Argentina: taxing the wealthiest to finance basic rights

CENTER for ECONOMIC and SOCIAL RIGHTS

NEW ECONOMICS FOUNDATION

ROSA LUXEMBURG STIFTUNG NEW YORK OFFICE

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Executive summary

Argentina's 2020 'solidarity contribution' (Law 27.605) provides a detailed practical example of the Institutional Capacity Framework, demonstrating both the feasibility and limits of taxing extreme wealth under conditions of crisis. The measure targeted approximately 12,000 individuals (around 0.03% of the population). However, more than half of expected revenue came from fewer than 300 individuals,[v] highlighting the high fiscal and distributional impact of extreme wealth concentration. The case shows that taxation of the wealthiest is not only constrained by policy design, but by the alignment of institutional capacity across multiple dimensions, including global structural conditions.

Key insights by framework dimension

1. **Structural:** Argentina combined strong enabling conditions with binding structural limits. The tax base itself is partially outside domestic reach, making structural and relational constraints decisive. Extreme offshore wealth exposure created challenges both in visibility and enforceability. Federal fragmentation and limitations in asset registries further constrained coordination and valuation.

2. **Political:** The measure was enabled by a combination of a crisis-driven political window (COVID-19), strong coordination across government and the tax authority, and high public support (around 80%). Strategic framing - through the language of 'solidarity' and visible allocation of revenues - was critical to building legitimacy. However, resistance was concentrated among a small, highly influential elite, adoption was quickly followed by extensive litigation, and subsequent political shifts weakened enforcement. Political capacity was sufficient to pass reform, but not to sustain it over time.

3. **Legal:** Legal architecture can override both political intent and administrative capability. Argentina's experience shows that legal capacity is often decisive: existing tax instruments (wealth tax, income tax, ownership data) enabled implementation. However, constitutional property protections and judicial rulings constrained enforcement. Courts excluded assets held through irrevocable trust and limited provisions on offshore residency. These constraints reflect both structural legal limits (property rights regimes) and interpretative limits (judicial rulings).

4. **Administrative:** Even if effectiveness is constrained, implementation can generate a 'virtuous cycle` of institutional learning. Argentina entered the reform with important enabling conditions: a dedicated high-net-worth individuals unit, strong leadership involvement, and established compliance tools. Capacity was built through practice, including improved use of international data, stronger inter-agency coordination, and enhanced audit and risk assessment tools. This suggests that institutional capacity is not only a precondition for reform; it can also be built through it.

5. **Technical and data:** the coexistence of a strong baseline and persistent blind spots shows that imperfect data does not preclude action but shapes the limits of enforcement. Existing data systems - wealth and income tax returns, beneficial ownership information, international exchange systems - were critical. However, asset valuation remained inconsistent, data sharing was constrained by secrecy rules, and offshore wealth remained partially opaque.

[1] Ámbito, 21 September 2020. Aporte solidario: alcanzaría a 10.000 personas y 50% de lo recaudado provendría de 253 contribuyentes. https://www.ambito.com/economia/afip/aporte-solidario-alcanzaria-10000-personas-y-50-lo-recaudado-provendria-253-contribuyentes-n5134683

6. **Relational (global) conditions:** Institutional capacity is relational; it is shaped by global systems beyond national control. Global financial structures played a central role: offshore wealth limited effective taxation, legal challenges to offshore residency provisions constrained reach, and enforcement was dependent on international cooperation frameworks. Argentina's prior investment in exchange-of-information systems was essential, but insufficient to fully overcome these constraints.

1. Introduction

Political momentum has been growing to tax the extremely wealthy more effectively, after increasing evidence showing they pay proportionately less taxes than average citizens.[2] Yet comparatively less attention has been paid to the institutional capacities countries need to make the taxation of extreme wealth feasible in practice, and countries often express concerns over their ability to tax the wealthiest due to political and technical barriers.[3] The *Institutional Capacity Framework for the Effective Taxation of the Wealthiest* seeks to address this gap, and to provide a practical tool for policymakers to identify binding constraints, sequence reforms, and design context-appropriate pathways.

Using the Framework, this briefing assesses a recent effort to tax the wealthiest in Argentina. The case study describes the policy and identifies the binding constraints across the dimensions of the Institutional Capacity Framework (structural, political, legal, administrative, technical, and relational), illustrating how these interact to shape the feasibility, implementation, and durability of taxing extreme wealth in practice.

In 2020, Argentina took a measure to target a very small, wealthy segment of its population. To mitigate the impacts of COVID-19 on revenue raising and poverty, in 2020 the Argentine Congress passed Law 27.605, strongly promoted by the then government.[4] The law established an extraordinary one-time 'solidarity contribution' to be applied with progressive tax rates to individuals with total assets over approximately USD 2 million.[5] The law also targeted Argentine nationals with assets outside the country with increased, progressive rates.[6]

The government anticipated taxing some ten thousand contributors (less than 0.03% of the population). Yet more than half of the revenue to be raised would come from less than 300 people, speaking to extreme wealth concentration,[7] which in Argentina is highly gendered.[8]

The distributive outcomes of the measure were evident. 40% of the total expenditure on the COVID-19 vaccination campaign came from the contribution.[9] Programs to protect employment in the context of COIVD-19 received 54% of their funding from the contribution, which was critical for small and medium-sized enterprises.[10] The contribution further helped double the number of individuals who received educational scholarships to over one million;[11] and were used for addressing housing deficits and ensuring access to essential serices and other public works, benefiting around 300,000 people in lower income neighborhoods.[12]

