

Assessing the impact of a tax on household wealth in Ireland

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Abstract

This paper updates and extends the Irish microsimulation evidence on household wealth taxation using the 2023 Household Finance and Consumption Survey. We first document how the level, distribution and composition of household wealth have changed over the past decade. We then simulate a range of hypothetical annual net wealth tax scenarios that vary the breadth of the taxable asset base, through the inclusion or exclusion of particular asset types, and the thresholds above which liability begins. We find that asset coverage matters more for revenue potential than the threshold at which liability begins, while thresholds primarily determine the number of households liable. Very high thresholds can restrict liability to a small share of wealthier households, but only generate material revenue when combined with a broad asset base. Conversely, the largest aggregate tax liability estimates arise in scenarios that extend liability into a much broader proportion of households. Finally, hypothetical wealth tax payment-to-income ratios indicate that potential liquidity constraints are not limited to scenarios that extend liability to a broader share of households, but predominantly arise among some of the wealthiest households whose taxable wealth is large relative to their current income.

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1 Introduction

Concerns around the concentration of wealth, together with pressures on public finances and the limitations of tax systems that rely predominantly on income flows, have contributed to renewed international interest in net wealth taxation in recent years. Wealth represents an additional dimension of economic capacity by providing security, consumption opportunities, access to credit and economic influence that may not be fully captured by current income. Moreover, where returns to capital exceed economic growth, accumulated wealth can grow more quickly than labour income and become increasingly concentrated over time (Piketty, 2014; Saez & Zucman, 2019). These developments, alongside recent evidence that high net worth individuals often face lower effective tax rates than other taxpayers (Varaschin et al., 2025), have strengthened interest in wealth taxation as a potential policy instrument (Perret, 2021).

Annual net wealth taxes were more common in the late twentieth century, but most countries have since abolished them. Twelve European countries levied an annual tax on net wealth in 1990 (Scheuer & Slemrod, 2021), compared with only Norway, Spain and Switzerland in 2026. The decline of wealth taxes has typically been attributed to a combination of limited revenue yields, administrative and valuation difficulties, avoidance and evasion, concerns around capital mobility and political economy pressures (Perret, 2021). In practice these pressures often resulted in widespread exemptions and reliefs for particular asset classes, thus narrowing the tax base and limiting the revenue collected (Varaschin et al., 2025). Recent research has increasingly emphasised that the effects of a wealth tax depend not only on whether wealth is taxed, but on how such taxes are designed (Advani et al., 2020). Choices regarding thresholds, asset coverage, valuation and enforcement influence the revenue raised and the distribution of liabilities.

These questions are particularly relevant in the Irish context as household wealth has increased substantially in recent years, with median household net wealth rising by 29.5 per cent between 2020 and 2023 alone (CSO, 2025). At the same time, concerns around the resilience of the Irish tax base have returned to the fore in recent years, particularly in relation to the scale of corporation tax receipts which are highly concentrated among a small number of large, foreign-owned multinationals (Cronin, 2023; Cronin, 2025). More broadly, the 2022 Commission on Taxation and Welfare argued that Ireland will need to increase and rebalance revenue over the medium to long term to meet the costs of an ageing population, public services and the climate transition, while maintaining fiscal sustainability. As part of this rebalancing, it recommended a gradual shift from taxing work towards taxes on wealth, capital,

property and consumption, subject to maintaining competitiveness and fairness (Commission on Taxation and Welfare, 2022). This provides an important backdrop to the question of how wealth is currently held and taxed in Ireland.

Within this context, this paper updates and extends the Irish microsimulation evidence on household wealth taxation. We build on Lawless & Lynch (2016) who used the 2013 Household Finance and Consumption Survey (HFCS) to simulate the revenue, household coverage and distributional implications of a series of household wealth tax scenarios for Ireland. Those data were collected in the aftermath of the global financial crisis when Irish household balance sheets remained heavily indebted, with many households still in negative equity. Since then, the Irish household wealth landscape has changed markedly. Updating the analysis is important not simply because more recent data are available, but because the level, distribution and composition of household wealth have changed in ways that may materially affect both the revenue potential and distributional incidence of a wealth tax.

Using the 2023 HFCS, we first document how the level, distribution and composition of household wealth have changed over the past decade. We then simulate a range of hypothetical stylised annual net wealth tax scenarios. We vary two main parameters: the breadth of the taxable asset base i.e. through the inclusion or exclusion of particular asset types, and the thresholds (euro value of net wealth) above which liability begins. Our scenarios range from narrow tax base scenarios with extensive asset exemptions, to intermediate scenarios that exempt only the household's main residence, to broad tax base scenarios that cover all non-pension wealth measured in the HFCS. This allows us to examine how thresholds and asset coverage interact and to quantify the trade-offs between limiting the number of households liable and maintaining the size of the tax base. Across the scenarios, we compare the resulting tax base, aggregate value of wealth tax liability, household coverage and distribution of liability across household characteristics. We also extend the analysis by examining the extent to which households may face liquidity or current income payment constraints. The purpose of the paper is not to recommend whether Ireland should introduce a net wealth tax or to identify a preferred wealth tax scenario. Rather, it is to show what different combinations of thresholds and asset coverage would imply if applied to the current distribution of Irish household wealth.

Several findings emerge. While Irish household wealth has increased substantially since 2013 and wealth inequality has declined as household balance sheets recovered from the post financial crisis period, wealth remains highly concentrated and has grown more rapidly than household incomes. The composition of wealth has also evolved,

with business wealth playing a greater role than in the post crisis period, particularly among households at the top of the wealth distribution, while households further down the distribution continue to hold a much larger share of their wealth in the household main residence. Our wealth tax scenario analysis shows that the breadth of the tax base matters more for revenue potential than the threshold at which liability begins, with broad-base scenarios consistently generating larger aggregate tax liabilities than those with extensive exemptions. We also find that the largest aggregate tax liability estimates are associated with scenarios that extend liability beyond the wealthiest households and into a much broader proportion of households. More generally, the results highlight the trade-off between limiting the number of households liable and maintaining revenue potential, as very high thresholds can restrict liability to a relatively small share of households but only generate material revenue when combined with a broad asset base that includes assets such as the household main residence, farms and business wealth. Finally, our analysis of wealth tax payment-to-income ratios suggests that liquidity concerns are not limited to scenarios that extend liability to a broader share of households. Instead, they predominantly arise among some of the wealthiest households whose taxable wealth is large relative to their current income.

The remainder of the paper is organised as follows. Section 2 reviews the theoretical and empirical literature on net wealth taxation and provides an overview of relevant features of the Irish tax system. Section 3 introduces the HFCS data used and presents descriptive analysis of both Irish household wealth in 2023 and developments between 2013 and 2023. Section 4 outlines the wealth tax scenario design and discusses the strengths and limitations of our approach. Section 5 presents the main results of our wealth tax scenarios, including how the incidence of each tax scenario is distributed across different household types and asset categories. It also examines the extent to which capping the tax payment as a share of income affects the aggregate value of the wealth tax liability. Section 6 examines how a net wealth tax may interact with existing elements of the Irish tax system. Finally, Section 7 concludes.

2 Literature and context

This section's aims are twofold. First, it outlines the theoretical arguments for and against annual net wealth taxation and then reviews empirical international evidence on the effects of wealth taxes and summarises recent developments in wealth tax design. Second, it describes how wealth is currently taxed in Ireland.

The theoretical case for and against wealth taxation

In narrow definitional terms, a wealth tax is a tax levied directly on an individual or household's stock of net wealth, defined as total assets less liabilities (Adam & Miller, 2021; Piketty, 2014). Unlike income or capital gains taxes, which generally apply to income flows and realised gains, a wealth tax applies directly to accumulated wealth, regardless of whether assets are sold or generate cash flow (Bastani & Waldenström, 2023). This distinction between wealth taxation and the taxation of returns to wealth is important when assessing the economic rationale for taxing wealth (Adam & Miller, 2021). The discussion here focuses on annual wealth taxes, rather than the one-off wealth taxes that have also been introduced historically.

One prominent theoretical justification for wealth taxation draws on Piketty's (2014) argument that when the rate of return on capital exceeds the rate of economic growth ($(r > g)$), wealth can accumulate faster than aggregate income. Over time, this can contribute to the increasing concentration of wealth, particularly when capital ownership is already highly unequal. Jakurti (2026) provides empirical evidence in support of this mechanism, finding that a large $(r - g)$ gap is associated with a higher wealth share held by the top 1 per cent. Because traditional tax systems focus primarily on income flows, they may be insufficient to mitigate this process (Piketty, 2014). A net wealth tax can reduce the accumulation of wealth by lowering the post tax return from holding capital (Piketty, 2014; Saez & Zucman, 2019).

The main argument for a wealth tax is one of equity, both vertical and horizontal. *Vertical* equity requires taxpayers with greater ability to pay to bear a greater tax burden. Ability to pay is not necessarily captured by income alone. Wealth provides security, choice and additional consumption possibilities through asset returns without requiring an equivalent sacrifice of labour or leisure (Lawless, 2016). Wealth can thus represent an additional aspect of economic capacity relevant to taxation. A wealth tax can require those with greater overall resources to contribute more (McDonnell et al., 2026).

From a horizontal equity perspective, individuals with similar overall economic capacity should face similar tax burdens. Two individuals with the same income, for example, may have different economic situations if one holds substantial wealth while the other has little or no wealth. Income alone may therefore provide an incomplete measure of economic capacity, since accumulated wealth represents an additional source of economic resources (Adam & Miller, 2021; OECD, 2018). From this perspective, a wealth tax can potentially improve horizontal equity by accounting for differences in wealth that are not reflected in current income. However, whether it does so in practice depends on

tax design, particularly the treatment and valuation of different types of assets (Kuypers et al., 2024).

A related public finance rationale for a wealth tax concerns the limitations of taxing wealth only when it generates income or realised capital returns. Individuals can accumulate substantial wealth without generating an equivalent amount of taxable income in a particular period, especially when returns take the form of unrealised capital gains. A wealth tax addresses this limitation by taxing the stock of assets directly rather than only the income generated by those assets (Bastani & Waldenström, 2023). Saez & Zucman (2019) argue that wealth taxation can therefore capture economic resources that may otherwise remain outside the tax base.

The principal theoretical objection concerns efficiency costs. An annual wealth tax applies to the capital stock irrespective of the capital flows it generates, effectively taxing a “presumptive” return rather than actual income earned (Perret, 2021). Two individuals with identical wealth thus face the same tax liability even when their assets yield substantially different returns, producing unequal effective tax burdens on capital income (OECD, 2018). From an optimal tax perspective, this can be inefficient because a wealth tax effectively taxes the normal return to saving rather than targeting economic rents (Mirrlees et al., 2011). By reducing the after-tax return to saving, a wealth tax can distort intertemporal choices and potentially weaken incentives to save and invest (Mirrlees et al., 2011; OECD, 2018). If households respond by saving less, capital formation may decline, potentially reducing productivity and economic growth in the future, depending on the elasticity of saving decisions.

A related objection concerns potential double taxation. Wealth may derive from income or capital returns that have already been taxed, which raises concerns about an additional tax burden. Summers (2021) argues that the significance of this concern depends on how a wealth tax interacts with existing taxes and whether these taxes pursue similar objectives. The OECD (2018) also notes that the case for a net wealth tax depends on the wider tax system and whether existing instruments can achieve similar objectives more efficiently.

These objections do not imply that wealth should remain untaxed. They instead raise the question of whether other forms of capital taxation can achieve the same redistributive objective at lower efficiency cost. Capital income and inheritance taxes, for example, can target returns generated by wealth or transfers between generations rather than the entire wealth stock annually.

Wealth taxes may also induce behavioural responses that reduce tax liabilities. Taxpayers may engage in tax avoidance, reallocate assets towards tax-favoured forms of wealth, or reduce their wealth subject to taxation. Such responses can erode the tax base and reduce revenue. Piketty et al. (2014) emphasise that behavioural responses to taxation are important considerations in the design of optimal tax policy.

Administrative and liquidity constraints provide further arguments against annual net wealth taxation. Wealth can be difficult to value accurately, particularly for shares in private companies, unincorporated businesses, intangible assets, land with development potential, and collectibles such as fine art, some of which might require professional valuation (Daly et al., 2021). These difficulties increase administrative costs and create opportunities for avoidance and evasion (OECD, 2018; Perret, 2021). Liquidity is also a concern because individuals may hold substantial wealth in illiquid assets such as businesses, farms or property without sufficient cash to meet the tax liability (Loutzenhiser & Mann, 2021).

The theoretical debate therefore centres on an equity-efficiency trade-off. A wealth tax can address wealth concentration, enhance redistribution and complement existing capital taxes, but may also distort saving and investment, impose unequal effective burdens across different rates of return, and encourage avoidance. Next, we examine the empirical importance of these channels using evidence from the international literature.

