al. (2020c) model rates up to 3%, and Apostel and O'Neill (2022) consider rates up to 5%. More ambitious rates also exist in the literature. Kapeller et al. (2023), for instance, simulate rates of up to 90% for the very wealthiest. The tax designs presented in this paper are intended to be policy-relevant and realistic here and now. However, given that rates of return for the very wealthiest can exceed 10% in some contexts (Fagereng et al., 2018), higher rates may likely be necessary to achieve the desired effects in terms of wealth redistribution and emission reduction. The two rate structures and exemption thresholds used in our study are primarily intended to illustrate how results change in response to different designs.

The results of each microsimulation are assessed using criteria aligned with the four post-growth goals, as summarised in Table 2.

3.2. Data sources

Estimating the effects of a wealth tax requires microdata on the distribution of wealth. The Household Finance and Consumption Survey (HFCS), provided by the European Central Bank (ECB), is the primary data source underlying our analysis. The HFCS dataset includes data from 22 European countries. However, we remove Croatia, Estonia, Luxembourg and Poland for methodological reasons (see Section 3.3 for details), meaning our final dataset contains 18 countries. We use the HFCS dataset from 2017 as the most recent available HFCS wave from 2021 may be less reliable due to disruptions caused by the COVID-19

pandemic. The HFCS data contains imputed values for some variables and consists of five implicate datasets, each with slightly different imputed values. The sample size of the original HFCS datasets for our 18 countries is 80,010 households. The data correction procedure, outlined in the next sub-section, results in an additional 81,422 to 87,697 observations (although these additional observations are weighted much lower than the original HFCS observations). We run all calculations on each of the five implicate datasets separately and present the average of these results.

3.3. Correcting for under-representation of the very wealthy

Household wealth surveys are subject to two main limitations. First, households at the top of the wealth distribution are less likely to respond than other sampled households (differential unit non-response) (Osier, 2016). The HFCS generally over-samples wealthier households, but research suggests the raw survey data still underestimates the wealth of those at the very top of the distribution (Kapeller et al., 2023). Second, aggregated net household wealth based on surveys is substantially lower than aggregated net household wealth in macro-national statistics, and differential unit non-response does not entirely explain this gap (Chakraborty et al., 2019).

It is therefore highly likely that surveys underestimate total net wealth (Waltl, 2022) and the associated wealth tax revenue potential (Apostel and O'Neill, 2022). The ECB has undertaken an effort to correct for wealth survey limitations. While the results of the ECB's correction approach are publicly available, the underlying corrected dataset is not accessible to researchers. We have thus replicated the ECB's correction procedure, drawing on the ECB's methodological reports from their experimental Distributional Wealth Accounts (DWA) (Engel et al., 2022; ECB, 2024). As some input data is not publicly available, we are unable to fully replicate the ECB's work, but our results are, in general, very close to their estimates.²

In what follows, we describe the main steps of the correction procedure and highlight important differences between the ECB's original work and our replication.

3.3.1. Step 1: adjust HFCS weights

The HFCS target population excludes households in collective institutions (e.g., prisons or care homes). To correct for this, weights are adjusted so that the adjusted HFCS weights sum up to the total number of households in each country.

² Both the top 5% and top 10% net wealth shares are on average only 0.4%-points larger in our estimates than in the ECB's Distributional Wealth Accounts (DWA). For the Netherlands and Greece our estimates are substantially larger than the ECB's results (by 10%-points and 7%-points for the top 5% net wealth shares, respectively). In the case of the Netherlands, this divergence can be explained by the fact that the Dutch DWA data are based on administrative data rather than HFCS microdata. The reason for our larger estimate for Greece is not clear. When excluding the Netherlands and Greece, our wealth share estimates are on average 0.6%-points smaller than the ECB for the top 5% and 0.4%-points smaller for the top 10% net wealth shares.

3.3.2. Step 2: link HFCS variables to their national accounts counterparts

While most HFCS variables can be easily linked to their National Accounts counterparts (ECB, 2020), there are some exceptions.³ Here we consistently follow the ECB's approach to dealing with these exceptions. In some cases, the ECB relies on non-public data to adjust National Accounts aggregates before the linking procedure. Since these adjusted aggregates are publicly available, we adopt them in our replication procedure.

3.3.3. Step 3: correct for underreported deposits

The ECB corrects deposits that are implausible considering a household's total income or assets.⁴ Since the ECB (2024) methodological note is vague on the exact procedure, we adopt the approach described in Engel et al. (2022).

3.3.4. Step 4: estimate the top tail and sample rich households

It is well-known that household wealth is Pareto distributed at the top. The country-specific shape of this Pareto distribution is estimated on a dataset which combines the richest households from the HFCS (in the ECB baseline, those households with wealth above €1 m) and very-wealthy households from 'rich lists' such as Forbes. As the richest households in the HFCS are typically much poorer than the poorest households in a rich list, the gap between the HFCS and the rich list is filled by sampling households from the estimated Pareto distribution. Here we diverge from the ECB given that the country-specific rich lists used by the ECB are not publicly available. Instead, we rely on the Forbes list and, where there are no Forbes rich list observations close to the survey reference period, the European Rich List Database (ERLB) (Disslbacher et al., 2022).⁵ For four countries (Croatia, Estonia, Luxembourg and Poland), either the rich list data or the ECB DWA do not exist. These countries are therefore not included in our final sample.