[2] See, e.g., Gabriel Zucman, "A Blueprint for a Coordinated Minimum Effective Taxation Standard for Ultra-High-Net-Worth Individuals," accessed March 30, 2026, https://www.taxobservatory.eu/es/publication/a-blueprint-for-a-coordinated-minimum-effective-taxation-standard-for-ultra-high-net-worth-individuals/; International Tax Observatory, "Progressive Taxation and Inequality: Minimum Taxation of High-Net-Worth Individuals in Latin America and the Caribbean", accessed Apr 16, 2026, https://taxobservatory.world/publication/progressive-taxation-and-inequality-minimum-taxation-of-high-net-worth-individuals-in-latin-america-and-the-caribbean/

[3] This is the case, for instance, in the context of the negotiations toward a United Nations Framework Convention on International Tax Cooperation.

[4] Ley N° 27.605, "Aporte solidario y extraordinario para ayudar a morigerar los efectos de la pandemia," Ministerio de Economía, Política Tributaria, accessed March 30, 2026, https://www.argentina.gob.ar/economia/politicatributaria/covid-19-medidas-tributarias-congreso-nacional-y-otros-organismos/ley

[5] Ley N° 27.605,Those with around 300 million pesos (3.5 million USD) in assets would be taxed at 2.25%, while those with 3,000 million or more pesos at the time (35.3 million USD) would be taxed at 3.5% of their total assets. Ley N° 27.605, at art. 4.

[6] *Id.* Rates ranged from 3% to 5,25%

[7] Ministerio de Economía Argentina, "Aporte Solidario y Extraordinario Para Ayudar a Morigerar los Efectos de la Pandemia: Informe de Ejecución" (2021), 3.

[8] Of the taxed individuals, 74% were male, and the remaining 26% female. Men paid 76% of the total revenue raised.

[9] Ministerio de Economía Argentina, supra note 6.

[10] *Id.*

[11] *Id.*

[12] *Id.*

2. Diagnostic analysis against the Institutional Capacity Framework's dimensions

2.1 Structural capacity

Argentina is an upper-middle income country with significant levels of inequality, where income, and particularly wealth, are heavily concentrated among the richest.[13] Poverty levels in Argentina are alarming. According to the national statistics institute, during the first semester of 2025 over 24% of Argentine households lived below the national poverty line.[14] Having a sustainable, equitable and transparent tax system is therefore essential for Argentina. Indeed, the need for funding of quality public services was key for approving the 'solidarity contribution' discussed in this brief.

As is the case in other Latin American countries, concentrated wealth in Argentina is also highly off-shored. Estimates indicated that 40% of the wealth targeted with the contribution was held in foreign currency, and that 93% of that 40% was held abroad.[15] Importantly, the solidarity contribution law created a mechanism to incentivize the repatriation of assets held offshore, and included a provision to tax Argentine nationals with tax residence in low-tax jurisdictions (although this provision was successfully challenged in courts, as discussed below).

Argentina has a traditional liberal constitution, with strong protections for private property.[16] The latest 1994 constitutional reform introduced some pro-equality provisions, including a clause to ensure the "equitable" distribution of taxes,[17] and the granting of constitutional status to the International Covenant on Economic, Social and Cultural Rights[18] (which has been authoritatively interpreted to call for "socially fair" tax systems[19]). Courts have read several relevant tax principles within the constitution, although normally to protect taxpayers against the taxing power of the State. These include the principles of ability to pay, equity and proportionality, which have led, *inter alia*, to accepting progressive taxes as constitutionally valid.[20]

In this scenario, the tax authority anticipated the risk of litigation from the beginning of the negotiations of the 'solidarity contribution', and planned and followed through judicial complaints accordingly. Constitutional challenges became widespread across provinces when the law came into force in early 2021.[21]

Many taxpayers claimed the tax was confiscatory, or argued they were facing double taxation considering Argentina's net wealth tax.[22] Importantly, some argued that the tax was confiscatory as it did not consider their actual revenues, but rather their assets as such, with divergent results in courts. Contributions to non-revocable trust were also challenged, with success.

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[13] The top 1% holds 18% of the national income, and the top 10%, 45% of it, while the bottom 50% holds only 12%. the top 1% holds almost 26% of net personal wealth, while the top 10% holds 60% and the bottom 50% only holds 4,5%. World Inequality Database, "Argentina," accessed March 30, 2026, https://wid.world/country/argentina/

[14] See, e.g., Instituto Nacional de Estadística y Censos (INDEC), "Encuesta Permanente de Hogares," accessed March 30, 2026, https://www.indec.gob.ar/indec/web/Nivel3-Tema-4-46

[15] See Sebastián Barragán, "Ricos con la gambeta fácil," Página 12, accessed March 30, 2026, https://www.pagina12.com.ar/326304-ricos-con-la-gambeta-facil/

[16] Constitución Nacional Argentina, arts. 14, 17.

[17] Constitución Nacional Argentina, art. 75, inc. 2.

[18] Constitución Nacional Argentina, art. 75, inc. 22.

[19] See generally Committee on Economic, Social and Cultural Rights, "E/C.12/2025/1: Statement on Tax Policy and the International Covenant on Economic, Social and Cultural Rights" (2025).

