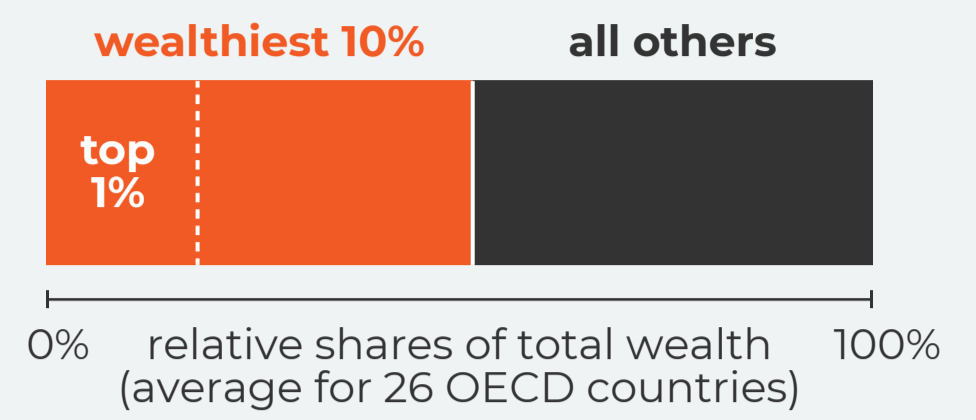


Inheritance taxation in OECD countries

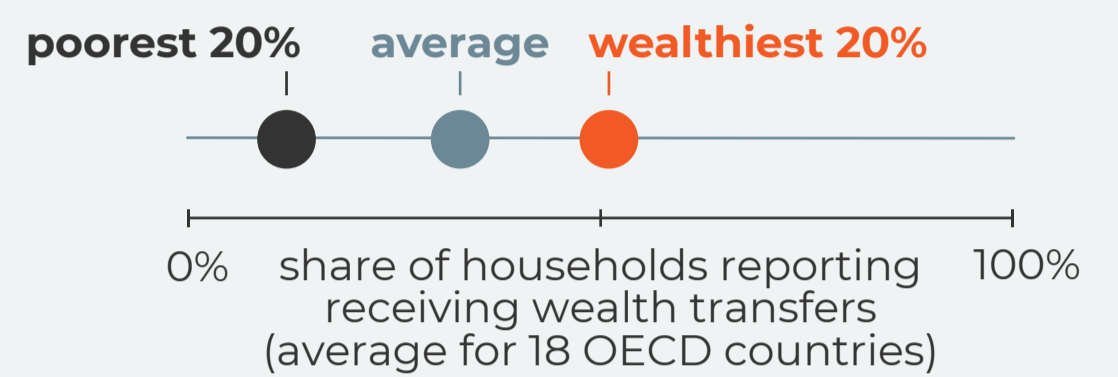
Household wealth is largely concentrated at the top of the wealth distribution

On average across OECD countries, **52% of the total wealth is held by the wealthiest 10%.**



Wealth transfers are common across OECD countries, but they are unequally distributed and reinforce inequalities

On average, 33% of households report receiving an inheritance or large gift. **Wealthy households are more likely to do so** than low-wealth households.

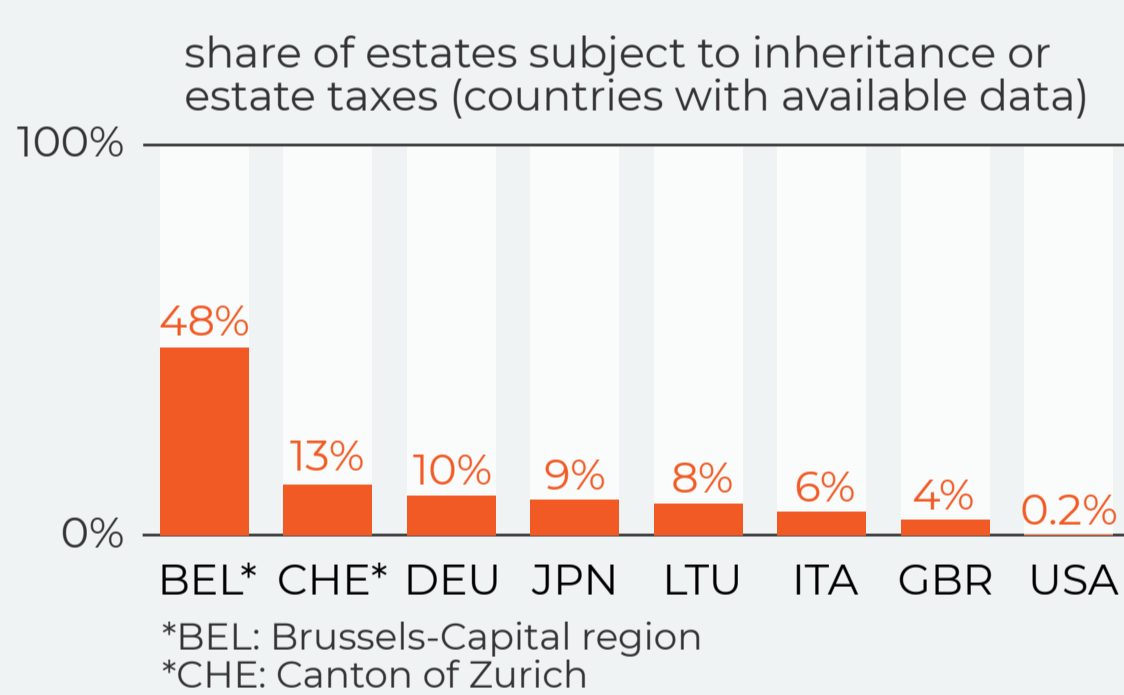


average value of inheritances

The inheritances and gifts that the wealthiest households (top 20%) report receiving are close to **50 times higher on average** than those reported by the poorest households (bottom 20%).

Revenues from inheritance, estate and gift taxes form a very small portion of total tax revenues

24 OECD countries have an inheritance or an estate tax. In these countries, **a very small share of tax revenues** come from inheritance, estate and gift taxes.



In some countries, narrow tax bases mean **only a minority of estates are taxed.**

The value of wealth that can be transferred tax-free from parents to their children ranges **from USD 17 000 to more than USD 11 million** across OECD countries.

Many countries apply **preferential tax treatment** to transfers of certain assets including businesses, main residences, private pensions, and life insurance.



There is evidence that in some countries the **wealthiest households are taxed at lower effective tax rates**, in part because they tend to hold more assets benefitting from tax relief.

Policy options and recommendations



Taxing inheritances and gifts can play an important role in **enhancing equality of opportunity** and **reducing wealth gaps.**

There is a good case in particular for a well-designed, **recipient-based inheritance tax with an exemption for low-value inheritances.**

Instead of taxing each wealth transfer separately, **a tax on lifetime wealth transfers would improve equity and reduce tax avoidance**, but could increase complexity.

Scaling back tax exemptions and reliefs is key to strengthening the revenue raising potential, efficiency and equity of inheritance, estate, and gift taxes.