3.3.5. Step 5: specify the portfolio allocation at the top

While the HFCS contains detailed information on the portfolio allocation of households, rich lists typically only report on total net household wealth. Moreover, for the sampled top households, only total net wealth is available. The ECB first estimates country-specific liability to net wealth ratios. These estimates can then be used to infer gross total wealth. Gross total wealth is then allocated to different asset classes, such as property wealth or various categories of financial wealth, using external information on top wealth portfolios.⁶ Unfortunately, the ECB (2024) methodological note is vague on the liability correction procedure, so we take the average of the (relatively narrow) cross-country range they mention.

3.3.6. Step 6: proportional rescaling

To fully align the corrected HFCS data with the National Accounts,

³ For example, business wealth (an HFCS variable) can be mapped to either unlisted shares and other equity (if the business is regarded as a corporation or a quasi-corporation) or not be recorded separately (i.e. no distinction is made between business and household assets, if the household is considered to be a producer household).

⁴ There is also the issue that business deposits are classified as business wealth in the HFCS but as deposits in the National Accounts. We also follow the ECB's correction for this issue.

⁵ Moreover, we consistently sample to fill the gap between HFCS and rich list observations, whereas the ECB does not apply sampling in some cases (as they likely have more rich list observations) or additionally samples at HFCS or rich list wealth levels (the precise criteria are unclear, so we decided not to implement this additional sampling).

⁶ ECB (2024) does not report a precise breakdown of the portfolio allocation, so we rely on the breakdown provided in Engel et al. (2022). We do implement the country-specific portfolio allocation adjustments (relative to the baseline) detailed in the ECB (2024) report, to the extent that such adjustments are possible based on publicly available information.

Table 3

Top wealth shares using uncorrected and corrected data.

Share of wealth held by the top...	Uncorrected HFCS data	Corrected HFCS data
10%	52.1%	57.4%
5%	38.2%	44.6%
1%	18.2%	25.8%

Source: Own calculations based on HFCS (2017).

HFCS asset categories are rescaled to their linked National Accounts counterparts from Step 2. For liabilities, the rescaling procedure is adapted to ensure that net negative households do not end up with more negative net wealth than they had before (as the standard procedure leads to implausible outliers).

For a small number of countries, the ECB does not implement Step 3 and/or Step 4 as such corrections were not deemed necessary for these cases, either because the deposits are considered not to be under-reported, or the HFCS survey is assumed to already capture the top of the wealth distribution very well. We adopt the ECB's approach for these countries.

Table 3 shows the shares of wealth held by the top 10%, 5% and 1% for our sample of 18 countries in the original, uncorrected HFCS data, and the corrected HFCS data.

3.4. Microsimulation methods

After correcting the HFCS data to more accurately represent the actual wealth distribution, we performed static microsimulation analysis to simulate the effects of the different tax designs. Our analysis is conducted at the household level for the whole of the final sample, rather than individual countries.

We recognise that the 18 European countries included in our analysis do not represent a political community capable of jointly determining wealth tax policy. We do not suggest that this sample should constitute the geographical scope of wealth taxation. Rather, we aim to provide, as closely as possible within data limitations, an illustration of the potential of wealth taxation in Europe. We also analyse the dataset as a whole to ensure that exemption and marginal-rate thresholds are consistent across the sample. As a result, the simulated taxes are redistributive within the whole sample, rather than only within each country.

Revenue estimates are generated by summing taxable wealth – i.e., the wealth subject to taxation under each design – and multiplying by the applicable tax rate(s). Where taxes are levied on specific types of wealth, the percentile thresholds refer to that specific type of wealth, *not* net wealth.

Analysis for **goal 1** (redistributing wealth) involved calculating the change in the share of total wealth held by the top 10% and the top 1%, before and after the tax. Additionally, we compute the Kakwani index of tax progressivity (Kakwani, 1977), which measures the difference between the concentration index of tax payments (i.e., the distribution of the tax burden across the wealth distribution) and the Gini coefficient (in this case, for net wealth). A positive Kakwani index indicates that the tax payments are more concentrated at the top than wealth itself, implying a progressive tax. The higher the index, the more progressive the tax.

For **goal 2** (eradicating extreme wealth), we calculate the percentage change in the number of households with net wealth exceeding €8.9 m (the most popular absolute threshold from Balata et al. (2025)) and the percentage change in the number of households with net wealth greater than the 99th percentile (approximately €2.4 m – a relative threshold roughly in line with Dutch public perceptions of extreme wealth from Robeyns et al. (2021)), before and after the tax.