International evidence and implications for wealth tax design

Annual net wealth taxes were once common across Europe. For instance, twelve European countries levied a net wealth tax in 1990, but France's replacement of its net wealth tax with a tax on real estate wealth in 2018 left Norway, Spain, and Switzerland as the only European countries with a net wealth tax (OECD, 2018; Perret, 2021)¹. Their decline has typically been attributed to a combination of limited revenue yields, administrative and valuation difficulties, avoidance and evasion, concerns over taxpayer and capital mobility and political economy pressures. Lawless (2016) shows that historically wealth taxes across OECD countries rarely contributed more than 1 per cent of total tax revenue and that despite wealth growth, this contribution generally declined over time as a result of the failure to update taxable values and valuation discounts in line with market values. Political pressures also contributed to the narrowing of tax bases through extensive exemptions and reliefs (Perret, 2021). This is

¹ Table A3 in Appendix 2 provides a comparative overview of historical wealth tax regimes, including rates, thresholds, exemptions, valuation rules, and other institutional constraints.

consistent with Ireland's short-lived 1975-1978 wealth tax which had a wide range of exemptions and resulted in high administrative costs relative to the revenue it generated (Sandford & Morrissey, 1985; Lawless, 2016).

The empirical literature identifies three broad channels through which taxpayers respond to wealth taxation: real changes in saving, investment, or wealth accumulation; avoidance and evasion that reduce reported taxable wealth; and taxpayer mobility.

Regarding the first channel, recent evidence suggests that wealth taxation can directly reduce saving and long-run wealth accumulation, although the magnitude of any effect varies by country and institutional setting. Using Norwegian microdata, Alstadsæter et al. (2022a) find that wealth taxes reduce saving behaviour, but that the magnitude of the effect depends on the breadth of the tax base. The authors conclude that a real saving response and avoidance are substitutes, so when the tax base is broad and households have less scope for reducing their liabilities through reliefs and exemptions, the saving effect is stronger. Evidence from Denmark points in the same direction. Following the 1989 cut to the marginal tax rate on wealth and doubling of the exemption threshold for married couples, Jakobsen et al. (2020) find that wealth accumulation eight years later increased by 19 per cent among the moderately wealthy and 31 per cent among the very wealthy. Beyond overall wealth accumulation, wealth taxation may also affect investment decisions by altering relative after tax returns across different asset classes, although in practice this can be difficult to distinguish from reallocation into preferentially treated or exempted assets (Fagereng et al., 2026).

The second channel through which households may respond to a wealth tax is through avoidance and evasion. In other words, households may reduce their taxable wealth without changing their underlying wealth. For Sweden, Seim (2017) estimates small net-of-tax-rate elasticities of taxable wealth of 0.09-0.27 but finds that one third of the total effect was driven by under-reporting or evasion, with no observable effect on real saving or portfolio choice. Recent evidence from Spain finds that the 2011 reintroduction of the wealth tax reduced taxable wealth by 3.21 per cent for each 0.1 percentage point increase in the average tax rate over four years (Mas-Montserrat et al., 2025). This much larger effect was driven by tax avoidance. The authors find no evidence that higher wealth taxes reduced overall wealth accumulation. Instead, taxpayers reduced their taxable wealth primarily by reallocating (particularly business) assets towards exempt categories and through restructuring their asset and income portfolios to take advantage of income capping provisions limiting wealth tax liability.

The extent of evasion depends crucially on reporting requirements and how easily taxable assets can be detected by authorities. Evidence from France finds that reported wealth declined sharply in response to a weakening of reporting requirements (Garbinti et al., 2026). Conversely, evidence from Sweden shows that the introduction of pre-populated tax returns increased the number of wealth taxpayers by around 20 per cent (Saez and Seim, 2025), while evidence from Norway shows that requiring wealthy individuals to disclose previously hidden foreign assets increased their tax payments by around 30 per cent (Alstadsæter et al., 2022b). Finally, financial wealth can also be moved offshore, where domestic authorities face greater difficulty identifying and taxing it. Advani & Tarrant (2021), however, note that direct evidence linking changes in wealth taxation to increased offshore evasion remains limited.

Taxpayer mobility forms the third major channel. Evidence from both internal and cross-border mobility suggests that wealth taxes can influence where wealthy taxpayers choose to live. In terms of internal mobility, in Norway, Iacono & Smedsvik (2024) find that a one percentage point cut in the local wealth tax rate in one municipality increased average taxable wealth by 60 per cent and that this was mainly driven by wealthy taxpayers who relocated to the municipality. Similarly, for Spain, Agrawal et al. (2025) find that Madrid's zero wealth tax rate increased its wealthy population by 7.5 per cent, but also had wider fiscal consequences, as lost personal income tax revenue in origin regions was around six times larger than the associated wealth tax revenue losses. With respect to cross-border mobility, studying Sweden and Denmark, Jakobsen et al. (2025) find a sizeable effect, estimating that a one percentage point increase in the top wealth tax rate reduced the stock of wealthy taxpayers by around 2 per cent. They did however conclude that the aggregate economic effects from the loss of these wealthy business owners was more moderate.

Assessing the relative importance of these three channels is not straightforward because estimates vary widely across studies and are context specific. However, the evidence generally suggests that changes in reported taxable wealth i.e. due to avoidance and evasion tend to be larger than any real response in saving or investment behaviour. There is evidence of migration responses among taxpayers at the top of the wealth distribution, but it is important to note that there are limited studies on the cross-border migration responses to wealth taxes due to data challenges. Brühlhart et al. (2022) provide a useful indication of the scale of these responses in Switzerland. They estimate that a 1 percentage point reduction in the top wealth tax rate increased reported taxable wealth by 43 per cent after six years. They also decompose the response and attribute much of the response to evasion, with some role for (internal) migration across Cantons and a negligible saving response, although their findings may not be applicable to other tax systems.

Notwithstanding the widespread abolition of annual net wealth taxes, interest in wealth taxation has increased again in recent years (Limberg & Seelkopf, 2022). Recent work aims to address the weaknesses of previous wealth tax regimes and emphasises the need for three features: a broad tax base, a high exemption threshold and mechanisms to address liquidity constraints. A broad asset base covering different forms of wealth while limiting asset specific exemptions and reliefs limits opportunities to shift wealth towards more favourably treated assets, thus protecting revenue and horizontal equity (OECD, 2018; Perret, 2021; McDonnell et al., 2026). Second, liability should begin above a relatively high threshold. A high exemption threshold concentrates liability among wealthier households and limits the number of taxpayers and assets requiring valuation, thereby lowering administrative costs (Perret, 2021; Advani et al., 2020; Advani & Tarrant, 2021; Varaschin et al., 2025). Third, Loutzenhiser & Mann (2021) stress that liquidity constraints should be addressed through payment arrangements including deferred payments, borrowing or financing, rather than through permanent exemptions or caps on illiquid assets.

The administrative context has also changed since many earlier wealth taxes were in operation. For instance, the automatic exchange of financial account information under the OECD's Common Reporting Standard has strengthened the detection of offshore financial wealth, while beneficial ownership registers have improved access to information on corporate ownership and structures (Alstadsæter et al., 2024; Varaschin et al., 2025). These developments may reduce some of the avoidance and enforcement difficulties associated with earlier regimes, although important information gaps remain.

A brief overview of Ireland's tax system

Irish tax revenues are currently concentrated among three major tax heads. Income Tax (including USC), VAT and Corporation Tax together accounted for approximately 87.5 per cent of total Exchequer tax receipts in 2025 (see Table A4 in Appendix 2). Corporation Tax has become an increasingly important source of revenue in recent years, reflecting the growing contribution of a relatively small number of multinational firms to the Irish tax base (Cronin, 2023; Cronin, 2025). The Commission on Taxation and Welfare (2022) argued that Ireland will need to increase its tax revenue in the medium to long term and also recommended a gradual rebalancing of the tax system towards taxes on wealth, capital, property and consumption.

Ireland does not currently levy an annual tax on net household wealth. Instead, wealth is taxed at particular points in its lifecycle². Capital Gains Tax (CGT) is charged on realised capital gains arising from the disposal of assets, while Capital Acquisitions Tax (CAT) applies to gifts and inheritances with specific thresholds that depend on the relationship between donor and beneficiary³. Stamp Duty applies to certain transactions, including transfers of property. These taxes therefore apply when wealth is realised, transferred, or is involved in a taxable transaction, rather than being levied annually on the underlying stock of household wealth.

The Local Property Tax (LPT) is levied annually on the ownership of property. However, it applies only to residential property and is based on gross property values rather than a household's overall net wealth position. It therefore differs from an annual net wealth tax, which would generally apply to a broader set of assets, net of relevant liabilities, above a specified threshold.

CGT and CAT together accounted for approximately 3.1 per cent of net tax receipts in 2025. Including LPT, which is not classified as an Exchequer tax receipt as it instead accrues to the Local Government Fund, these taxes generated approximately €3.9 billion in total, rising to €5.8 billion if Stamp Duty is also included, highlighting the comparatively modest revenues raised by existing capital and property taxes in the Irish tax system^{4 5}. These revenues provide important context for our net wealth tax scenario simulations. An annual net wealth tax would differ because it would apply to the stock of net wealth itself, regardless of whether those assets generated any gain or were sold or transferred during the year. We discuss how a net wealth tax might interact with these existing taxes in Section 6.

² See Table A5 in Appendix 2 for more detail on the current taxes related to wealth in Ireland

³ To provide more detail the CGT standard rate is 33 per cent, although a number of exemptions and reliefs apply, including principal private residence relief, certain business reliefs, transfers between spouses and reliefs relating to retirement and business succession. CAT, also charged at 33 per cent, applies to gifts and inheritances above specified thresholds. Liability depends on the relationship between the donor and beneficiary, with different lifetime tax-free thresholds applying to different categories of recipients. Business and agricultural reliefs play a significant role within the CAT system, substantially reducing the taxable value of qualifying transfers.

⁴ *Note Stamp Duty's revenue base is broader than wealth- and property-related transactions.*

⁵ The Domicile Levy introduced in 2010 applies to Irish domiciled individuals who may not be resident in Ireland with gross worldwide income above €1 million, Irish property worth more than €5 million, and Irish Income Tax liability below €200,000. The annual levy is €200,000, with Irish Income Tax already paid credited against the liability. In 2024, 13 payments generated a modest €2.08 million (<https://www.revenue.ie/en/corporate/documents/statistics/high-income/domicile-levy.pdf>). The Domicile Levy targets a small group of wealthy individuals but is not a wealth tax: liability depends on domicile, income, Irish property and income tax paid, rather than total net wealth.

3 Data and descriptives

In order to assess the implications of a tax on household wealth in terms of the potential tax base, aggregate value of wealth tax liability and the number of households affected, detailed information on the composition of household assets and liabilities is required. We therefore draw on the 2023 Household Finance and Consumption Survey (HFCS) microdata⁶. The HFCS is a harmonised Euro Area survey co-ordinated by the European Central Bank and carried out in Ireland by the Central Statistics Office in conjunction with the Central Bank of Ireland. The HFCS is uniquely suited to wealth tax analysis because it contains detailed household level information on the types and values of both real and financial assets, debts and income alongside socio-demographic characteristics pertaining to either the household or the main reference person. Before we move to our wealth tax scenario analysis, it is first important to understand how household wealth in Ireland is distributed.

Developments in Irish household wealth 2013-2023

One of the key motivations for our wealth tax scenario analysis, which builds on that of Lawless & Lynch (2016), is the degree to which aggregate household wealth has grown in Ireland over the past decade. In Table 1 we see aggregate net household wealth measured in the HFCS reached €927 billion in 2023, approximately 2.5 times higher than its level in 2013 (€364 billion). Over the same period, the proportion of households with positive net wealth increased from 86 per cent in 2013 (Lawless & Lynch, 2016) to 94 per cent in 2023. This increase in net wealth has been driven by both the substantial growth in gross asset values, as well as by falling total debt which stood at €115 billion in 2023 down from €120 billion in 2013. This is seen more clearly from the fact that debt accounted for around one quarter of the value of gross assets in 2013 compared to only 11 per cent in 2023.

Table 1 Developments in household wealth 2013-2023

	Lawless & Lynch (2016) HFCS 2013	HFCS 2023
Total gross assets	€484bn	€1042bn

⁶ Our point estimates may differ marginally from those published elsewhere using the 2023 HFCS. These minor differences can occur due to variations in sample treatment and variable definitions, but do not materially affect the patterns described below.

Total debt	€120bn	€115bn
Total net wealth	€364bn	€927bn
Total debt as % of gross assets	25%	11%
Share of bottom 50% net wealth decile	1.4%	9.1%
Share of wealth held by top 10% net wealth decile	53.8%	48.6%
Share of wealth held by top 10% gross income decile	25.6%	30.5%

Source: Authors' analysis of 2023 HFCS microdata files. 2013 figures are taken from Lawless & Lynch (2016)

Notes: All monetary values are expressed in nominal terms and have not been adjusted for inflation. Comparisons with the 2013 HFCS wave should be interpreted with caution. The CSO notes that methodological changes introduced in later survey waves, such as the incorporation of administrative data sources, have affected the measured distribution of assets and liabilities and constitute a break in the time series. The figures presented in Table 1 are presented to illustrate broad developments in household balance sheets since the period analysed by Lawless and Lynch (2016), rather than to provide precise estimates of changes over time.