[20] Asociación Civil por la Igualdad y la Justicia (ACIJ), "Las exenciones a la luz del principio de igualdad," accessed March 30, 2026, https://acij.org.ar/wp-content/uploads/2023/02/Las-exenciones-a-la-luz-del-principio-de-igualdad-online.pdf

[21] Martín Kanenguiser, "Otro fallo judicial en favor de un contribuyente por el nuevo impuesto a la riqueza," Infobae, March 24, 2021, https://www.infobae.com/economia/2021/03/24/otro-fallo-judicial-en-favor-de-un-contribuyente-por-el-nuevo-impuesto-a-la-riqueza/

[22] Martín Angulo, "En cinco días se presentaron 76 demandas contra el impuesto a la riqueza," Infobae, April 4, 2021, https://www.infobae.com/economia/2021/04/04/en-cinco-dias-se-presentaron-76-demandas-contra-el-impuesto-a-la-riqueza/; Martín Kanenguiser, "Impuesto a la riqueza: la Justicia aceptó el primer reclamo de un argentino que tiene residencia en el exterior," Infobae, April 15, 2021, https://www.infobae.com/economia/2021/04/15/impuesto-a-la-riqueza-la-justicia-acepto-el-reclamo-del-primer-argentino-que-tiene-residencia-en-el-exterior/

Other claims based on the right to property were rejected.[23] Nevertheless, some individuals who had set their fiscal residence outside of Argentina were successful in their trials, with courts determining that Law 27.605 was being applied retroactively to them.[24] For example, a court considered that the contribution was being applied retroactively to the petitioner who had established his fiscal residence in Uruguay before the law was passed[25] (and even before the bill started being discussed).[26] This strand of litigation shows the importance of international coordination when designing taxes on the wealthiest, as well as the impact of relational global conditions on enforcement capacities.

Until June 2024, 1,507 cases had been filed to avoid paying the contribution, with some still in different stages of the appeals process.[27] By that date, the administration that had proposed Law 27.605 had ended its mandate, and the conservative government of Javier Milei was in office. The Milei government allowed individuals who had not paid the one-time tax to do so in up to sixty monthly installments so as to incentivize the abandonment of legal action.[28] The case shows how implementation can weaken after adoption because of changes in government, reflecting the importance of policy capacity over time (for example, establishing exit taxes). While initial alignment across government enabled adoption, subsequent shifts in political priorities, institutional restructuring - including the weakening or removal of a dedicated high net-worth individuals' unit as discussed below - and broader electoral cycle dynamics reduced the durability of the measure. This illustrates that sustaining taxation of the wealthiest requires not only policy adoption, but continued institutional and political commitment across electoral cycles.

2.2 Political capacity

The solidarity contribution bill was formally started and strongly defended by two legislators of the party in office,[29] but was also firmly supported by the then Ministry of Finance,[30] illustrating the relevance of coordinated, high-level political leadership. The tax authority also engaged in the debate actively, for instance by publishing extensive data (building on information from Argentina's longstanding wealth tax) on who would pay the tax, or attending meetings in Congress commissions to inform the debate with concrete evidence. Communication between the tax authority and the Ministry of Economy during the debate of the bill was reported to be fluid.

Surveys at the time also indicated that 80% of the population supported the measure,[31] showing a convergence of political and popular support for taxing the wealthiest. While the vast majority of the population supported the tax, some targeted individuals vocally opposed the measure in the public arena, and many litigated against it. Taxpayers' reactions to the law include those who took the measure to court; those who publicly criticized the law without initiating judicial process;[32] those in favor of

[23] The Federal Court of Bahía Blanca ruled that the tax could not be considered unconstitutional, given that it was not confiscatory in nature. To be considered as such, the tax would need to absorb a "substantial portion" of a person's assets or "exceed their economic or financial capacities," placing them in a vulnerable position. Though the court considered the amount collected as "substantial," its extraordinary one-time nature characterized it as non-confiscatory, especially as the petitioner had "contributive capacity" to pay the tax.

[24] "No resulta aplicable el Aporte Solidario a quienes perdieron la residencia fiscal en el 2020," MARVAL, April 5, 2024, https://www.marval.com/publicacion/no-resulta-aplicable-el-aporte-solidario-a-quienes-perdieron-la-residencia-fiscal-en-el-2020-15797?lang=es

[25] Cámara Federal de Mendoza, Sala A, Case No. 1762/2021, Rosenzvit Dario Javier c/ Estado Nacional, Poder Judicial de la Nación, October 12, 2023.

[26] Id.

[27] Mariano Boettner, "Hay 1.507 personas que hicieron juicio para no pagar el impuesto a la riqueza y ahora por la Ley Bases podrán financiarlo en 60 cuotas," Infobae, June 17, 2024, https://www.infobae.com/economia/2024/06/18/hay-1507-personas-que-hicieron-juicio-para-no-pagar-el-impuesto-a-la-riqueza-y-ahora-por-la-ley-bases-podran-financiarlo-en-60-cuotas/

[28] *Id.*

[29] Carlos Heller and Maximo Kirchner.

[30] Martín Guzmán.

[31] Clivajes, "Encuesta: el 80% apoya un impuesto extraordinario a la riqueza," Diario Perfil, May 18, 2020.

[32] The following organizations expressed opposition to the measure: the Confederación de Asociaciones Rurales de Buenos Aires y La Pampa (Carbap), the Fundación Agropecuaria para el Desarrollo de la Argentina (FADA), the Sociedad Rural Argentina (SRA), Confederaciones Rurales Argentinas (CRA), the Asociación Argentina Empresaria (AEA), el Foro de Convergencia Empresarial, and the Comisión de Enlace de Entidades Agropecuarias. See Tesis UNLP, accessed March 30, 2026, https://www.memoria.fahce.unlp.edu.ar/tesis/te.3034/te.3034.pdf

the measure; and those who remained silent in public discourse.[33] This dynamic highlights a key political economy feature of taxing extreme wealth: while public support may be broad, political constraints are often concentrated among a small but highly influential and well-resourced group of wealthy actors, whose capacity to shape media narratives, policy debates, and legal challenges can significantly affect implementation.