For **goal 3** (curbing rent-seeking), we measure the percentage change in the amount of wealth held in financial assets and investment property. The procedures for doing so differ depending on the tax base. When the tax base is net wealth, we assume that each household's wealth

Table 4

Wealth holdings by percentile and wealth type (in €).

Wealth type	50th percentile	75th percentile	90th percentile	95th percentile	99th percentile	Gini coefficient
Net wealth	112,620	308,413	629,352	973,265	2,406,940	0.70
Financial and investment property wealth	42,181	141,487	407,042	673,575	1,710,737	0.79
Total property wealth	102,373	255,552	453,947	652,011	1,333,699	0.67

Source: Own calculations based on 18 countries of the HFCS (2017). Sample consists of 80,010 HFCS observations. Reported results are averages from the five implicate datasets.

portfolio composition remains constant. Therefore, we subtract from each household's net wealth an amount of financial and investment property wealth equal to their total tax liability multiplied by the share of their wealth held in these asset types.

When the tax base is total property wealth, we need to consider the impact of the procedure that corrects for the under-representation of the very wealthy. The data-correction procedure described in section 3.3 results in some of the top-corrected wealth being allocated to a property wealth category which is not disaggregated into main residences and investment property. As a result, we need to break it down into these component parts. To separate out investment property, we used the raw HFCS data to determine the proportion of total property wealth held in investment property for each wealth decile and for the top percentile. We then apply these proportions to the corrected aggregate property wealth variable to reconstruct separate asset categories. This approach has limitations, since the asset composition of very-wealthy households is sometimes adjusted to align with national accounts data. However, it allows us to estimate the reduction in investment property wealth under a property wealth tax by multiplying the total tax revenue by the share of total property wealth held in investment property.

When the tax base is financial and investment property wealth, the calculation is more direct: we simply deduct total tax revenue from total pre-tax financial and investment property wealth.

For goal 4 (reducing CO₂ emissions), we use the wealth-inequality elasticity of consumption-based CO₂ emissions from Knight et al. (2017), which the authors estimate to be 0.795. In their analysis, wealth inequality is measured by the share of wealth held by the top 10%. To estimate the expected direct reduction in CO₂ emissions resulting from a decrease in wealth inequality, we multiply the change in the top 10%'s wealth share by 0.795.

4. Results

4.1. Wealth distribution in 18 European countries

To begin, we explore how different types of wealth are distributed across households in our sample of 18 European countries. Table 4 shows the amount of each wealth type (in €) held at selected percentiles, and Fig. 1 presents the corresponding relative generalised Lorenz curves for the three types of wealth.⁷

This analysis shows that the inequality of wealth distribution differs by type of wealth. Financial and investment property wealth is the most unequally distributed. Net wealth is somewhat less unequal. Total property wealth, though still highly unequal, is the most evenly distributed.

4.2. Revenue

This section presents estimates of how much revenue (€ bn) could be generated following the first implementation of each tax design (Fig. 2). The largest amount would be raised by a tax on net wealth with a lower threshold and higher rates – €605 bn, or approximately 13% of the total

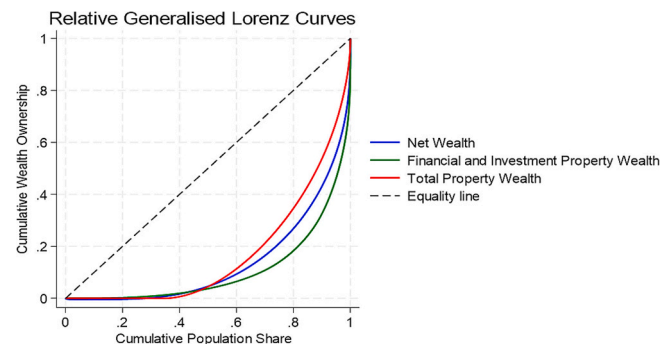


Fig. 1. Relative generalised Lorenz curves for the three different types of wealth. Source: Own calculations based on 18 countries from the HFCS (2017). Sample consists of 80,010 HFCS observations from the first implicate dataset.

tax revenue for our sample of countries in 2017 (OECD, n.d.). A tax on total property wealth with a higher threshold and lower rates would yield the lowest revenue, at €111 bn. It is important to note, however, that these estimates do not account for avoidance and evasion. They also represent only the expected revenues from the first time the tax is levied. These limitations are discussed in Section 5.