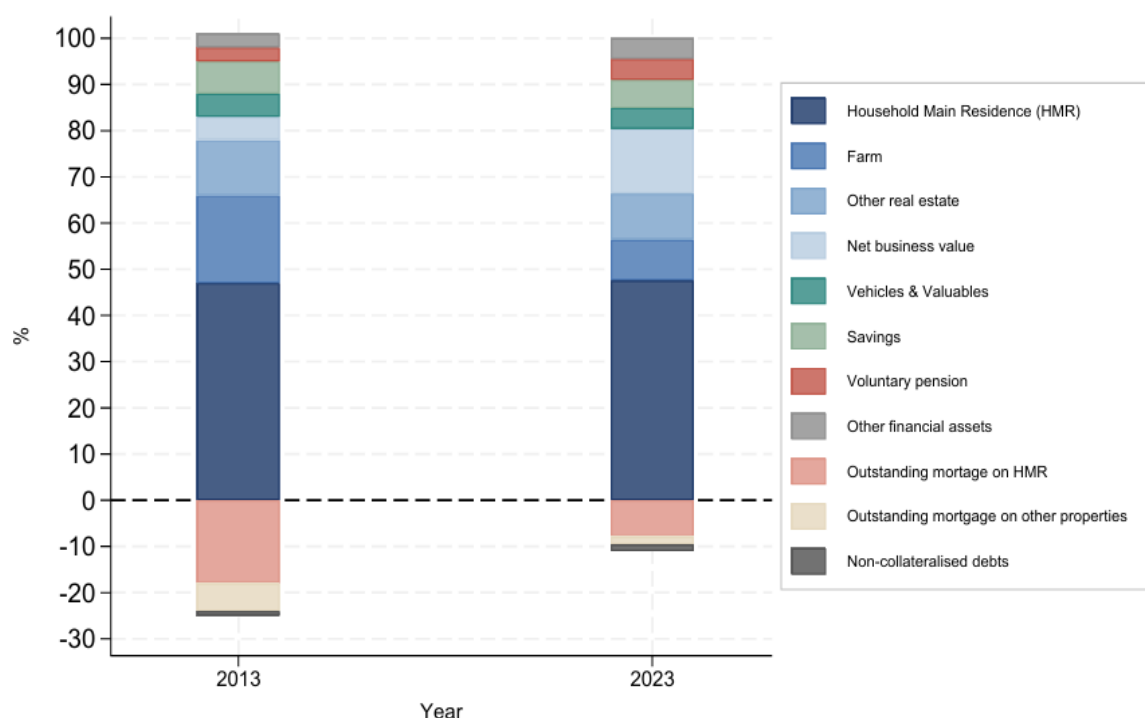
Despite the strong growth in aggregate household wealth, wealth inequality actually declined between 2013 and 2023. The share of total net wealth held by the bottom 50 per cent of households increased, rising from 1.4 per cent in 2013 (Lawless & Lynch, 2016) to 9.1 per cent in 2023. Conversely, the share held by the top 10 per cent fell from 53.8 per cent in Lawless & Lynch (2016) to 48.6 per cent in our 2023 calculations. Using Distributional Wealth Accounts (DWA) data, Moreno (2024) also highlights this fall in wealth inequality, showing that the net wealth Gini coefficient declined from 0.77 to 0.64 over the decade. Moreno (2024) attributes this decline in wealth inequality primarily to the deleveraging of households in the bottom half of the wealth distribution. Instead, wealth gains in absolute terms for the upper half of the wealth distribution were driven by rising asset values, notably through the rise in residential property prices and the value of business wealth. These findings are also consistent with Horan et al. (2020), who identified a decline in wealth inequality between the 2013 and 2018 waves of the Irish HFCS.

It is important to reiterate that the first HFCS in 2013 was conducted in the aftermath of the global financial crisis, when household balance sheets were heavily affected by

elevated debt levels and many households remained in negative equity. The fall in wealth inequality over this period must be interpreted within this context of the weakness of household balance sheets and the subsequent recovery. Indeed, from an inequality perspective, wealth remains highly concentrated, with the top 10 per cent continuing to hold almost half of total household wealth. Moreover, Daly (2022) finds evidence that some assets have become increasingly concentrated among wealthier households since 2013. While growth in housing wealth was an important driver of wealth gains among both the middle 40 per cent and top 10 per cent of households, growing business wealth was particularly important for households at the top of the wealth distribution. While the share of wealth held by households in the top net wealth decile declined, a contrasting trend emerges when we look at the income distribution. Households in the top decile of the gross income distribution now account for a larger share of total wealth than they did a decade ago. The share of total net wealth held by the top income decile rose from 25.6 per cent previously to approximately 30.5 per cent in 2023.

Despite the large changes in aggregate net wealth levels, Figure 1 shows that the composition of household wealth has remained relatively stable. The household main residence continues to account for the largest share of wealth. Financial assets make up only about 15 per cent of total gross wealth. Compared to 2013 farms now contribute a smaller share of total gross assets, falling from 19 to 9 per cent. Conversely, the role of business wealth has risen from 5 to 14 per cent. As noted above, the fall in liabilities from 25 per cent to just 11 per cent of the value of total gross assets highlights the degree of deleveraging of Irish households over the past decade.

Figure 1 Composition of gross assets and liabilities 2013-2023



Source: Authors' analysis of 2023 HFCS microdata files. 2013 figures are taken from Lawless & Lynch (2016)

Notes: Comparisons with the 2013 HFCS wave should be interpreted with caution due to methodological changes in subsequent waves that may have affected the measured distribution of assets and liabilities.

Patterns of Irish household wealth 2023

To look in more detail at how wealth is distributed in the 2023 HFCS data, Table 2 ranks households by both net wealth and gross income and shows both the threshold value and the share of net wealth accounted for by each wealth or income decile.

Households in the top wealth decile, for example, have net wealth above €1,023,375. As noted above, wealth remains highly concentrated. The wealthiest 10 per cent hold almost half of all household wealth, while the top three deciles account for more than 75 per cent. The bottom 50 per cent holds 9.1 per cent of total wealth. The bottom decile's share of net wealth remains slightly negative which reflects that some households' debts exceed their assets in this decile. However, the maximum net wealth for households in the bottom decile is now positive (€2,432), unlike in 2013. The distribution of wealth is comparatively more evenly distributed across income deciles, although the top three income deciles still account for more than half of net wealth.

Comparing the thresholds for each decile with those in Lawless & Lynch (2016) illustrates how much more rapidly wealth has grown than income. For example, the

threshold for the top wealth decile has increased by around 87 per cent from €546,090 in 2013 to €1,023,375 in 2023. In comparison, the threshold for the highest income decile increased by just over 50 per cent from €108,629 to €164,600.

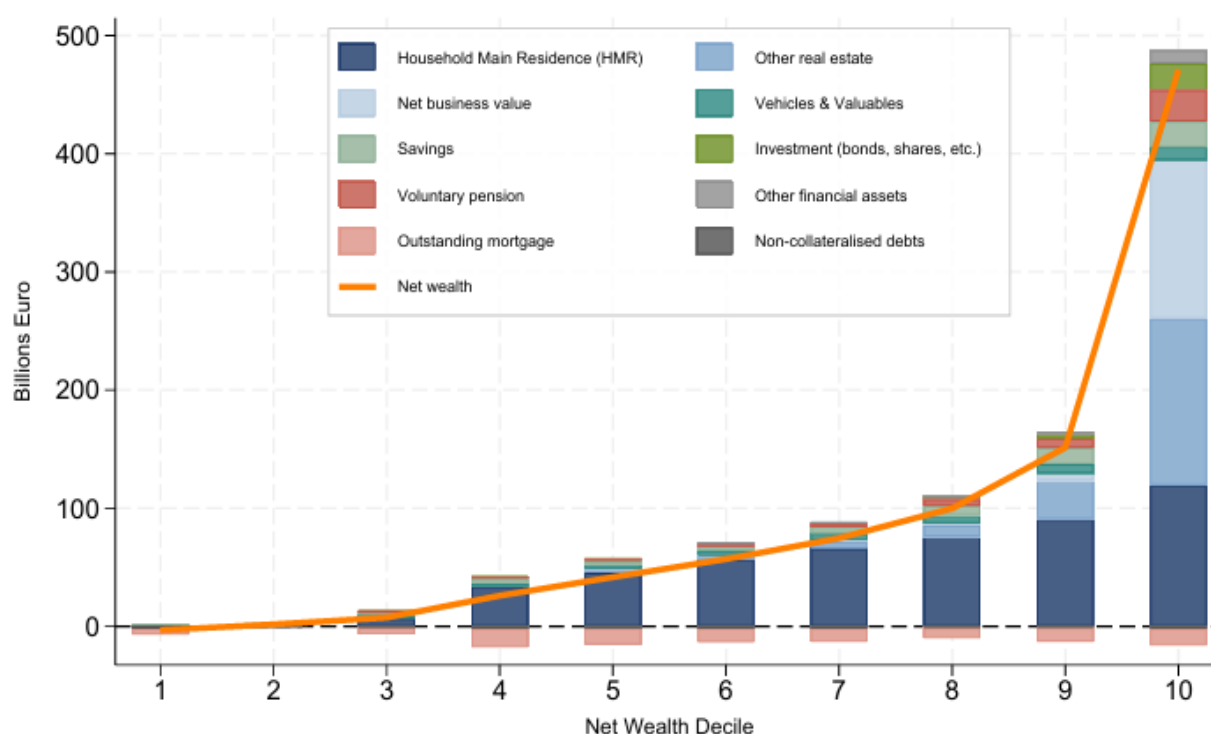
Table 2 Distribution of Irish household net wealth by wealth and gross income deciles

Net wealth			Gross income		
Decile	Threshold	% of Net Wealth	Decile	Threshold	% of Net Wealth
Bottom	<= €2,432	-0.11	Bottom	<= €21,520	5.22
2nd	<= €17,262	0.32	2nd	<= €32,528	5.47
3rd	<= €82,355	0.93	3rd	<= €44,900	6.32
4th	<= €178,683	2.98	4th	<= €56,362	6.49
5th	<= €255,827	5.00	5th	<= €68,538	6.51
6th	<= €338,009	6.49	6th	<= €83,669	8.83
7th	<= €446,451	8.54	7th	<= €101,684	8.24
8th	<= €615,957	11.15	8th	<= €122,940	10.57
9th	<= €1,023,375	16.09	9th	<= €164,600	11.87
Top	> €1,023,375	48.62	Top	> €164,600	30.49

Source: Authors' analysis of 2023 HFCS microdata files.

While wealth is highly concentrated among households in the top net wealth decile, Figure 2 shows that the composition of household wealth also varies considerably across the wealth distribution. For households in the middle of the distribution, their wealth is primarily held in the family home, with the household main residence accounting for 69-80 per cent of gross assets in deciles 4-8 and 55 per cent in the ninth decile. On the other hand, the composition of wealth looks markedly different for households in the top decile where the primary residence accounts for just under a quarter of gross assets, with similar shares for business wealth and other real estate, as well as a greater role for financial investments and voluntary pension wealth. Households in the top wealth decile therefore not only hold a disproportionate share of total wealth, but their wealth is distributed across a wider range of assets than that of other households.

Figure 2 Type and value of assets and liabilities by net wealth decile

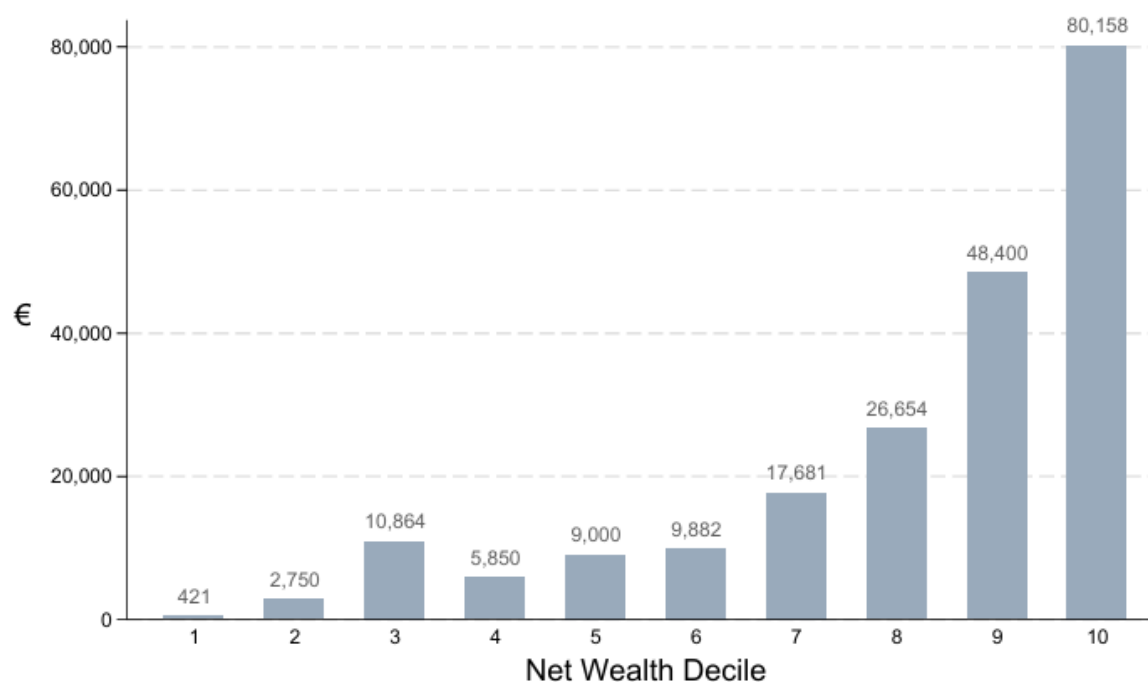


Source: Authors' analysis of 2023 HFCS microdata files.