While the government party, *Frente de Todos,* held a majority in the Senate and was only nine votes away from a majority in the Chamber of Representatives,[34] the debate in Congress was intense.[35] The government capitalized on both the acute financing needs of the pandemic and its short term in office, seizing a window of opportunity for reform.[36]

Discussions over the bill illustrate the strategies that those promoting taxation of the wealthiest can use to build political support. Initially, debates focused on the name of the measure, which the ruling party deliberately decided to call a 'contribution' rather than a tax, to stress the idea of solidarity and counter arguments of double taxation in connection with the existing wealth tax. Furthermore, the government did not refer to "high net-worth individuals" or "millionaires", but simply to "the rich". The focus on a small group of extremely wealthy taxpayers, as well as the need to fund core socioeconomic policies in a critical context (the pandemic), for which the bill made specific allocations, played a key role in building public support for the measure.[37]

The relationship between rising economic inequality (further exacerbated by COVID-19), and its effect on peoples' right to life, healthcare, and education was introduced in the Congressional debate.[38] Opponents to the project raised, instead, two main objections.[39] On the one hand, there was a general critique of wealth taxes, with representatives pointing out that many European countries had derogated them over the last three decades, and that wealth taxes normally have lower rates than those being proposed.[40] These views were echoed by several media outlets that expressed fear over high taxes disincentivizing employment, industries and investment, harming the job market and economic growth.[41]

Other objections related to the constitutionality of the contribution. Opposition members highlighted that existing taxes (especially Argentina's net-wealth tax) overlapped with the proposal, and risked making the contribution 'confiscatory' under the national constitution. Opposition members also doubted the state's ability to tax Argentina nationals with fiscal residence in low tax jurisdictions, which the bill proposed and the law finally mandated (triggering successful litigation).[42]

[33] See generally Vizcaíno, María Victoria, Riqueza, pandemia y solidaridad: ¿Cuánto están dispuestos a pagar los ricos? Un análisis de los debates y las reacciones de las élites políticas y económicas alrededor de la Ley N°27.605 denominada "Aporte solidario y extraordinario para ayudar a morigerar los efectos de la Pandemia", Tesis UNLP, accessed March 30, 2026, https://www.memoria.fahce.unlp.edu.ar/tesis/te.3034/te.3034.pdf

[34] "El Nuevo Congreso," La Nación, last visited June 30, 2025, https://www.lanacion.com.ar/politica/elecciones-2019-bancas-tiempo-real-quienes-entran-nid2300186/

[35] Diario de Sesiones de la Cámara de Diputados de la Nación, 14ª Reunión, 12ª Sesión Ordinaria, November 17, 2020.

[36] Indeed, the government had been in office for less than a year when the debate took place, after a 4-year period of a more conservative one. Eight months went by since the initial public debates started and the final approval of the law (which happened roughly one year after the then incumbent government's election). CONICET Digital Repository, accessed March 30, 2026, https://ri.conicet.gov.ar/bitstream/handle/11336/256092/CONICET_Digital_Nro.dc471b91-83e0-420f-8ac0-825b47326745_S.pdf?sequence=5&isAllowed=y

[37] In line with learnings on how to build support and popular understanding of taxes on the wealthiest (discussed in our general framework), article 7 of the law established the goals to which the funds collected would be allocated: 20% for purchasing or producing medical equipment, medicines and vaccines; 20% to subsidize small and medium-sized businesses to support jobs and wages during the pandemic; 5% to scholarship programs; 15% to enhance living conditions in working-class neighborhoods; and 25% to improve the exploration, development, and production of natural gas reserves.

[38] Cámara de Diputados de la Nación, "Sesiones Ordinarias 2020: Orden del Día No. 123," 4, September 28, 2020.

[39] *Id.*.

[40] *Id*. at 7.

[41] Esteban Lafuente and Sofía Terrile, "Impuesto a la riqueza: los empresarios rechazan la reglamentación y dicen que es 'confiscatorio'," *La Nación*, January 29, 2021, *https://www.lanacion.com.ar/economia/los-empresarios-rechazan-reglamentacion-del-impuesto-riqueza-nid2586107/*

[42] Verónica Grondona, Anahí Rampinini, and Lisandro Mondino, "How to Tax a Billionaire Economy and Finance: The Case of Argentina" (Friedrich-Ebert-Stiftung, May 2024), accessed March 30, 2026, https://ri.conicet.gov.ar/bitstream/handle/11336/263561/CONICET_Digital_Nro.07d0aa2a-59da-48a2-8133-6dcc7287b42b_E.pdf?sequence=5&isAllowed=y

2.3 Legal capacity

Argentina is one of the few countries that still has in place a long-standing net-wealth tax (*Impuesto sobre los Bienes Personales,* or ISBP), introduced in 1991. ISBP was instrumental for implementing the one-off contribution assessed in this brief, facilitating data, administrative infrastructure, and the capacity to anticipate litigation and other challenges. This shows how, in line with the findings of the Institutional Capacities Framework, existing legal instruments can function as prerequisites for the effective implementation of new measures. Recent reforms further illustrate that the effectiveness of such instruments is not fixed. Shifts in political governance can reshape both their design and the institutional capacity underpinning their implementation, affecting the durability of efforts to tax the wealthiest over time. For example, changes introduced in 2024, under a newly elected conservative government,[43] reduced the role of ISBP within the tax system, underscoring how political decisions can directly influence both the scope and effectiveness of wealth taxation.[44]