4.3. Effects of different tax designs in relation to post-growth goals

4.3.1. Goal 1 – redistributing wealth

This section summarises our results regarding the potential redistributive effects of the different tax designs. Fig. 3 shows the percentage-point reduction in the share of wealth held by the top 10%, and Fig. 4 the percentage-point reduction in the share held by the top 1%, after the implementation of the taxes. The most effective tax for reducing the top 10% share of wealth is a net wealth tax with a lower threshold and higher rates. This design would be expected to reduce the top 10% wealth share by 0.56 percentage points in the first year. A net wealth tax

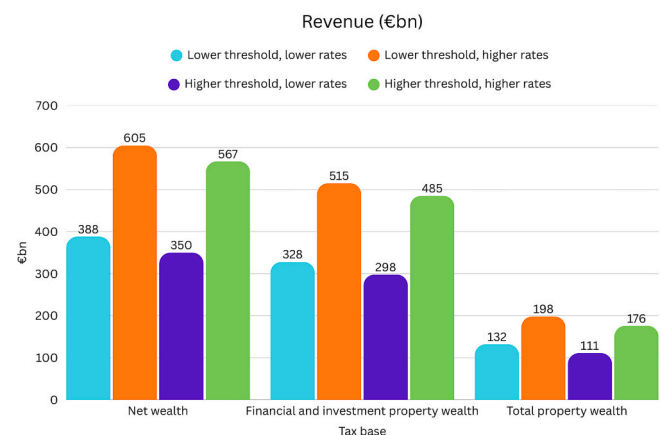


Fig. 2. Revenue estimates (€bn) for each tax design. Source: Own calculations based on 18 countries from the HFCS (2017). Sample consists of 80,010 HFCS observations. Reported results are averages from the five implicate datasets.

⁷ Based on the 1st implicate dataset. Results for other implicate versions are very similar.

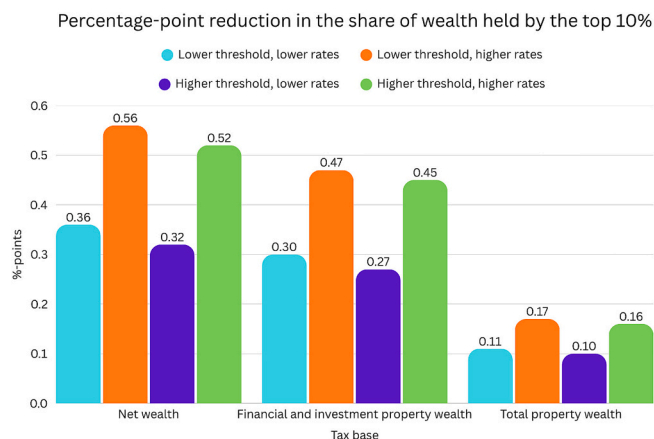


Fig. 3. Percentage-point reduction in the share of wealth held by the top 10%. Source: Own calculations based on 18 countries from the HFCS (2017). Sample consists of 80,010 HFCS observations. Reported results are averages from the five impute datasets.

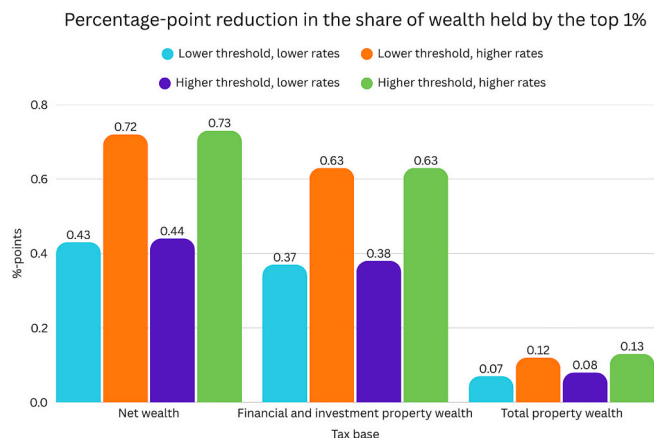


Fig. 4. Percentage-point reduction in the share of wealth held by the top 1%. Source: Own calculations based on 18 countries from the HFCS (2017). Sample consists of 80,010 HFCS observations. Reported results are averages from the five impute datasets.

with a higher exemption threshold and higher rates is most effective for reducing the top 1% share, with an expected reduction of 0.73 percentage points in the first year. The least effective tax design to reduce

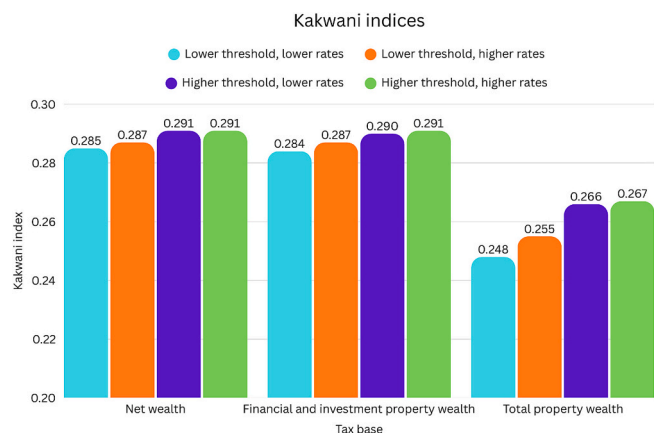


Fig. 5. Kakwani index for each tax design. Source: Own calculations based on 18 countries from the HFCS (2017). Sample consists of 80,010 HFCS observations. Reported results are averages from the five impute datasets.