Looking at the composition of wealth shown in Figure 2, it is clear that much of Irish household wealth is held in less readily accessible or illiquid assets such as housing and business assets⁷. Figure 3 presents the median value of liquid assets across net wealth deciles. We define liquid assets as money held in current accounts, savings and investments, including shares, bonds and mutual funds. Figure 3 shows considerable variation in liquid assets, ranging from a median of just over €400 in the lowest decile to over €80,000 in the highest. Median liquid asset values are relatively modest across the lower and middle wealth deciles, reaching just under €10,000 in decile 6. Households in the third decile have slightly higher liquid assets than those in deciles 4-6. As the majority of households in the first three deciles are renters, while those in deciles four and above are predominantly homeowners, this may capture households accumulating savings towards a deposit. While the median value of liquid assets rises sharply amongst wealthier households, they only account for a fairly small proportion of their overall wealth, consistent with the findings in Figure 2.

⁷ Figures A1 and A2 in the Appendix present the median values of individual asset types by net wealth decile.

Figure 3 Median value of liquid assets by net wealth decile



Source: Authors' analysis of 2023 HFCS microdata files.

Notes: Liquid assets are assets that can be quickly converted into cash with little or no loss in value, such as cash, cash equivalents, and certain marketable securities. For the purposes of this paper, we define liquid assets as money held in current accounts, savings and investments, including shares, bonds and mutual funds.

Table 3 examines how net wealth varies across socio-demographic groups. Overall, median household wealth is just under €256,000, compared with a mean of €483,770. Looking at how wealth is distributed across age cohorts, we see a strong life-cycle pattern. Households where the reference person is aged 18-34 have a median net wealth of €23,820 and hold only 3 per cent of total wealth. The share of wealth held by each age cohort increases, with households aged 55 and over holding nearly 62 per cent of total net wealth. Households with a reference person aged 65 or over hold 32.1 per cent of total wealth and have median net wealth of €403,970. This pattern is consistent with life-cycle wealth accumulation. The shares of wealth held by the 18-34, 35-44 and 65+ cohorts are virtually the same as in 2013 (Lawless & Lynch, 2016) but wealth has shifted between the 45-54 and 55-64 groups. In 2013, these groups held almost identical shares (25.1 per cent and 25.7 per cent). By 2023, the 45-54 group accounted for 22.0 per cent, compared with 29.7 per cent for those aged 55-64, indicating greater wealth concentration among the older middle-aged cohort.

Housing tenure is one of the clearest factors determining household wealth. Although renters comprise nearly 30 per cent of households, they hold only 3.1 per cent of wealth. Households that own their homes outright account for approximately 60 per cent of total household wealth, while those with a mortgage hold a further 34 per cent. Given the role of owner-occupied housing in the wealth holdings of Irish households, this is unsurprising.

Wealth also varies substantially by employment status. Self-employed households have considerably higher net wealth than other groups, with a median of €592,430 and a considerably larger mean wealth of nearly €1.2 million, significantly higher than employee households. This likely reflects the importance of business ownership as a source of household wealth. Retired households also retain substantial wealth despite no longer earning labour income, accounting for 28.3 per cent of total household wealth. This reflects asset accumulation over the working life.

Table 3 Net wealth distribution of Irish households

Category	Median Net Wealth (€000s)	Mean Net Wealth (€000s)	Wealth Share (%)
Total	255.83	483.77	100.00
Region			
Eastern & Midland	264.26	541.33	54.24
Northern & Western	239.00	414.16	15.30
Southern	251.44	437.81	30.46
Household Composition			
Single	211.83	328.88	15.11
Lone Parent	5.10	93.45	0.78
Couple (no kids)	298.06	525.38	28.79
Couple + Kids	197.52	430.15	19.28
3+ adults + Kids	308.31	591.00	10.59
3+ adults (no kids)	407.18	730.31	25.44
Tenure			
Own outright	468.75	809.05	62.99
Own-mortgage	306.30	542.10	33.93
Rent or other	10.19	46.44	3.08
Age			
18-34	23.82	108.84	3.03
35-44	143.97	285.66	13.23
45-54	273.32	517.24	21.94
55-64	380.32	798.66	29.68
65+	403.97	606.54	32.12
Work status			
Employee	192.62	385.51	41.29
Self-employed	592.43	1,198.76	22.66
Unemployed	7.34	184.79	1.39
Retired	403.20	587.15	28.31
Other	118.03	254.06	6.29
Education			
Primary/Lower secondary	262.92	397.58	15.50
Upper Secondary/Vocational	223.74	412.83	33.89
University	274.32	528.02	28.69
Post-Grad	327.17	700.21	21.93

Source: *Authors' analysis of 2023 HFCS microdata files.*

Differences in wealth are also evident across household types and by educational attainment. Generally, households containing more adults have higher levels of wealth.

This is consistent with measuring wealth at the household level. Single parent households have the lowest wealth by a considerable margin, with a median of just €5,100. Single adults have higher wealth than households with a couple and children. This is likely driven by older single adults and being at a different point in the lifecycle. The relationship between education and wealth is somewhat mixed. From upper secondary education onwards, wealth increases with education, but those with primary education have higher median, although not mean, wealth than those with secondary education. This likely reflects differences in education levels across age cohorts.

Overall, three features of household wealth stand out. First, household wealth has increased substantially since 2013 as household balance sheets recovered from the post-financial crisis period. Second, while wealth inequality has declined, wealth remains highly concentrated, with the top 10 per cent continuing to hold almost half of total household wealth. Third, the composition of wealth differs across the wealth distribution, with the household main residence accounting for a much larger share of wealth among households in the middle of the distribution and business wealth playing a greater role among households at the top of the wealth distribution.

4 Wealth tax scenarios

Having examined the latest distribution and composition of household wealth in Ireland, we now turn to the second objective of the paper, namely simulating a range of hypothetical wealth tax design scenarios to assess how alternative specifications of an annual net wealth tax would affect the potential tax base, aggregate value of wealth tax liability, household coverage and distribution of liability. We first outline the rationale behind our scenarios before discussing the modelling assumptions and limitations of the analysis.

Scenarios

We estimate a set of hypothetical annual net wealth tax scenarios that test how sensitive our outcomes are to alternative parameter choices. The scenarios vary two main parameters: the breadth of the asset base i.e. through the inclusion or exclusion of particular asset types, and the thresholds (euro value of net wealth) above which liability begins. We also vary the treatment of the household main residence (HMR) given both its importance in the stock of Irish household wealth and its political sensitivity in debates around wealth taxation. Across the scenarios we compare the resulting tax base; aggregate value of wealth tax liability; share and number of households liable; average payment; and the distribution of liability across households and asset categories. The purpose of this analysis is not to identify an optimal wealth

tax design, but rather to systematically examine how alternative combinations of thresholds and exemptions affect these outcomes.

Our choice of a wide range of hypothetical wealth tax scenarios is motivated by the international evidence reviewed in Section 2. Historically, wealth taxes were frequently shaped by political economy pressures and implementation failures that resulted in extensive exemptions that were often combined with relatively low thresholds and consequently brought many middle-wealth households within the scope of the tax (OECD, 2018; Perret, 2021). Recent evidence also demonstrates that exemptions and reliefs for business assets can create opportunities for avoidance and asset shifting (Mas-Montserrat et al., 2025). More recent studies have therefore tended to favour a broad tax base combined with a high liability threshold (Varaschin et al., 2025; McDonnell et al., 2026). The revenue raised by a wealth tax, and the distribution of the resulting liability across households, depend critically on which assets are included in the taxable base and where the liability threshold is set. In practice, however, many of the assets that make up household wealth, such as the main residence, farms or business assets, may be politically sensitive, difficult to value or perceived differently from more liquid financial wealth. To capture these trade-offs, we consider a broad range of scenarios, including some that reflect weaknesses commonly associated with previous wealth tax regimes. We order the scenarios from the narrowest to the broadest tax base to make these trade-offs explicit.

Table 4 outlines the key features of each of our thirteen main scenarios, together with an all-net-assets benchmark that applies the tax to the value of all positive measured net wealth with no threshold. This benchmark represents a theoretical upper bound on the tax base measured within the HFCS and serves as a reference point against which the impact of exemptions and thresholds can be assessed. We apply a flat 1 per cent tax rate across all scenarios to ensure comparability and to isolate the effects of varying each parameter.

To distinguish these effects, the scenarios can be split into three groups according to the breadth of asset coverage. The first group comprises narrow tax base scenarios that tax only financial assets (savings, investments and any other financial instruments), additional properties and vehicles and valuables. These scenarios exclude the household main residence, business wealth and farms. This group of scenarios allows us to examine the implications of a narrow approach to wealth taxation i.e. one which excludes the most politically sensitive or potentially difficult-to-value assets.

The second group of scenarios exempts only the household main residence. All other measured non-pension wealth, including business and farm wealth, is included. These scenarios are intended to isolate the role of owner-occupied housing, which is particularly relevant in the Irish context given it is the central component of household wealth across the fourth to ninth household net wealth deciles. Comparison with the broad tax base scenarios isolates the role of owner-occupied housing in shaping the tax

base and household coverage. The HMR exempt scenario with no threshold is included to show the implications of excluding the main residence while taxing all other net wealth.

The final group of scenarios apply a broad tax base which includes all non-pension assets. These scenarios are included to examine the implications of limiting exemptions and applying the tax to the widest measured wealth base available in the HFCS. They provide a contrast with narrower designs and allow us to consider how asset coverage interacts with the choice of threshold.

Within each asset base group, we apply thresholds of €250,000, €500,000, €1 million and €2 million, with each threshold doubled where the household reference person is married. This follows the approach of Lawless & Lynch (2016) to be consistent with the Irish tax treatment of married couples. Where a household contains multiple unmarried adults, the household is assigned the same threshold as a single individual. This is a necessary simplifying assumption, but it is important to note this approach may bias our wealth tax estimates upwards as in practice each individual would likely be considered as a separate tax unit with their own individual tax threshold. For ease of presentation, we label these thresholds as low, medium, high and very high. The labels are relative to the range examined in this paper and are not intended to carry a normative interpretation. These thresholds are not intended to represent preferred policy parameters. Instead, they allow us to examine how the scope of liability changes as the tax is targeted more narrowly or more broadly across the wealth distribution.

The scenarios highlight the trade-offs between asset coverage, household coverage and potential revenue generation. Scenarios with narrower asset bases may align more closely with concerns about taxing particular asset types, but they necessarily define taxable wealth more restrictively. Broader bases may capture substantially more wealth, but they place greater reliance on assets such as the primary residence, farms and business wealth that are less liquid, politically sensitive and may be more difficult to value. The results we present in Section 5 use this scenario structure to quantify the implications of these choices for the aggregate value of wealth tax liability, household coverage and the distribution of liability. Before presenting the results, however, it is important to clarify several modelling assumptions arising from the use of household survey data and from the static nature of the microsimulation exercise.

Table 4 Net wealth tax scenarios

	Personal threshold	Included assets	Excluded assets
Narrow base - V.high threshold	€2mn (€4mn if married)	Savings, all other financial assets, additional properties, vehicles & valuables	HMR, business wealth and farms
Narrow base - High threshold	€1mn (€2mn if married)		
Narrow base - Medium threshold	€500k (€1mn if married)		
Narrow base - Low threshold	€250k (€500k if married)		
HMR exempt - V.high threshold	€2mn (€4mn if married)	Savings, all other financial assets, additional properties, vehicles & valuables, business wealth and farms	HMR
HMR exempt - High threshold	€1mn (€2mn if married)		
HMR exempt - Medium threshold	€500k (€1mn if married)		
HMR exempt - Low threshold	€250k (€500k if married)		
HMR exempt - No threshold	None		
Broad base - V.high threshold	€2mn (€4mn if married)	Savings, all other financial assets, HMR, additional properties, vehicles & valuables, business wealth and farms	None
Broad base - High threshold	€1mn (€2mn if married)		
Broad base - Medium threshold	€500k (€1mn if married)		
Broad base - Low threshold	€250k (€500k if married)		
All net assets (benchmark)	None		

Note: Pension assets are excluded from all scenarios.

Modelling assumptions and limitations

The HFCS adopts a so called ‘housekeeping’ concept in which a household is defined as “a person living alone or a group of people who live together in the same private dwelling and share expenditures, including the joint provision of living essentials”. In practice this means that adult children living away for educational purposes but still supported financially are included as part of the household. This definition is based on shared consumption and expenditure rather than a legal or tax basis and households may not necessarily be identical to tax units in practice.