Argentina's net-wealth tax provided useful information, for example, on the asset composition of the richest Argentines,[45] indicating, for instance, high-levels of off-shored wealth.[46] Income tax filings also provided relevant information on the profile of the highest earners, showing the relevance of capital income and earnings from participation in different types of corporations in this segment.[47]

The net-wealth tax returns were also key in producing information for debating the tax, and in identifying taxpayers and relevant assets once the tax was implemented. While sharing information even among offices of the federal tax authority can be challenging due to strong tax secrecy and confidentiality protections, in this case there was active coordination among relevant units of the tax authority, and creation of ad hoc mechanisms to enhance coordination.

2.4 Administrative capacity

Argentina is a federal State. For tax purposes, this means that several taxes, including some targeting wealth and assets such as immovable property, are often collected by provinces. Provinces also administer property or companies' registries locally. Scattered registries can create inconsistencies in asset valuation across the country, which add challenges to undervaluation for tax purposes of immovable property.[48] Furthermore, the federal tax authority organizes its work through units across different jurisdictions or regions, creating additional coordination challenges.

At the moment the tax was passed, Argentina had a dedicated high net-worth individuals' unit, created as a centralized office to streamline work on this segment of taxpayers across territorial divisions and as a response to international

[43] See generally ACIJ, "La paradoja fiscal: el Estado recauda más y los sectores más ricos pagan menos," accessed March 30, 2026, *https://acij.org.ar/la-paradoja-fiscal-el-estado-recauda-mas-y-los-sectores-mas-ricos-pagan-menos/*

[44] Proven revenue raising potential of ISBP has recently declined, at present accounting for 0,3% of the total national tax revenue. See AFIP, "Informe trimestral I 2025," accessed March 30, 2026, https://contenidos.afip.gob.ar/institucional/estudios/archivos/Informe-trimestral-I-2025.pdf

[45] See Verónica Grondona, Anahí Rampinini, and Lisandro Mondino, "How to Tax a Billionaire Economy and Finance: The Case of Argentina" (Friedrich-Ebert-Stiftung, May 2024), accessed March 30, 2026, *https://ri.conicet.gov.ar/bitstream/handle/11336/271361/CONICET_Digital_Nro.01bff36d-bc8a-4fb3-9e2d-b49653e088cf_B.pdf?sequence=2* Looking at the wealthiest 13,000 filers (some 0,03% of the population) data shows that declared wealth is composed in 19% by corporate shares and equity interests, and 81% by personal property. Some 20% of net worth is declared to be held domestically and 80% abroad, Out of which most is held in securities and shares -over 60%-, followed by cash and deposits -26%-, and real estate -6%.

[46] To illustrate, after a big tax amnesty law was passed in 2016, US$93.3 billion were disclosed as taxable foreign income. See Verónica Grondona, Anahí Rampinini, and Lisandro Mondino, "How to Tax a Billionaire Economy and Finance: The Case of Argentina" (Friedrich-Ebert-Stiftung, May 2024), accessed March 30, 2026, https://ri.conicet.gov.ar/bitstream/handle/11336/271361/CONICET_Digital_Nro.01bff36d-bc8a-4fb3-9e2d-b49653e088cf_B.pdf?sequence=2&isAllowed=y

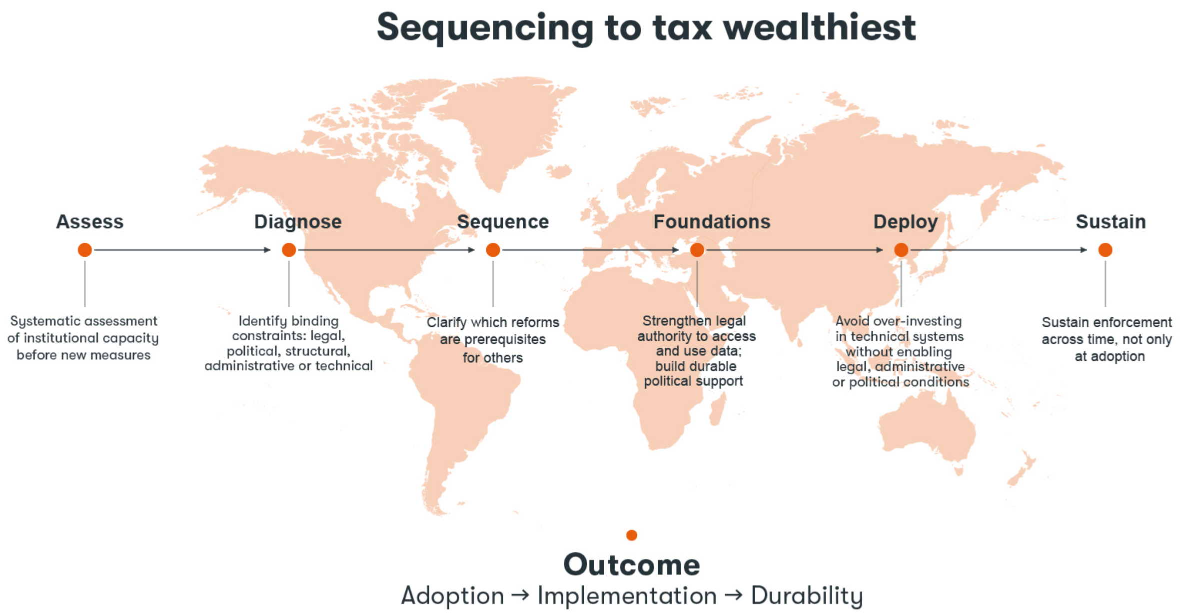
[47] *Id*. According to these, 20.5% of the income of the 13,000 highest earners comes from capital income, 18% from personal work, 13% from profits from companies' shares, 12% from profits from partnerships and sole proprietorships, 9% from dividends, and 5% from other non-taxed capital income. Publicly available information (such as Forbes lists) further indicates high participation of the wealthiest in business groups with strong market power in several industries such as manufacturing, services and financial activities.