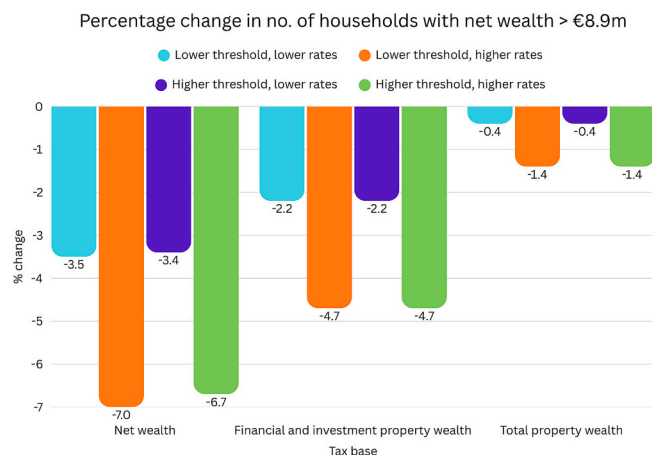


Fig. 6. Percentage change in households with net wealth exceeding €8.9 m. Source: Own calculations based on 18 countries from the HFCS (2017). Sample consists of 80,010 HFCS observations. Reported results are averages from the five impute datasets.

wealth inequality, by these measures, is one levied on total property wealth, especially with low tax rates.

Fig. 5 shows the Kakwani index for each tax design. The Kakwani index compares the distribution of tax payments with the distribution of wealth. Based on this measure, the most progressive tax is one with a higher exemption threshold levied on net wealth, or taxes with higher exemption thresholds and higher rates on financial and investment property wealth. The least progressive taxes are those levied on total property wealth, especially when the exemption threshold is low. The Kakwani index suggests taxes with higher thresholds are more progressive, as tax liabilities are concentrated higher up the wealth distribution. However, as shown in Fig. 3, these taxes are not always the most effective at reducing top wealth shares.

4.3.2. Goal 2 – eradicating extreme wealth

This section presents our results on the reduction of extreme wealth, using two different thresholds. Fig. 6 shows the percentage change in the number of households with net wealth exceeding €8.9 m – the most popular absolute threshold for ‘extreme’ wealth, according to Balata et al. (2025) – after the implementation of the tax. The most effective tax design is a net wealth tax with a lower exemption threshold and higher rates, which reduces the number of households above this level by 7% (a reduction of 11,123 households – from 160,028 to 148,905) in the first year. At the other end of the scale, a total property wealth tax with lower rates results only in a reduction of about 0.4% (or 670 households).

Fig. 7 shows the percentage change in the number of households with net wealth exceeding €2.4 m (the pre-tax 99th percentile) after implementation. Using this relative threshold, the same tax design remains the most effective: a net wealth tax with a lower exemption threshold and higher rates reduces the number of households above the 99th percentile by 5% (or 76,676 households – from 1,546,431 to 1,469,755) in the first year. In contrast, a total property wealth tax with lower rates and a higher threshold reduces this group by only 1.7% (or 26,242 households).

4.3.3. Goal 3 – curbing rent extraction

This section summarises our results on how the different tax designs may affect the composition of wealth holdings in the economy. Fig. 8 shows the percentage change in the amount of wealth held in financial assets and investment property following implementation of each tax design. If the goal is to shift the economy away from rent-seeking activities based on finance and investment property, then a tax directly targeting these types of wealth is, unsurprisingly, the most effective

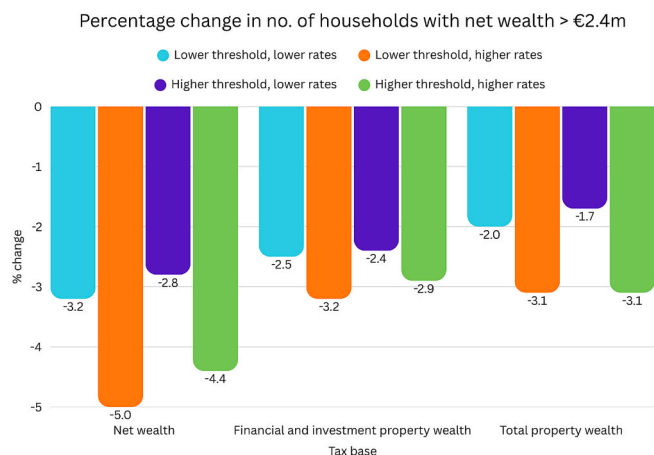


Fig. 7. Percentage change in households with net wealth in excess of the pre-tax 99th percentile. Source: Own calculations based on 18 countries from the HFCS (2017). Sample consists of 80,010 HFCS observations. Reported results are averages from the five impute datasets.