In our modelling, we treat each HFCS household as a single tax unit. This implies that all assets and liabilities held by members of the household are pooled and assessed jointly. This is a necessary simplifying assumption. However, it may overstate the level of wealth attributed to a single taxable entity. For instance, adult children living in the family home may in practice be counted as a separate tax unit. However, from the low

levels of wealth we observe among younger cohorts, this would be unlikely to materially affect our findings. For unrelated adults living together, while they may share consumption and expenditure and be counted as an HFCS household, in practice they may retain separate ownership of any other assets and be counted separately by tax authorities. This could potentially overestimate the share of wealth above a certain threshold.

As noted above, we follow the approach of Lawless & Lynch (2016) and adjust thresholds based on the marital status of the household reference person. Where the reference person is married, the household is assigned a doubled threshold relative to a single individual, reflecting the treatment of married couples in the Irish tax system. This approach is consistent with how most wealth taxes have been implemented in practice (see Table A3 in Appendix 2). Households where the reference person is not married are assigned a single individual threshold, even if multiple adults are present. This may overestimate the amount of tax that would be due.

All asset values are measured at the time of the household's HFCS interview. Our wealth tax scenarios are static simulations in that they cannot account for longer-term behavioural responses such as changes in savings behaviour, asset reallocation, avoidance or migration responses. For robustness, we do however apply a range of potential behavioural elasticities from the literature to our aggregate value of wealth tax liability estimates.

Our analysis of household wealth in this paper excludes pension wealth⁸. Pensions are an important component of aggregate household financial assets in Ireland (Moreno, 2026). However, they are conceptually distinct from other forms of household wealth and therefore fall outside of what Lawless (2016) terms “marketable net wealth”. Pension entitlements are generally illiquid, difficult to value and cannot usually be sold or accessed prior to retirement. They reflect a future income stream rather than immediately available household wealth and the income arising from a pension is generally taxed at the point of drawdown. This distinction is particularly important in the context of wealth tax analysis. Pension saving is explicitly encouraged through the tax system because individuals are expected to prepare for retirement and provide for their future income needs. Including pension entitlements in a wealth tax base would therefore conflict with the objective of encouraging retirement saving. All but one of the twelve European countries that have historically levied, or currently levy, a net wealth tax have exempted pension assets from the tax base (Scheuer & Slemrod, 2021). The exclusion of pensions should however be kept in mind when interpreting our findings.

⁸ Note while estimates of voluntary pension wealth are included in descriptive Figures 1 and 2 in Section 3, they are excluded from our wealth tax scenario analysis.

Another limitation of survey data relates to measurement error. Asset values in the HFCS are self-reported and despite the oversampling of wealthier households, very wealthy households are typically under-represented (Vermeulen, 2018). In addition to valuation difficulties, certain assets, especially privately held businesses which lack readily observable market prices, may be difficult for households to value or report accurately. Together these factors may underestimate both the total level of household wealth and particularly that of households at the very top of the wealth distribution. We examine these issues and their implications in more detail in Appendix 1.

Finally, a household's overall tax burden may be subject to a cap relative to income. Where wealth taxes are or have been implemented, such as in Spain, these caps are often applied based on a household's joint income and wealth tax liability. As the HFCS does not contain information on a household's existing income tax liabilities or indeed any tax liabilities in other jurisdictions, we follow Lawless & Lynch (2016) and apply a stylised cap based on gross household income to examine whether simulated liabilities are large relative to current income.

5 Results – net wealth tax scenarios

Baseline scenarios

Table 5 presents our baseline results from applying a flat 1 per cent net wealth tax across the scenarios described in Section 4. These aggregate tax liability estimates should be interpreted as static, upper-bound estimates of parameter choices rather than forecasts of revenue that would necessarily be collected in practice. They do not incorporate behavioural responses, valuation difficulties or potential payment constraints. We will return to these issues below.

The all-net assets benchmark in the final row of Table 5 provides a useful reference point for the scale of household wealth in Ireland. It shows that applying a 1 per cent tax on all positive net assets would yield approximately €9.3 billion based on a tax base of €930 billion. This benchmark is not a realistic policy scenario, but it does illustrate the substantial expansion in household wealth seen in Ireland since Lawless & Lynch's (2016) analysis using 2013 HFCS data. As discussed in Section 3, net household wealth measured in the 2023 HFCS is just under 2.5 times higher than in the corresponding 2013 data, while the share of households with positive net wealth has also increased from 86 per cent to 94 per cent. Our scenario analysis therefore revisits the question of how choices around asset coverage and liability thresholds shape both the aggregate tax liability and incidence of a hypothetical wealth tax examined by Lawless & Lynch (2016), but in the context of substantially larger household balance sheets.

A number of findings emerge. First, the clearest finding across the scenarios examined in Table 5 is that the breadth of the tax base matters more for revenue than the threshold at which the tax begins to apply. At any given threshold, the broad base scenarios generate a significantly higher aggregate tax liability than their narrow base counterparts. At the medium threshold, for example, aggregate tax liability under the broad-base scenario is €2.93 billion, around 6.6 times the €446 million under the narrow-base scenario. At the very high threshold, the corresponding estimate is €1.03 billion with a broad-base, more than nine times the €109 million under the narrow-base scenario. This is consistent with the international evidence reviewed in Section 2, which suggests that exemptions introduced to improve political acceptability or administrative feasibility can substantially erode the tax base.

Our findings differ from Lawless & Lynch (2016) who found that a lower threshold could compensate to a greater extent for a narrower base. In the 2023 data, this is no longer the case. For instance, our broad-base high-threshold scenario generates an aggregate tax liability of €1.77 billion while affecting 4.5 per cent of households, whereas the narrow-base low threshold scenario generates an aggregate tax liability of €743 million while affecting 6.3 per cent of households. Thus, within the scenarios modelled here, a broader tax base with a higher threshold generates more than twice the aggregate tax liability while applying to fewer households. This suggests that the changes in the level and composition of Irish household wealth since 2013 have increased the significance of asset coverage relative to thresholds for revenue generation.

Table 5 Baseline wealth tax scenario results

	Tax base (€millions)	% Wealth Liable	Liable Hhds (thousands)	% Liable Households	Aggregate tax liability (€millions)	Mean payment (€)
Narrow base - V.high threshold	10,923	1.2%	5	0.3%	109	20,995
Narrow base - High threshold	23,704	2.6%	15	0.8%	237	15,470
Narrow base - Medium threshold	44,581	4.8%	48	2.5%	446	9,263
Narrow base - Low threshold	74,335	8.0%	120	6.3%	743	6,183
HMR exempt - V.high threshold	85,902	9.3%	20	1.0%	859	43,906
HMR exempt - High threshold	135,222	14.6%	51	2.7%	1,352	26,412
HMR exempt - Medium threshold	197,361	21.3%	116	6.1%	1,974	16,956
HMR exempt - Low threshold	261,962	28.3%	221	11.6%	2,620	11,837
HMR exempt - No threshold	438,423	47.3%	1379	72.0%	4,384	3,180
Broad base - V.high threshold	102,739	11.1%	27	1.4%	1,027	37,532
Broad base - High threshold	177,404	19.1%	86	4.5%	1,774	20,729
Broad base - Medium threshold	293,279	31.6%	264	13.8%	2,933	11,111
Broad base - Low threshold	454,111	49.0%	657	34.3%	4,541	6,912
All net assets	930,269	100%	1802	94.0%	9,303	5,163

The very high threshold scenarios further reinforce the importance of asset coverage. The narrow-base scenario, our narrowest and most restrictively targeted scenario,

raises only €109 million and applies to just 0.3 per cent of households. Applying the same threshold to a wider range of assets increases the aggregate tax liability to €859 million when the HMR is exempt and €1.03 billion under the broad base scenario, while household coverage remains limited to 1.0 and 1.4 per cent of households respectively. These scenarios show that implementing a very high threshold can restrict liability to a small share of the wealthiest households, but it cannot generate substantial revenue if the tax base excludes major asset categories. In order to raise larger revenues whilst avoiding the wider household coverage associated with low thresholds, the tax base would need to include a broader range of assets, which in an Irish context means including assets that may be harder to value, less liquid or politically sensitive such as business wealth, farms and the household main residence. This is consistent with the recent international literature reviewed in Section 2 which emphasises that high thresholds must be combined with broad tax bases and limited exemptions if the objective is to generate meaningful revenue while limiting the number of households liable (Varaschin et al., 2025).

The second key finding is that for a given asset base, the threshold matters in determining how many households are liable to pay the tax. For example, under the broad-base scenarios, the proportion of households liable rises from 1.4 per cent under the very high threshold to 4.5 per cent under the high threshold, 13.8 per cent under the medium threshold and 34.3 per cent under the low threshold. The increase in household coverage is disproportionate to the additional wealth brought into the tax base. Reducing the threshold from high to medium more than triples the proportion of households liable, from 4.5 to 13.8 per cent, but the share of total wealth liable rises from 19.1 to 31.6 per cent. Reducing it further to the low threshold increases household coverage to 34.3 per cent, while the share of wealth liable rises to 49.0 per cent. Lowering thresholds therefore brings in many additional households, but these households contribute less taxable wealth on average than those already captured at higher thresholds. Consequently, the largest aggregate tax liability estimates are associated with scenarios that extend liability well beyond the top of the wealth distribution and into a much broader portion of households.

Third, the effect of exempting the HMR varies substantially with the threshold. For instance, at our very high threshold, it reduces the aggregate tax liability from €1.03 billion to €859 million, a decline of approximately 16 per cent. At the low threshold, it reduces the aggregate tax liability from €4.5 billion to €2.6 billion, a decline of more than 40 per cent. This is intuitive as it reflects the distribution of asset holdings we documented in Section 3, namely the importance of owner-occupied housing among middle and upper wealth Irish households, compared to the more diversified holdings of those at the top of the wealth distribution. Consequently, the revenue effect of

exempting the household's main residence diminishes as the threshold becomes more concentrated on the upper tail.

The final column of Table 5 presents the mean annual tax payment associated with each scenario. Within each asset base, the higher the threshold, the higher the average payment amount. In the very high threshold scenarios, the payment amounts range from just over €20,000 under a narrow base to just under €44,000 when HMR is exempt and €37,500 under a broad-base scenario. While the share of households liable for the payment is small, these magnitudes are sizeable. We will examine current income payment constraints below.

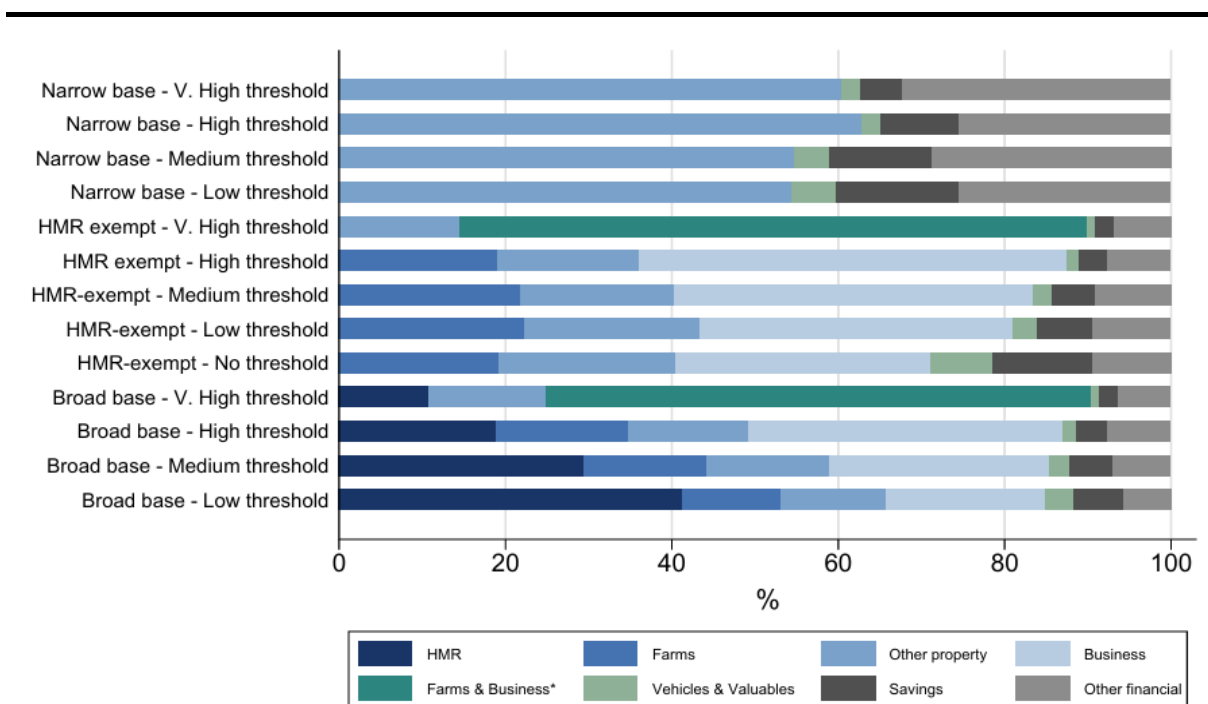
While Table 5 reports differences in the tax base, aggregate tax liability and household coverage, Figure 4 shows the contribution of different asset types to aggregate tax liability across scenarios. This matters because similar revenue estimates can arise from materially different combinations of assets. For example, the broad-base low threshold scenario and the HMR exempt no threshold scenarios generate similar aggregate tax liabilities at €4.5 billion and €4.38 billion respectively, and also tax a similar share of wealth, 49.0 per cent and 47.3 per cent. However, the former applies to 34.3 per cent of households and draws a substantial share of revenue from HMR wealth, while the HMR exempt no threshold scenario applies to 72.0 per cent of households and shifts liability toward other property, financial assets, farms and business wealth.