[48] See generally Alejandro López Accotto, Carlos R. Martínez, and Martín Mangas, "Finanzas provinciales e impuesto inmobiliario en la Argentina, últimos treinta años: más regresividad, menos equidad" (Los Polvorines: Universidad Nacional de General Sarmiento, 2014).

recommendations[49] (since the Milei administration, the tax authority has only a "large taxpayers office"). Furthermore, there was strong involvement of senior management, including the head of tax authority, in the process of approving the solidarity contribution, as well as of high-level officers (who, for example, routinely attended deliberations in Congress).

Importantly, Argentina had adopted the Organisation for Economic Co-operation and Development (OECD)'s Common Reporting Standard (CRS) and started exchanging information actively - and increasingly - since 2017.[50] International cooperation was key for implementing the solidarity contribution. In particular, cross-checking of information with data obtained from the CRS was crucial, as well as from the exchange of information on request between tax authorities in different jurisdictions. The tax authority had been investing in capacities to maximize use of these tools, but increased use of these with implementation of the new tax refined its capacities (for example, to make information requests to other jurisdictions more effectively).

The tax authority has also implemented a Beneficial Ownership Registry,[51] and routinely receives information on legal ownership of different kinds of corporations.[52] These and other tools have helped the tax authority in the past several years to find inconsistencies in the assets declared by the wealthiest, and to increase tax collection from this segment.



[49] The unit was dissolved under the Milei administration.
[50] In 2021, under the Common Reporting Standard (CRS), Argentina received information from 95 countries covering over 667,000 accounts, and sent information to 78 partners covering 9,500 accounts. In 2021, Argentina sent 23 Country-by-Country (CBC) reports and received 379. Overall, Argentina exchanges information based on its existing double taxation treaties, bilateral cooperation agreements (Acuerdos bilaterales de cooperación y asistencia mutua para el Intercambio de Información Tributaria, AII), and the Convención sobre Asistencia Administrativa Mutua en Materia Fiscal (CAAM). For automatic exchange, Argentina uses CRS and CBC.
[51] Created by Law 27.739, with a 10% threshold on participation and/or voting rights, except for corporations incorporated abroad with no public offer. See Resolución General N° 5529/2024, accessed March 30, 2026, https://biblioteca.afip.gob.ar/search/query/norma.aspx?p=t:RAG|n:5529|o:3|a:2024|f:17/07/2024
[52] See generally OECD Global Forum on Transparency and Exchange of Information for Tax Purposes, "Argentina 2023: Second Round Combined Review" (OECD Publishing, 2023), accessed March 30, 2026, https://www.oecd.org/content/dam/oecd/en/publications/reports/2023/07/global-forum-on-transparency-and-exchange-of-information-for-tax-purposes-argentina-2023-second-round-combined-review_7bea6ce2/cff0754d-en.pdf

Finally, the solidarity contribution law[53] and the tax authority[54] created a set of ad hoc anti-evasion rules and explored a number of compliance tools after the tax was passed. By February 2021, some 2,500 of the taxpayers who should have paid the tax had not filed their 2019 net-wealth (ISBP) tax returns (*declaraciones juradas*).[55] The government deemed this an avoidance strategy. The government later used different compliance strategies, including extension of payment terms, payment in installments, and tax audits. Eventually, the tax authority issued a "payment facilities plan" to encourage compliance.[56]

2.5 Technical capacity

In line with current policy proposals targeting HNWIs, the solidarity contribution encompassed a small group of taxpayers but a wide range of assets, with a broader base than the 'ordinary' net wealth tax in place in the country. Because of this, information from ISBP's tax returns was useful for implementing the contribution, but not enough.[57] Overall, for asset valuation the tax authority drew on tools from the existing wealth tax, and provided ad hoc guidance on how to value assets for the contribution, although relying in valuation by the taxpayers.[58]

Information for identification of taxpayers and their profiles and asset composition was largely available from existing data from income and wealth tax returns. For the identification of income and assets, including that held overseas, beneficial and legal ownership information was available to the tax authority, and information disclosed in the context of an earlier tax amnesty was also helpful.

Sustained use of exchange of information tools also proved key, illustrating the relevance of international cooperation. Argentina had developed tools to systematically identify inconsistencies between CRS data and domestic tax returns (including those of ISBP), increasing its capacity for risk assessment and investigations.[59] Argentina also monitors internally the impact of CRS, to assess its effectiveness and enhance its compliance strategies.[60]

For targeting offshore wealth under the solidarity contribution, there was active coordination between the international tax unit and other units of the tax authority (for example, leading to the development of technical tools for more agile use of information). Information coming from the CRS was widely used, as well as information exchange upon request, which was routinely cross-referenced with domestic registries. The need for more information triggered by the contribution also helped the tax authority in refining its expertise and capacities on the matter (for example, on how to better develop requests of information), leading to a virtuous cycle of enhanced capacities.