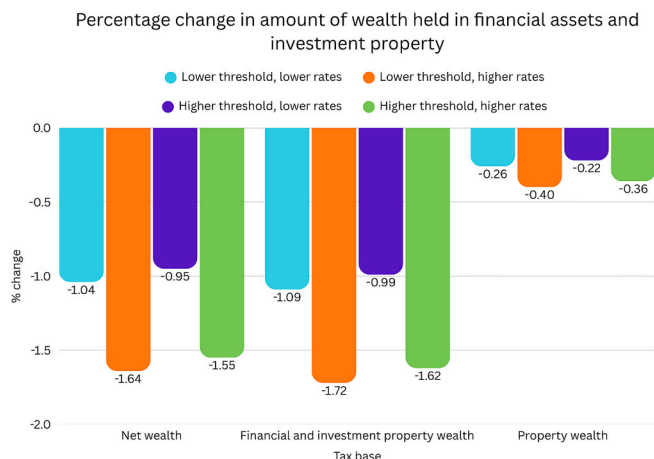


Fig. 8. Percentage change in amount of wealth held in financial assets and investment property after the implementation of each tax design. Source: Own calculations based on 18 countries from the HFCS (2017). Sample consists of 80,010 HFCS observations. Reported results are averages from the five impute datasets.

option. A lower-threshold, higher-rate tax on financial and investment property wealth reduces holdings of financial and investment property wealth by 1.72% (or approximately €500bn). This reflects the direct effect of wealth being relinquished through taxation. Additional indirect effects are also likely. For example, such a tax may incentivise shifts in wealth portfolios toward tax-exempt assets (i.e., productive assets in the ‘real’ economy), further reducing the share held in financial and investment property wealth. Since wealthier households tend to hold a larger proportion of their wealth in financial assets and investment property – and are more likely to exceed the exemption thresholds – taxing net wealth achieves similar levels of reduction of these asset types compared to a tax on financial assets and investment property.

4.3.4. Goal 4 – reducing CO₂ emissions

This section summarises the potential inequality-related CO₂ emission reductions associated with each tax design. Fig. 9 shows the expected percentage change in CO₂ emissions for each tax design, based on the change in the wealth share of the top 10% and the elasticity calculated by Knight et al. (2017). According to this analysis, a tax on net wealth with a lower exemption threshold and higher rates is the most effective, reducing CO₂ emissions by 0.77% in the first year. A tax on

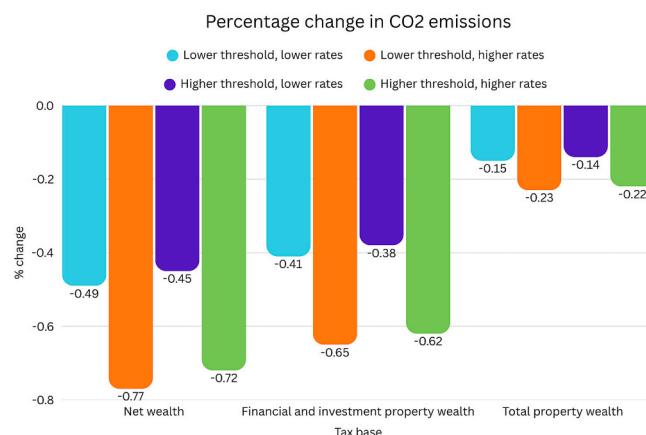


Fig. 9. Expected percentage change in CO₂ emissions for each tax design. Source: Own calculations based on 18 countries from the HFCS (2017). Sample consists of 80,010 HFCS observations. Reported results are averages from the five impute datasets.

total property wealth with a higher threshold and lower rates is the least effective, reducing CO₂ emissions by 0.14%. However, all of these estimates rely on a single associative elasticity from Knight et al. (2017) and should therefore be interpreted with caution.

5. Discussion

To put our revenue estimates into perspective, government spending on social protection in our country sample totalled around €3 tn in 2017 (OECD, no date). A wealth tax with higher rates and lower thresholds could raise up to €605bn – around 20% of this expenditure (with actual revenues likely being somewhat lower due to evasion/avoidance) – or, from a Modern Monetary Theory perspective, create substantial macroeconomic space for increased spending on social and ecological objectives. Therefore, our analysis shows that wealth taxes can play an important role in enabling post-growth welfare states.

Our analysis regarding wealth redistribution and emission reduction is roughly in line with the limited number of existing studies. Our estimate that the share of wealth held by the top 1% could be reduced by 0.73% under a net wealth tax with higher rates and a higher threshold is within the range of 0.16% to 0.84% given by Apostel and O'Neill (2022). Our estimate that inequality-related CO₂ emissions could be reduced by up to 0.77% is also similar to the estimate of 0.1% to 0.6% from Apostel and O'Neill (2022).

5.1. Evaluating tax designs against post-growth goals

Our analysis shows that the most effective tax design varies depending on the goal of the tax. If the goal is to maximise revenue or the amount of wealth recirculated, reduce the share of wealth held by the top 10%, reduce the number of households with ‘extreme’ wealth, or reduce inequality-related CO₂ emissions, then a tax on net wealth with a lower threshold and higher rates is most effective. If the goal is to maximise the progressivity of the tax or reduce the share of wealth held by the top 1%, a tax on net wealth with a higher threshold and higher rates yields the best results. If the goal is to reduce rent extraction, a tax on financial and investment property wealth with higher rates and a lower threshold performs best (all else equal).