Figure 4 also illustrates how increasing the threshold alters the composition of aggregate tax liabilities. Within the broad-base scenarios, the HMR accounts for more than 40 per cent of aggregate tax liability under the low threshold but just over 10 per cent under the very high threshold. This is consistent with the dominant role of the main home in the composition of household wealth for those in the middle of the distribution compared to the more diversified wealth holdings of households at the top of the wealth distribution.

Across both broad-base and HMR exempt scenarios, higher thresholds imply a greater reliance on business and farm wealth. These assets may be harder to value and may also represent productive capital used to support ongoing business operations rather than a financial holding per se. We find that business wealth plays a greater role in our wealth tax revenue estimates compared to Lawless & Lynch (2016), consistent with the rise in the value of business assets since 2013 that we observed in Section 3. It is also important to recognise that while households who own or have a stake in a business may be among the wealthiest households, that does not necessarily mean the businesses themselves will be large or have high profits. As shown in Section 3, to enter into the top household net wealth decile requires a net wealth of just over €1 million

and a household above this point may hold its wealth through a combination of the primary residence and business assets, as well as other assets.

Figure 4 Share of aggregate value of tax liability accounted for by each asset type by scenario



Source: Authors' analysis of 2023 HFCS microdata files.

Notes: *For very high thresholds we report farms and business jointly due to small cell sizes

One caveat with the results presented so far, particularly the broad-base scenarios, is that they do not account for any interaction with the existing Local Property Tax (LPT). Because LPT is already levied annually on the (gross rather than net) value of residential property, it is useful to examine to what extent the aggregate tax liabilities reported in Table 5 overlap with the tax already collected through the LPT⁹. Note this is a simple

⁹ We apply the basic rate LPT charge 2022-2025 for the relevant property price band and then subtract from the household's calculated wealth tax liability. HFCS relies on self-reported property price values that may differ from a property's actual LPT rate band. In practice each local authority can increase or decrease the LPT rate by up to 15 per cent. Dublin LAs have typically applied reductions whereas other LAs have generally applied increases. However, as we do not have local authority information in the HFCS we do not apply this adjustment. Note we make the assumption any LPT payment would be credited against any wealth tax liability i.e. the wealth tax operating as a top-up tax, rather than applying two separate recurring annual taxes to the same asset. In practice any interaction between the two would likely be more complex if the wealth tax were administered nationally, as LPT is a source of local government revenue.

static overlap exercise and is not a full consideration of how a wealth tax might interact with the broader current tax system. We return to this discussion in Section 6.

Table 6 Local Property Tax adjusted wealth tax scenario results

	Tax base (€ millions)	% Wealth Liable	Liable Hhds (thousands)	% Liable Households	Aggregate tax liability (€ millions)	Reduction in aggregate tax liability (%)
Narrow base - V.high threshold	10,267	1.1%	5	0.3%	103	5.8%
Narrow base - High threshold	22,408	2.4%	15	0.8%	224	5.5%
Narrow base - Medium threshold	42,102	4.5%	46	2.4%	421	5.6%
Narrow base - Low threshold	70,009	7.6%	111	5.8%	700	5.8%
HMR exempt - V.high threshold	84,999	9.2%	19	1.0%	850	1.0%
HMR exempt - High threshold	133,309	14.4%	50	2.6%	1,333	1.4%
HMR exempt - Medium threshold	194,182	20.9%	114	6.0%	1,942	1.6%
HMR exempt - Low threshold	257,048	27.7%	213	11.1%	2,570	1.9%
HMR exempt - No threshold	431,715	46.6%	1,375	71.8%	4,317	1.5%
Broad base - V.high threshold	98,774	10.7%	26	1.3%	988	3.8%
Broad base - High threshold	167,136	18.0%	80	4.2%	1,671	5.8%
Broad base - Medium threshold	271,753	29.3%	237	12.4%	2,718	7.3%
Broad base - Low threshold	416,090	44.9%	590	30.8%	4,161	8.4%
All net assets	872,681	94.1%	1,800	93.9%	8,727	6.2%

Accounting for existing LPT liabilities does reduce aggregate tax liability across all scenarios, but the effects shown in Table 6 are modest and do not materially alter the main conclusions from our baseline analysis. As expected, the smallest reductions are for the HMR exempt scenarios (1.0-1.9 per cent reduction depending on threshold) as any LPT adjustment will only apply to additional, non-primary residence properties. The largest reductions occur in broad-base scenarios with lower thresholds (8.4 per cent for the low threshold and 7.3 per cent for the medium threshold), which reflects the greater importance of owner-occupied housing in these scenarios. This relatively limited impact likely reflects the fact that current LPT rates are considerably lower than the 1 per cent net wealth tax rate we apply¹⁰. In addition, many households liable for LPT would not be liable for a wealth tax under the thresholds we apply.

¹⁰ LPT applies to the gross rather than net value of the property. For 2022-2025 for properties up to €2.1 million a specific euro amount applied depending on the property band. For example, a property within the €240,001- €315,000 band had an LPT base charge of €235, equivalent to 0.07-0.1 per cent of the property value.

Distributional findings

The baseline results presented above show that the aggregate value and composition of tax liabilities as well as the number of households liable, vary considerably depending on the breadth of the tax base and the liability threshold. However, these aggregate results provide only partial insights into the implications of a net wealth tax as they reveal little about who bears the burden of the tax.

Table 7 shows that the wealth tax liability is concentrated among higher income households under all scenarios, although the degree of concentration varies considerably. Under the broad-base high threshold scenario, for instance, the top income decile accounts for 63.5 per cent of total tax paid, while the top two income deciles together account for almost three-quarters of the liability¹¹. As thresholds are reduced, liability extends further into the middle and even lower parts of the income distribution. Under the broad-base medium threshold scenario, households in the bottom half of the income distribution account for almost one-fifth of total tax paid, rising to almost one-third under the HMR exempt low threshold scenario. These distributional findings also help to qualify the headline aggregate tax liability estimates presented in Table 5. The scenarios that generate the largest aggregate tax liabilities do so partly because they extend liability to households in the middle and lower parts of the income distribution. However, the distribution of tax liability across income deciles does not necessarily reflect households' capacity to meet these liabilities, an issue to which we return below.

¹¹ It is important to keep in mind the comparatively small cell sizes in some scenarios, particularly those with higher thresholds. This may contribute to some fluctuations in the reported shares.

Table 7 Distribution of tax paid by household gross income decile

	D1	D2	D3	D4	D5	D6	D7	D8	D9	D10
Narrow base - V.high threshold	*	*	*	*	*	*	*	*	*	*
Narrow base - High threshold	*	*	*	*	*	*	*	*	*	58.9%
Narrow base - Medium threshold	*	*	*	*	*	*	*	*	12.5%	51.2%
Narrow base - Low threshold	1.9%	*	*	7.2%	3.5%	10.3%	5.6%	7.7%	13.1%	44.7%
HMR exempt - V.high threshold	*	*	*	*	*	*	*	*	*	57.6%
HMR exempt - High threshold	*	*	*	*	*	*	*	*	14.8%	39.6%
HMR exempt - Medium threshold	*	*	*	4.2%	*	7.1%	3.5%	6.5%	10.2%	58.3%
HMR exempt - Low threshold	4.5%	6.4%	6.2%	7.4%	7.1%	9.3%	9.5%	13.6%	12.5%	23.4%
HMR exempt - No threshold	3.3%	4.7%	5.1%	5.7%	5.7%	8.5%	6.9%	9.6%	11.8%	38.6%
Broad base - V.high threshold	*	*	*	*	*	*	*	*	*	47.7%
Broad base - High threshold	*	*	*	3.7%	2.8%	5.8%	2.8%	5.5%	10.1%	63.5%
Broad base - Medium threshold	1.9%	3.9%	3.5%	4.6%	4.5%	7.1%	4.6%	8.1%	10.7%	51.0%
Broad base - Low threshold	3.2%	4.8%	4.7%	5.4%	5.4%	8.1%	6.2%	9.1%	11.5%	41.5%

Note: All rows sum to 100 per cent. We are unable to report individual estimates for cells marked * due to CSO statistical disclosure protocols around small cell counts.

Table 8 shows a clear lifecycle pattern in the distribution of wealth tax liability across age cohorts. Households headed by someone aged 18-34 make only very small contributions, reflecting the fact this cohort accounts for only 3 per cent of total net household wealth (Table 3). Liability is instead concentrated among middle aged and older cohorts across all scenarios, with those aged 55 or over accounting for 63-67 per cent in most broad-base or HMR exempt scenarios. This slightly above but broadly mirrors their share of total net wealth which stands at around 62 per cent (Table 3). One notable finding, however, is the extent to which liability is concentrated among households aged 65 and over under the narrow-base scenarios, ranging from 47.7 per cent of tax paid under a low threshold to 59 per cent under a high threshold. This reflects the fact that financial assets and additional (non-HMR) properties are disproportionately held by older households. In contrast, under both the broad-base and HMR exempt scenarios, while lifecycle effects remain evident, the liability is comparatively more evenly spread across the 45-54, 55-64 and 65 plus age cohorts. This likely reflects the more prominent role of owner-occupied housing assets in the broad-base scenarios and the role of business wealth in both the broad-base and HMR exempt scenarios.

Table 8 Distribution of tax paid by age cohort

	Age 18-34	Age 35-44	Age 45-54	Age 55-64	Age 65+
Narrow base - V.high threshold	*	*	*	*	*
Narrow base - High threshold	*	*	*	*	59.0%
Narrow base - Medium threshold	*	*	*	33.4%	52.1%
Narrow base - Low threshold	*	*	*	33.5%	47.7%
HMR exempt - V.high threshold	*	*	*	*	11.2%
HMR exempt - High threshold	*	*	*	47.6%	15.6%
HMR exempt - Medium threshold	*	*	24.2%	44.5%	20.2%
HMR exempt - Low threshold	*	*	23.2%	41.3%	24.2%
HMR exempt - No threshold	2.3%	11.1%	21.5%	35.3%	29.8%
Broad base - V.high threshold	*	*	*	48.2%	14.3%
Broad base - High threshold	*	*	*	45.0%	20.4%
Broad base - Medium threshold	1.1%	10.5%	21.8%	39.5%	27.2%
Broad base - Low threshold	1.6%	10.3%	20.9%	35.1%	32.2%

Note: Age cohort is determined by the age of household reference person. All rows sum to 100 per cent. We are unable to report individual estimates for cells marked * due to CSO statistical disclosure protocols around small cell counts.

Differences in tax liability are also evident across employment groups (Table 9). In the narrow-base scenarios, retired households account for a larger share of tax paid, broadly mirroring, although slightly lower than the findings for the over 65s. In the broad-base scenarios, tax payments are shared relatively evenly between employee and self-employed households despite the latter representing a much smaller share of

households overall. Within each asset class the tax paid by self-employed households is higher the higher the threshold. This is consistent with the wealthiest households holding a larger share of business assets.

Table 9 Distribution of tax paid by employment status

	Employee	Self-employed	Retired	Unemployed/Other
Narrow base - V.high threshold	*	*	*	*
Narrow base - High threshold	*	*	57.7%	*
Narrow base - Medium threshold	*	21.9%	51.3%	*
Narrow base - Low threshold	27.1%	20.8%	45.3%	6.8%
HMR exempt - V.high threshold	*	41.6%	*	*
HMR exempt - High threshold	*	41.7%	12.1%	*
HMR exempt - Medium threshold	*	41.5%	15.4%	*
HMR exempt - Low threshold	38.6%	39.7%	17.9%	*
HMR exempt - No threshold	37.7%	32.4%	24.1%	5.8%
Broad base - V.high threshold	*	40.6%	12.1%	*
Broad base - High threshold	40.6%	39.7%	17.4%	*
Broad base - Medium threshold	37.5%	36.3%	22.4%	3.8%
Broad base - Low threshold	36.4%	31.0%	27.2%	5.3%

Note: Employment status refers to that of the household reference person. All rows sum to 100 per cent. We are unable to report individual estimates for cells marked * due to CSO statistical disclosure protocols around small cell counts.

Finally, Table 10 shows that tax liability is concentrated among couple households and households containing three or more adults, consistent with the higher levels of wealth documented for these groups in Section 3.