[53] As an anti-evasion measure, the law stipulated that when variations in assets covered by the tax during the previous 180 days indicated a presumably evasive measure, the tax authority could decide that all previous assets would still be considered for determining the tax owed.
[54] The tax authority later created a reporting mechanism to detect evasion schemes, which requested reporting duties not only from taxpayers subject to the extraordinary tax, but also from taxpayers with total assets above a certain threshold in their 2018 and 2019 wealth tax returns. Resolución General N° 4930/2021, AFIP, February 5, 2021, accessed March 30, 2026, https://biblioteca.afip.gob.ar/search/query/norma.aspx?p=t:RAG|n:4930|o:3|a:2021|f:05/02/2021
[55] Delfina Torres Cabreros, "Vence el aporte a las grandes fortunas: con denuncias por evasión y cautelares, cada parte prepara su estrategia", *elDiarioAR*, 22 March 2021.
[56] Norm available at https://servicios.infoleg.gob.ar/infolegInternet/anexos/345000-349999/347842/norma.htm [57] Assets also included contributions to trusts, private interest foundations and other similar structures, participation in companies or other entities of any kind, indirect participation in companies or other entities. Contributions to non-revocable trusts was a contentious provision that led to court rulings against the law (we further discuss the role of courts below). Assets covered real estate, boats, planes, cars, certain personal goods, cash, bank deposits, titles and bonds, stakes in companies, credit that they are owed, and rights or patents to any intellectual property.
[58] The tax authority issued a regulation stating that it would upload, in a dedicated website, the information that taxpayers had to use to value their assets, to also be included in the e-filing system. Resolución General N° 4930/2021
[59] See OECD Global Forum, "Transparencia Fiscal en América Latina 2025" (OECD Publishing, 2025), accessed March 30, 2026, https://www.oecd.org/content/dam/oecd/en/networks/global-forum-tax-transparency/transparencia-fiscal-en-america-latina-2025.pdf
[60] *Id*.

Beyond the solutions implemented for the one-time contribution, challenges remain in gathering all relevant information from different sources for the tax authority. For example, confidentiality and stringent readings of tax secrecy protections can limit the use of different data sources by different authorities, even within one entity. Furthermore, while provinces normally share information, reliability of the data is not always guaranteed (for instance, because of inconsistencies in how assets are valued for tax purposes).

2.6 Relational dimension

Global conditions affected the implementation of the tax, given that a significant amount of targeted wealth was held offshore. This high level of offshore wealth constitutes a core structural constraint on enforcement capacity, and illustrates a relational condition, whereby the effectiveness of national taxation is shaped by the country's position within global financial and legal systems, including access to cross-border information and the ability to act on it.

Furthermore, the solidarity contribution tried to address the issue of low tax jurisdictions by subjecting individuals of Argentine nationality residing in low tax jurisdictions to the contribution. However, as discussed earlier, this provision was successfully challenged in courts, showing further constraints to enforcement capacity emerging from global conditions.

A final consideration is in order. Argentina had in place adequate international cooperation frameworks to support implementation of the tax, and these were key tools to address some of the relational barriers countries can face when taxing extreme wealth. Notably, however, Argentina is an upper middle-income country that had made significant investments in acquiring capacities to fully use such tools, and these are not always available to other developing countries.

3. Conclusions

The Argentine case highlights several key lessons on countries' institutional capacities to tax extreme wealth. Overall, Argentina demonstrates that taxing extreme wealth is feasible, but only under specific institutional conditions. The central challenge is not only designing better taxes, but building the institutional capacity to see, reach, and sustain taxation of extreme wealth across structural, legal, political, and global constraints. Some cross-cutting insights from the case include:

- **Adoption and durability of taxes on the wealthiest are distinct challenges requiring different forms of political capacity.** In Argentina, political conditions sufficient to pass legislation and implement measures were not the same as those required to sustain enforcement across electoral cycles. The 60-month installment concession under the Milei government is a concrete illustration of how enforcement can be effectively neutralized without formal repeal. The framework captures the risks of weakened institutional continuity, including changes to tax administration structures and reduced emphasis on taxing high net-worth individuals by prompting the explicit assessment of durability conditions, not only adoption conditions, at the policy design stage.

- **Existing instruments are prerequisites for ambitious reforms.** Argentina's long-standing ISBP wealth tax, CRS infrastructure, and beneficial ownership registry, were key enablers on which the one-off contribution was built. The tax authority, by the time of the solidarity contribution approval, had built specialized expertise, coordination, and institutional tools required to engage effectively with complex wealth structures. Countries without equivalent baseline instruments would face substantially higher barriers to comparable measures. This has implications for

sequencing: building data infrastructure and international cooperation capacity should be treated as prerequisites for more ambitious tax design.

- **Legal constraints are often more binding than technical ones**. In Argentina, the main barriers to full enforcement were not data gaps or administrative weaknesses but legal barriers, such as constitutional property protections, or retroactivity exposure in offshore residency provisions. These challenges reflect two distinct types of legal constraints. First, structural constraints rooted in constitutional protections of private property and limits on taxation, which may require legislative or constitutional reform to address. Second, constraints arising from judicial interpretation – such as rulings on what constitutes 'confiscatory' taxation – which shape how existing laws can be applied in practice. Distinguishing between these types is important for identifying which barriers are binding and what forms of reform are required. Capacity assessments that focus primarily on technical and administrative dimensions therefore, risk misdiagnosing where the binding constraints might actually lie.