5.2. Trade-offs

Our analysis also highlights conflicts between the goals. Fig. 10 presents these visually showing the relative effectiveness of taxes on different kinds of wealth in relation to the four goals, as well as total

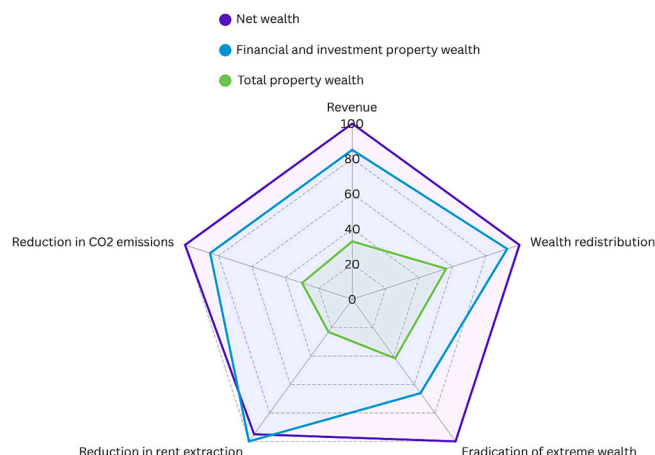


Fig. 10. Radar chart showing relative effectiveness of taxes on different kinds of wealth. Based on ‘lower threshold, higher rates’ models.

revenue. Fig. 10 corresponds to the ‘lower threshold, higher rates’ models. The pattern is similar for other models. Outcomes for each of the criteria are indexed against the most effective option, which is set to 100. Where there are multiple criteria per goal, an average is taken.

As Fig. 10 shows, a tax on net wealth would be the most redistributive. A tax on financial and investment property wealth, all else equal, would be most effective at shifting the economy away from rent-seeking activities, but would not be as effective at redistributing overall wealth. However, if rent extraction was reduced, redistributive taxation would have less work to do. Evidence from the UK also indicates higher levels of public support for taxes on financial and investment property wealth than other types of wealth (Rowlingson et al., 2020), based on perceptions that this type of wealth is more likely to be ‘unearned’. However, while a tax on financial and investment property wealth must form part of a comprehensive policy package to curb rent extraction, it is unlikely to be an adequate response on its own in an otherwise unchanged system. As Stratford (2020, p.1) points out, rent extraction – ‘an economic reward which is sustained through control of assets that cannot be quickly and widely replicated, and which exceeds proportionate compensation for the labour of the recipient’ – is a structural symptom of an economy built on often privatised control over scarce assets. Varoufakis’ (2024) account of techno-feudalism reinforces this: because today’s dominant rents increasingly stem from the structural power of digital platforms and cloud capital, taxation alone is insufficient, meaning that even a well-designed wealth tax must be complemented by broader reforms, such as regulating or breaking up dominant platforms, placing key digital infrastructures under public or public-common ownership, and limiting the monopolisation of data and algorithms.

Trade-offs between goals and tax designs emphasise the need for holistic policy portfolios (Bärnthaler et al., 2026) – there is no single policy that will achieve all the goals of a post-growth transition. For instance, a wealth tax could be levied on net wealth to maximise redistribution, whilst rent extraction could be addressed through rent controls, de-commodified provisioning, and worker-owned companies. The latter could be encouraged by allowing wealth tax liabilities to be paid in the form of transferring shares to workers (Parrique, 2019, p.692). At the same time, wealth taxes can help set the ceiling of equitable production and consumption corridors and create the macroeconomic space needed for policies like Universal Basic Services, which establish the floor of universal need satisfaction (Bärnthaler and Gough, 2023; Büchs, 2021). Sequencing, however, will also be important: Stratford (2020, p.3) argues that if environmental protections that limit opportunities for expanding production precede action on rent extraction, they may exacerbate rent-seeking behaviour and increase economic inequality, ‘as those seeking to increase their income and wealth may be tempted [...] to make more powerful claims over the spoils from

existing production’.

Despite our analysis being static, effectively conceptualised as a one-off tax (see limitations), trade-offs relating to the dynamic effects of taxation also need to be considered. For instance, if a wealth tax were levied at a rate sufficiently high to prevent the accumulation of wealth, revenue would fall in subsequent rounds of taxation. However, if rates were set below average rates of return, this would not be the case. This highlights how trade-offs between goals may become more pronounced over time. If high levels of private wealth are viewed as something to be abolished via taxation, there will be greater effects in terms of wealth redistribution and emission reduction, but the tax will eventually undermine its own revenue base. Conversely, if wealth is treated primarily as a source of tax revenue and allowed to continue growing, revenue will be more stable, but at the cost of weaker distributional and environmental outcomes.

Finally, there are also trade-offs to consider regarding liquidity. A tax with an exemption threshold at the 90th percentile will generate more revenue and redistribute more wealth than one with an exemption threshold at the 95th (or higher) percentile. However, it will also result in more households facing liquidity constraints (Loutzenhiser and Mann, 2020). This also depends on the type of wealth taxed – financial wealth is generally more liquid (Advani et al., 2020b), so if the tax were levied on financial and investment property wealth, liquidity concerns would be mitigated, albeit at the expense of revenue. Careful planning is therefore required to ensure that liquidity issues are not excessive, but if the goal is a more equal distribution of assets, it may not be undesirable for the wealthiest households to sell some of their holdings to pay the tax bill.