Table 10 Distribution of tax paid by household composition

	Single	Lone Parent	Couple (no kids)	Couple + Kids	3+ adults (with kids)	3+ adults (no kids)
Narrow base - V.high threshold	*	*	*	*	*	*
Narrow base - High threshold	*	*	40.4%	*	*	24.7%
Narrow base - Medium threshold	20.8%	*	41.8%	*	*	24.7%
Narrow base - Low threshold	18.1%	*	40.9%	6.6%	*	25.1%
HMR exempt - V.high threshold	*	*	*	*	*	*
HMR exempt - High threshold	10.1%	*	22.3%	*	*	30.2%
HMR exempt - Medium threshold	11.3%	*	25.8%	21.6%	*	29.1%
HMR exempt - Low threshold	11.6%	*	28.2%	20.3%	*	28.3%
HMR exempt - No threshold	12.6%	0.6%	30.2%	18.6%	10.6%	27.5%

Broad base - V.high threshold	8.6%	*	22.4%	*	*	29.5%
Broad base - High threshold	11.4%	*	25.2%	21.9%	*	28.9%
Broad base - Medium threshold	13.7%	*	27.6%	19.1%	*	27.8%
Broad base - Low threshold	15.3%	0.6%	28.5%	17.5%	10.8%	27.3%

Note: All rows sum to 100 per cent. We are unable to report individual estimates for cells marked * due to CSO statistical disclosure protocols around small cell counts.

Liquidity constraints

In our analysis so far, we have estimated the wealth tax liabilities that would arise under each scenario. This implicitly assumes that households would have the capacity to make the relevant payment. To understand whether households could meet these liabilities from their current income, we first calculate each household's estimated wealth tax payment to gross income ratio. Table 11 shows that wealth tax liabilities are often substantial relative to current household income, with mean ratios ranging from 7.1-24.2 per cent depending on the scenario. The median ratios are notably lower, but this does suggest that some households face very large liabilities relative to their income level. Interestingly, the highest overall mean ratios are for the highest threshold scenarios. This suggests that liquidity concerns are not confined to lower income households brought into liability in low threshold scenarios, but may also occur for some of the wealthiest households whose stock of wealth is very large relative to their income. We find higher wealth tax payment to income ratios than Lawless & Lynch (2016) which likely reflects the much stronger growth in wealth relative to household incomes since 2013.

To assess potential liquidity constraints, we apply a cap such that a household's simulated wealth tax liability cannot exceed 33 per cent of gross household income, following Lawless & Lynch (2016). As discussed in Section 4, this is a stylised exercise because the HFCS does not contain information on households' existing tax liabilities. The cap should therefore be interpreted as a current-income constraint on annual wealth tax payments and provides a simple indication of the extent to which the baseline aggregate tax liability estimates rely on liabilities that are large relative to household income.

Table 11 Median wealth tax payment-to-income ratio (%) by income decile, plus overall median and mean ratios

	D1	D2	D3	D4	D5	D6	D7	D8	D9	D10	Overall median	Overall mean
Narrow base - V.high threshold	*	*	*	*	*	*	*	*	*	*	5.0	12.2
Narrow base - High threshold	*	*	*	*	*	*	*	*	*	4.5	4.5	10.2
Narrow base - Medium threshold	*	*	*	*	*	*	*	*	3.6	1.9	2.7	7.4
Narrow base - Low threshold	9.7	*	*	3.7	2.5	4.9	2.0	2.2	2.1	1.9	2.4	7.1
HMR exempt - V.high threshold	*	*	*	*	*	*	*	*	*	6.7	8.9	24.2
HMR exempt - High threshold	*	*	*	*	*	*	*	*	6.2	5.4	6.4	17.4
HMR exempt - Medium threshold	*	*	*	15.1	*	7.0	5.8	4.1	5.7	5.8	6.4	13.7
HMR exempt - Low threshold	8.4	11.1	9.4	5.6	4.8	5.5	3.3	3.0	3.7	3.5	4.6	11.7
HMR exempt - No threshold	0.8	0.7	0.7	0.7	0.6	0.5	0.8	0.7	1.1	1.4	0.8	9.8
Broad base - V.high threshold	*	*	*	*	*	*	*	*	*	7.9	8.9	21.1
Broad base - High threshold	*	*	*	16.3	5.6	6.6	2.8	6.9	8.3	5.5	6.5	15.2
Broad base - Medium threshold	6.7	8.8	6.3	7.2	7.3	4.2	4.8	3.6	2.6	2.6	4.2	11.3
Broad base - Low threshold	8.0	7.6	6.1	3.5	6.1	2.7	2.5	2.7	2.6	2.1	3.5	18.1

Table 12 Reduction in aggregate wealth tax liability with 33% gross income cap

	Baseline aggregate tax liability (€millions)	Aggregate tax liability after 33% income cap (€millions)	Reduction in aggregate tax liability (€millions)	Reduction in aggregate tax liability (%)
Narrow base - V.high threshold	109	97	12	11.1%
Narrow base - High threshold	237	213	24	10.0%
Narrow base - Medium threshold	446	407	39	8.7%
Narrow base - Low threshold	743	693	50	6.8%
HMR exempt - V.high threshold	859	524	336	39.1%
HMR exempt - High threshold	1,352	914	439	32.4%
HMR exempt - Medium threshold	1,974	1,450	524	26.6%
HMR exempt - Low threshold	2,620	2,037	583	22.2%
HMR exempt - No threshold	4,384	3,710	674	15.4%
Broad base - V.high threshold	1,027	655	373	36.3%
Broad base - High threshold	1,774	1,273	501	28.3%
Broad base - Medium threshold	2,933	2,315	618	21.1%
Broad base - Low threshold	4,541	3,828	713	15.7%
All net assets	9,303	8,380	922	9.9%

Table 12 shows that applying the income cap reduces the value of the aggregate tax liability in all scenarios, although the scale of the reduction varies considerably. Aggregate tax liability falls by 6.8-11.1 per cent in narrow-base scenarios compared to 22.2-39.1 per cent in the HMR exempt and 15.7-36.3 per cent in the broad-base scenarios. Consistent with our findings in Table 11, the cap is most binding in the highest threshold scenarios, suggesting that liquidity concerns are particularly important for some of the wealthiest households whose taxable wealth is large relative to their current income. Despite the greater proportional falls for broad-base scenarios, they continue to generate substantially larger aggregate tax liabilities than narrow-base scenarios after income capping.

Turning to who benefits from the income cap, in Tables 13-15 we show how the associated reduction in liability is distributed across income deciles, age cohorts and employment status groups. Consistent with the higher payment-to-income ratios observed in the higher threshold scenarios, the largest reductions in liability accrue to higher income households, with the top income decile accounting for 60-89 per cent of the benefit in the HMR exempt and broad-base scenarios. We find the benefit is more concentrated in the top income decile than in Lawless and Lynch (2016), who find a more U-shaped distribution.

Table 13 Distribution of benefit from income capping by gross income decile

	D1	D2	D3	D4	D5	D6	D7	D8	D9	D10
Narrow base - V.high threshold	*	*	*	*	*	*	*	*	*	*
Narrow base - High threshold	*	*	*	*	*	*	*	*	*	40.6%
Narrow base - Medium threshold	*	*	*	*	*	*	*	*	3.6%	28.6%
Narrow base - Low threshold	1.6%	*	*	18.6%	9.6%	14.0%	8.8%	8.1%	3.6%	23.6%
HMR exempt - V.high threshold	*	*	*	*	*	*	*	*	*	88.7%
HMR exempt - High threshold	*	*	*	*	*	*	*	*	7.7%	78.9%
HMR exempt - Medium threshold	*	*	*	2.9%	*	2.5%	3.4%	2.8%	9.3%	71.5%
HMR exempt - Low threshold	0.8%	1.9%	4.5%	3.5%	3.4%	2.6%	3.7%	2.8%	10.0%	66.9%
HMR exempt - No threshold	2.8%	3.8%	5.8%	4.2%	3.7%	2.6%	3.8%	2.7%	10.4%	60.1%
Broad base - V.high threshold	*	*	*	*	*	*	*	*	*	87.2%
Broad base - High threshold	*	*	*	2.0%	2.7%	2.3%	3.1%	2.9%	8.0%	75.4%
Broad base - Medium threshold	1.0%	3.4%	4.2%	3.3%	3.3%	2.5%	3.6%	2.8%	9.1%	66.8%
Broad base - Low threshold	2.7%	5.2%	5.3%	4.2%	3.6%	2.5%	3.9%	2.7%	9.4%	60.5%

Note: All rows sum to 100 per cent. We are unable to report individual estimates for cells marked * due to CSO statistical disclosure protocols around small cell counts.

In the narrow-base scenarios, the benefit accrues mainly to older households, with those aged 65 and over accounting for around 88-89 per cent of the reported reduction and retired households accounting for 51-69 per cent. This is consistent with these scenarios drawing more heavily on financial assets and additional property which are held disproportionately by older households, many of whom have lower current incomes.

Table 14 Distribution of benefit from income capping by age cohort

	Age 18-34	Age 35-44	Age 45-54	Age 55-64	Age 65+
Narrow base - V.high threshold	*	*	*	*	*
Narrow base - High threshold	*	*	*	*	87.7%
Narrow base - Medium threshold	*	*	*	3.4%	89.1%
Narrow base - Low threshold	*	*	*	4.8%	88.8%
HMR exempt - V.high threshold	*	*	*	47.5%	*
HMR exempt - High threshold	*	*	*	48.4%	9.0%
HMR exempt - Medium threshold	*	*	35.7%	48.7%	12.1%
HMR exempt - Low threshold	*	*	33.9%	48.4%	14.0%
HMR exempt - No threshold	0.4%	3.3%	32.2%	46.9%	17.2%
Broad base - V.high threshold	*	*	*	48.4%	6.0%
Broad base - High threshold	*	*	*	48.5%	10.9%
Broad base - Medium threshold	*	*	32.8%	47.8%	14.5%
Broad base - Low threshold	0.4%	5.0%	30.7%	46.3%	17.6%

Note: All rows sum to 100 per cent. Unable to report individual estimates for cells marked * due to CSO statistical disclosure protocols around small cell counts.

In contrast, in the HMR exempt and broad-base scenarios, the benefit from income capping is concentrated among households aged 45-64 and the self-employed, likely reflecting the greater role that business wealth plays in these scenarios. For instance, those aged 55-64 account for around 47 to 49 per cent of the benefit in most HMR exempt and broad-base scenarios, while the self-employed account for around 38 to 42 per cent in the medium and low threshold variants.

Table 15 Distribution of benefit from income capping by employment status

	Employee	Self-employed	Retired	Unemployed/Other
Narrow base - V.high threshold	*	*	*	*
Narrow base - High threshold	*	*	50.7%	*
Narrow base - Medium threshold	*	31.3%	63.9%	*
Narrow base - Low threshold	3.3%	26.8%	69.3%	0.6%
HMR exempt - V.high threshold	*	32.5%	*	*
HMR exempt - High threshold	*	37.6%	4.3%	*
HMR exempt - Medium threshold	*	40.2%	6.9%	*
HMR exempt - Low threshold	49.7%	41.3%	8.6%	0.4%
HMR exempt - No threshold	45.4%	42.2%	11.4%	0.9%
Broad base - V.high threshold	63.0%	35.0%	*	*
Broad base - High threshold	*	39.3%	6.3%	*
Broad base - Medium threshold	47.9%	41.5%	10.1%	0.4%
Broad base - Low threshold	44.0%	42.1%	13.2%	0.8%

Note: All rows sum to 100 per cent. Unable to report individual estimates for cells marked * due to CSO statistical disclosure protocols around small cell counts.

Overall, these findings suggest that liquidity concerns predominantly arise among some of the wealthiest households whose current incomes are low relative to their taxable wealth, rather than among low income households more generally. It is important to note that this income capping exercise should be interpreted as an assessment of whether households could meet their simulated wealth tax liabilities from their current gross income, rather than as an estimate of the amount of revenue that would necessarily be forgone. This distinction matters because a current income constraint is not the same as ability to pay over a longer time horizon, particularly for households with substantial but illiquid wealth. In practice, a cap could reduce the current tax payment, but the associated liability could be deferred. Our findings therefore provide evidence around liquidity and likely current payment constraints, rather than an estimate of revenue foregone in the longer term.

These findings do however highlight one of the practical challenges. An annual net wealth tax is intended to tax the stock of wealth rather than current income, so if current income caps permanently limit liability, a sizeable share of the wealth base may remain untaxed. Furthermore, international evidence suggests that such income capping provisions can create avoidance opportunities which can have notable implications for revenue generation. In Spain, Mas-Montserrat et al. (2025) find that taxpayers not only responded through shifting wealth towards exempt asset classes, but also by restructuring their portfolios to take advantage of income caps limiting their wealth tax liability. Indeed, the authors estimate the latter accounted for over 90 per cent of the estimated revenue reduction. Some form of deferral mechanism may provide a way to balance genuine short-term liquidity constraints while maintaining the principle that wealth tax liability should be determined by wealth rather than income.

Behavioural responses

One of the limitations of our static wealth tax scenario framework is that we are unable to model any behavioural response to the tax over time. Consequently, the aggregate tax liabilities estimated in Table 5 should not be interpreted as forecast revenue yields. As discussed in Section 2, evidence from the international literature suggests that taxpayers are likely to respond to the implementation of an annual wealth tax through a range of channels including changes in their savings and investment decisions, changes in their reported taxable wealth through avoidance, evasion, shifting asset allocations towards more favourably treated or exempt asset classes, or even migration. While modelling these dynamic responses directly is beyond the scope of this paper, we draw on a range of estimates from the existing literature to examine the

sensitivity of the aggregate tax liability estimates in Table 5 to alternative assumptions regarding the scale of behavioural responses.