- **Administrative effort can generate lasting capacity gains.** The contribution's implementation created a virtuous cycle of enhanced institutional capacity, particularly around offshore asset tracking and international information use. This dynamic suggests that ambitious enforcement efforts – even for time-limited or initially low-revenue measures – can generate institutional benefits that outlast the measure itself, provided there is sufficient baseline capacity to absorb the demands.

- **Public support tends to be consistently broad, but resistance is concentrated and well-resourced.** The 80% approval rating for the Argentine contribution is consistent with polling and qualitative evidence across countries. Resistance to wealth taxation tends to come disproportionately from a small number of wealthy individuals with significant media and political influence, not from the general population. This has implications for political communication strategies and for how policymakers should interpret apparent 'public' opposition.

- **Extreme wealth concentration amplifies both fiscal impact and political resistance.** The government anticipated that more than half of all expected revenue would come from fewer than 300 individuals – out of a total taxpayer pool of approximately 12,000. This striking ratio illustrates why measures with high thresholds (targeting 0.03% of the population) can still generate significant fiscal and distributional impact. It also underscores the asymmetric stakes: for the wealthiest individuals, the financial incentive to litigate is correspondingly high. It is essential to act across multiple dimensions. Argentina did not frame the tax as a merely technical matter, but rather as a broader effort to increase solidarity and fairness in the country. This approach was clear in the process from its very beginning, starting with the decision on how to name the tax and refer to the targeted individuals. Coordinated, high-level and sustained political commitment was instrumental in getting the tax passed. This required fluid communication between the tax authority and the Ministry of Finance, and political alignment between Congress and the Executive. Producing clear, accessible governmental evidence on what the tax would actually entail (who would pay, how much would be raised, for what aims, etc.) was similarly important.

ANNEXE

The table below summarizes the five core interdependent dimensions of institutional capacity, alongside the cross-cutting global conditions that shape them. It provides a set of indicative diagnostic questions to support country-level assessment. These are not exhaustive or prescriptive but are intended to help identify binding constraints shaping the feasibility, implementation, and durability of taxing the wealthiest, as well as inform context-specific reform strategies.

Institutional Capacity Framework: diagnostic matrix		
Dimension	**Description**	**Indicative diagnostic questions**
Structural capacity	Determines feasibility before policy design or implementation begins. Includes the organization of power, wealth, and authority within the state and economy	Where is wealth held (domestic vs offshore)? How is wealth structured (e.g. corporate, trust-based, cross-border)? Who controls institutional veto points that can block or dilute reform (e.g. courts, subnational actors, financial regulators)? Do courts or constitutional frameworks constrain progressive taxation (e.g. protections of property, limits on tax design)? How do levels of inequality and trust in institutions affect tax compliance and enforcement?
Political capacity	Power relations shaping effectiveness, including the ability to adopt, implement, and sustain reform over time	Is there sustained political commitment to taxing the wealthiest across government institutions? To what extent can political leadership withstand and manage elite backlash, including lobbying, litigation, and capital flight narratives? How influential are economic elites in shaping policy design and enforcement? What is the level of public support for taxing the wealthiest, and how is it shaped by perceptions of fairness and inequality? Is reform sequencing designed to reduce political and economic resistance over time? Are there mechanisms to ensure continuity of implementation across political cycles and changes in government?
Legal capacity	Legal frameworks and powers that enable states to identify, access, and tax wealth	Do tax authorities have the legal authority to access data from third parties (e.g. banks, registries, other government agencies)? Are there legal barriers to identifying taxpayers or tracing asset ownership (e.g. secrecy provisions, data protection laws)? What information-sharing mechanisms exist domestically and internationally, and how effectively are they used? Which existing tax instruments (e.g. capital gains, withholding, property, inheritance) can be leveraged to target the wealthiest? To what extent can existing legal frameworks be used more effectively without requiring major legislative reform? Are there legal inconsistencies or incentives that undermine efforts to tax the wealthiest?

Institutional Capacity Framework: diagnostic matrix		
Dimension	**Description**	**Indicative diagnostic questions**
Administrative capacity	The organizational ability to enforce taxation of the wealthiest. Central to implementation, but insufficient on its own	Is there a dedicated unit focused on HNWIs within the tax authority? Do staff have the expertise and resources to investigate complex wealth structures? Are staffing, training, and retention strategies sufficient to sustain capacity over time? Are enforcement tools – such as audits, penalties, and prosecutions – credible and effectively applied? What safeguards are in place to prevent regulatory capture, particularly in cooperative compliance arrangements? How effectively are operational, analytical, and leadership functions coordinated within the tax administration?
Technical and data capacity	Ability to identify, value, and track wealth. Data gaps constrain enforcement but can interact with legal, political, and structural factors	What data exists on asset ownership, income flows, and wealth structures? To what extent can tax authorities' access and use data from domestic and international sources? Where are the main blind spots (e.g. offshore assets, trusts, privately held companies)? How effective are existing international information exchange mechanisms in practice? What investments have been made in data systems, registries, and analytical tools? How do data access and transparency reforms interact with power dynamics (e.g. resistance from financial institutions or asset holders)?
Global structural conditions	How global financial and legal structures shape national capacity	To what extent is national wealth held or structured offshore? Does the country effectively access and use international information exchange systems? Which external jurisdictions or actors constrain enforcement capacity? How do global financial centeres shape domestic tax outcomes? Are international cooperation frameworks sufficient to support enforcement?