5.3. Limitations

The analysis in this article has several limitations. Firstly, the analysis is static. This means the results only represent the immediate, or ‘day after’, effects of a wealth tax. Our analysis is thus, in effect, conducted as if it were a one-off wealth tax, whereas ideally research should examine the impacts of recurring taxes.

Secondly, we do not consider tax avoidance or evasion in our empirical analysis because existing estimates of the elasticity of taxable wealth in response to changes in wealth tax rates vary enormously – by a factor of 800 (Advani and Tarrant, 2021) – reflecting methodological differences and the strong influence of policy, cultural, and regulatory contexts (OECD, 2018; Advani and Tarrant, 2021). Meaningful tax avoidance or evasion estimates for our tax designs are therefore not feasible, as these designs would be unprecedented in geographical scope, rate and threshold structure, and tax base. Nonetheless, design choices can limit avoidance and evasion – for example, taxing on the basis of citizenship rather than residency, or taxing worldwide assets to reduce capital mobility (OECD, 2018; Advani and Tarrant, 2021). Improvements in information technology and international data-sharing (Saez and Zucman, 2022) have already reduced evasion threefold over the past decade (Alstadsaeter et al., 2024), and wealth tax returns could be pre-filled by the tax authorities to further narrow avoidance opportunities (Saez and Zucman, 2019).

Thirdly, there are myriad interaction effects that cannot be fully anticipated. For example, a tax on wealth stocks may have repercussions for the revenue from other taxes, as such a tax would partially replace, rather than simply add to, the revenue from capital income or inheritance taxes (because if stocks of wealth have been taxed, income from wealth, and the amount of wealth transferred upon death, will be comparatively lower). Some potential interaction effects could also be positive. For example, Büchs et al. (2021) explore different ways of ‘recycling’ revenues from carbon taxes in European countries. They show that by using revenues to equitably expand the provisioning of green public services, such as renewable energy and public transport, greater environmental and social benefits can be realised. The same could be achieved with wealth tax revenues.

Fourthly, the measurement of the post-growth criteria, against which we assess the tax options, is limited by the design of the HFCS data. For example, our measure of rent extraction does not include business wealth because the HFCS data does not differentiate between different types of business. This means the rent extraction measure does not capture landlords who manage their property portfolio through a company. If a tax on investment property was implemented, transparency of wealth holdings (through, for example, a compulsory and public register of landlords) would be critical to prevent landlords from obscuring their investment property wealth behind shell companies.

Finally, although their potential to generate more growth-independent tax revenue is one possible justification for the inclusion of wealth taxes in post-growth policy portfolios, we are not able to assess this goal based on the dataset and methods used. This is an important opportunity for future research.

6. Conclusion

Wealth taxes are a commonly proposed policy within the post-growth literature, yet an assessment of their performance against post-growth goals and empirical estimates of their potential effects remain limited. We address this gap by using microsimulation to explore, for the first time, how twelve concrete wealth tax configurations perform against four key goals of a post-growth transition: reducing inequality, eradicating extreme wealth, curbing rent extraction, and reducing CO₂ emissions.

Our results show that no single tax design advances all goals equally. For example, taxes on net wealth are most effective for redistribution, extreme wealth reduction, and inequality-related CO₂ emission decreases, while taxes on financial and investment property wealth are most effective for reducing rent-seeking activity. These trade-offs highlight that wealth taxes cannot serve as a standalone solution; instead, they must be embedded within broader eco-social policy packages that complement their strengths and mitigate their limitations.

In an era of polycrisis, where ecological breakdown and extreme inequality are mutually reinforcing, there is an urgent need for policies that transform the underlying political-economic dynamics. Our analysis demonstrates that well-designed wealth taxes can make a meaningful contribution to this transformation by recirculating wealth, constraining harmful forms of accumulation, and supporting more equitable and sustainable provisioning systems. Their transformative potential, however, depends on being coupled with wider reforms – such as regulatory measures to curb rent extraction, democratise ownership, and strengthen universal eco-social provisioning – that together can support a just and sustainable post-growth transition.

CRedit authorship contribution statement

Thomas Webb: Writing – original draft, Visualization, Methodology, Investigation, Formal analysis, Conceptualization. **Arthur Apostel:** Writing – review & editing, Methodology, Investigation, Formal analysis, Data curation. **Milena Büchs:** Writing – review & editing, Supervision, Methodology, Conceptualization. **Milena Büchs:** Funding acquisition. **Richard Bärnthal:** Writing – review & editing, Supervision, Conceptualization.

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Declaration of competing interest

The authors declare that they have no known competing financial interests or personal relationships that could have appeared to influence the work reported in this paper.

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Data availability

The authors do not have permission to share data.

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