In their review of the literature, Advani & Tarrant (2021) find that behavioural elasticities in response to wealth taxation vary hugely across countries and that this substantial variation reflects differences in the specific design of the tax regarding asset coverage, exemptions, reporting requirements and enforcement. The authors conclude that a well-designed annual wealth tax levied at 1 per cent in the UK could reduce the taxable wealth base by approximately 7 to 17 per cent over the medium term (4-8 years) before any administrative or enforcement costs. In this context, well-designed refers to a broad tax base, limited exemptions, strong reporting requirements, third-party information and anti-avoidance rules. However, they also note the difficulty in estimating an elasticity of taxable wealth and caution that responses to the introduction of a new wealth tax may differ from those observed following a rate increase in a country where such a tax is already in place. Recent evidence from Spain finds a much larger effect. Mas-Montserrat et al. (2025) find that a 0.1 percentage point increase in the average wealth tax rate reduced taxable wealth by 3.21 per cent over four years. Importantly, the authors find no evidence that higher wealth taxes reduced overall wealth accumulation. Instead, they find that taxpayers reduced their taxable wealth primarily by reallocating (particularly business) assets towards exempt categories and through restructuring their asset and income portfolios to take advantage of income capping provisions limiting wealth tax liability.

In Table 16 we therefore apply a 7 per cent, 12 per cent, 17 per cent and 32 per cent proportional reduction to the aggregate tax liabilities estimated under our static 1 per cent annual wealth tax baseline scenarios. These correspond to the lower bound, midpoint and upper bound of Advani and Tarrant's (2021) estimated range for a hypothetical well-designed wealth tax levied at 1 per cent in the UK, as well as the much larger effects in Mas-Montserrat et al.'s (2025) recent evidence from Spain. The 32 per cent reduction illustrates the potential revenue consequences where extensive exemptions, reliefs or liability caps create substantial opportunities for tax avoidance and asset shifting. The main objective is not to identify the most likely elasticity for Ireland, but rather to illustrate the sensitivity of the baseline estimates to a range of plausible behavioural responses. Furthermore, while Table 16 presents each reduction for each scenario, any behavioural response is unlikely to be uniform across our alternative wealth tax scenarios. Scenarios with extensive exemptions or reliefs would be expected to generate larger behavioural responses since they create greater scope for asset shifting and tax planning. Conversely, broad tax base scenarios with limited exemptions would be expected to generate smaller responses.

Table 16 Wealth tax scenario aggregate tax liability estimates under alternative behavioural response estimates

	Aggregate tax liability – Baseline Scenarios (€millions)	Aggregate tax liability after adjustment (€millions)			
		7% reduction	12% reduction	17% reduction	32% reduction
Narrow base - V.high threshold	109	101	96	90	74
Narrow base - High threshold	237	220	209	197	161
Narrow base - Medium threshold	446	415	392	370	303
Narrow base - Low threshold	743	691	654	617	505
HMR exempt - V.high threshold	859	799	756	713	584
HMR exempt - High threshold	1,352	1,257	1,190	1,122	919
HMR exempt - Medium threshold	1,974	1,836	1,737	1,638	1,342
HMR exempt - Low threshold	2,620	2,437	2,306	2,175	1,782
HMR exempt - No threshold	4,384	4,077	3,858	3,639	2,981
Broad base - V.high threshold	1,027	955	904	852	698
Broad base - High threshold	1,774	1,650	1,561	1,472	1,206
Broad base - Medium threshold	2,933	2,728	2,581	2,434	1,994
Broad base - Low threshold	4,541	4,223	3,996	3,769	3,088

Note: We apply a simple proportional reduction to the baseline aggregate tax liability estimates for each scenario presented in Table 5.

6 Interaction with other taxes

Our scenario analysis provides important insights into how the revenue yield and number of households liable for an annual net wealth tax would vary with asset coverage and liability thresholds. However, these static simulation estimates cannot be interpreted in isolation from the wider tax system. As discussed in Section 2, the Irish tax system already taxes wealth at different stages, including when it is transferred (CAT on inheritances and gifts and stamp duty on certain transactions), through the income

and gains it generates (CGT and capital income taxation) and through the ownership of residential property (LPT). A net wealth tax would differ by applying directly to the stock of net assets each year, irrespective of whether those assets generated an income, gained in value, or were transferred during the year. It is therefore important to consider how an annual net wealth tax might interact with existing taxes and potentially affect their revenue yields.

Net wealth taxes are not generally regarded as a first best policy instrument. The OECD (2018) argues that broad-based taxes on capital income and gains, together with well-designed taxes on inheritances and gifts, are likely to address wealth inequality more efficiently and at a lower administrative cost than an annual tax on net wealth.

Similarly, European Commission (2026a) concludes that while a wealth tax may have a role where the existing taxation of capital and wealth remains incomplete, it is an imperfect substitute for addressing those gaps directly. For Ireland, the Commission on Taxation and Welfare (2022) reached a similar conclusion. Rather than recommending a net wealth tax, it called for existing taxes and reliefs relating to capital and wealth to be assessed and reformed where appropriate. This whole tax system perspective is important and should be kept in mind when drawing lessons from other countries, particularly where their capital tax systems differ substantially from Ireland's. For example, Switzerland does not generally tax private capital gains, while Norway does not have an inheritance tax (OECD, 2018).

The LPT is the only existing annual tax levied on a household asset stock and is therefore the closest existing tax conceptually to an annual wealth tax, although it only applies to residential property and is levied on gross property values rather than net wealth. To account for this overlap in our simulations, in Table 6 we credit each household's estimated LPT liability against their hypothetical net wealth tax liability. As shown in Section 5, this leads to a relatively modest reduction in estimated wealth tax revenues. This limited impact likely reflects two factors. First, the fact that current LPT rates are much lower than the 1 per cent tax rate used in our scenarios and second, that many households liable for LPT would fall below our wealth tax thresholds and therefore not be liable for a wealth tax, thereby limiting the extent of the overlap. This is particularly relevant at higher wealth tax thresholds where fewer LPT liable households would also face wealth tax liability and owner-occupied housing contributes less to estimated wealth tax revenue. It is however important to note that this only captures the simple static overlap between the two taxes and does not capture the broader administrative and distributional implications of combining a locally raised tax on gross property values with a national level tax on household net wealth. A different combination of LPT and wealth tax rates may also alter these findings.

An annual net wealth tax would also interact with the existing taxation of income generated by assets. Interest, dividends and rental income for example are subject to

an individual's marginal rate of income tax. As Lawless and Lynch (2016) show, although a 1 per cent net wealth tax rate may be low relative to total asset values, it could still result in a high effective tax rate on capital income depending on the rate of return and inflation. In particular, it may be substantial relative to the income generated by low yield or illiquid assets.

Separately, our analysis of wealth tax payment to income ratios in Section 5 highlighted the likely difficulties that some households, including those at the top of the wealth distribution, would face in meeting an annual wealth tax liability from their current income. While capping liability relative to current income could address short-term payment constraints, it would also weaken the link between liability and wealth and could create opportunities for avoidance, as seen in Spain (Mas-Montserrat et al., 2025). Mechanisms that defer liability until an asset is sold or transferred, rather than removing it altogether, could provide a way to balance short-term liquidity constraints while preserving the tax claim on the underlying wealth. However, extensive deferrals until assets were sold or transferred could blur the distinction between an annual net wealth tax and existing taxes on capital gains and transfers. This raises the question as to whether an annual wealth tax would be the most effective way to tax this wealth, or whether this could be done more effectively through reforming existing taxes and reliefs.

Recent international proposals for a minimum effective tax on ultra-high net worth individuals are also relevant (Varaschin et al., 2025; Zucman, 2024). Although these proposals are specifically targeted at billionaires, the authors propose a top-up approach rather than a standalone wealth tax, with taxes already paid credited against the minimum liability. The broader principle is that any additional taxation of very high wealth should be integrated within the existing tax system, so that an additional liability arises only where wealth is otherwise undertaxed.

As well as the broader tax system, consideration of a net wealth tax would also need to take account of other relevant policies and objectives. One example is proposed efforts to encourage greater household participation in long-term investing. Encouraging households to move savings out of low yield cash deposits and into investments may appear at odds with taxing wealth on an annual basis. However, policies that support wealth accumulation across the lifecycle among households in lower to middle parts of the wealth distribution are not necessarily inconsistent with a tax targeted at the concentration of wealth at the top of the distribution. Any consideration of a net wealth tax would therefore require clarity about its intended objectives, as well as an assessment of its coherence with wider policy efforts to support household saving and investment.

Overall, these considerations suggest that an annual net wealth tax cannot be assessed in isolation from the wider tax system. The implications of a net wealth tax depend not only on its own design, but also on how it interacts with existing taxes on capital, property and wealth transfers and whether similar objectives could be achieved through reforms to those instruments.

7 Conclusion

The aim of this paper has been twofold. First, we document the level and composition of Irish household wealth and how these have changed over the past decade. Second, we examine the potential implications that an annual net wealth tax could have if it were applied to the current distribution and composition of household wealth. Specifically, we simulate a range of hypothetical scenarios to illustrate the effects of including and exempting particular assets and adjusting the thresholds (euro value of net wealth) at which liability begins. The scenarios range from narrow-base ones with extensive asset exemptions, through scenarios that exempt only the household's main residence, to broad-base scenarios covering all non-pension wealth covered in the HFCS. Having a broad range of scenarios, including some that replicate weaknesses identified in previous wealth tax regimes, allows us to illustrate the trade-offs associated with different parameter choices. The aim of this paper is not to make recommendations on whether a net wealth tax should be implemented or not, nor to recommend a specific scenario or optimal policy choice. Rather, the aim has been to identify factors and trade-offs that would need to be considered and to quantify their implications for potential revenue and the number and type of households liable for the tax.

A number of findings emerge. Compared to the post financial crisis period examined by Lawless and Lynch (2016), Irish household wealth has increased substantially, with total net household wealth in the 2023 HFCS almost two and a half times higher than in 2013. At the same time, household balance sheets have become much stronger, as the total value of debt has fallen from 25 to 11 per cent of gross assets. As households have deleveraged the share of wealth held by the bottom half of the wealth distribution has risen, although wealth remains highly concentrated, as the top decile still holds almost half of all net wealth. The composition of wealth has also evolved, with business wealth playing a larger role than a decade ago. These developments matter for any analysis of wealth taxes because they have changed not only how much wealth is potentially available to tax, but also where and how that wealth is held.

The clearest finding from our wealth tax scenario analysis is that the breadth of the taxable asset base matters more for revenue potential than the threshold at which liability begins. At any given threshold, the broad base scenarios generate substantially larger aggregate tax liabilities than their narrow base counterparts. This differs

somewhat from Lawless & Lynch (2016) who found that lowering the threshold could compensate to a greater extent for applying the tax to a narrower set of assets. Our findings from the 2023 data show that applying a lower threshold on a narrow asset base cannot compensate for the exclusion of major asset classes. For example, our broad-base high threshold scenario generates more than twice the aggregate tax liability of the narrow-base low threshold scenario, while also affecting fewer households.

For a given asset base, the threshold primarily determines how many households are liable to pay the tax. Lowering the threshold extends the tax liability to many more households, but the increase in household coverage is disproportionately large relative to the additional taxable wealth captured. Consequently, the largest aggregate tax liability estimates are achieved by extending liability beyond the wealthiest households and into a much broader proportion of the household population. The treatment of the household main residence is also important from a revenue perspective, particularly at lower thresholds where owner-occupied housing accounts for a larger share of household wealth. The revenue effect of exempting the household main residence does therefore decline as the threshold is raised because liability becomes concentrated among households with more diversified wealth holdings.

Regarding the interaction between thresholds and asset coverage, we show that very high thresholds can restrict wealth tax liability to a relatively small share of wealthier households (less than 1.5 per cent in our scenarios), but the revenue potential of such thresholds depends critically on applying the tax to a broad asset base. In an Irish context this would require the inclusion of assets that may be harder to value, less liquid or politically sensitive such as business wealth, farms and the household main residence. This is consistent with the recent international literature which emphasises combining high thresholds with broad tax bases and limited exemptions if the objective is to generate material revenue while limiting the number of households liable for the tax.

Looking at hypothetical wealth tax payment to income ratios, we find that current income payment constraints are not limited to scenarios that extend liability to a broader share of households. In fact, the largest proportional effects from imposing a cap on liability relative to current income occur in the highest threshold scenarios where liability is concentrated among a small group of the wealthiest households. This reflects the fact that wealth levels of those at the top of the wealth distribution are often high relative to their current income and indicates that restricting a wealth tax to a small number of high wealth households would not eliminate liquidity constraints. At the same time, international evidence suggests permanent income caps undermine the wealth base and create opportunities for tax avoidance. Mechanisms that defer payment, rather than remove liability altogether, may offer a more effective way to

address genuine liquidity constraints while preserving the principle that liability should be determined by wealth rather than current income.

Finally, it is important to consider an annual net wealth tax within the context of the wider Irish tax system rather than as a standalone policy instrument. The case for a net wealth tax depends not only on its own revenue generation and distributional effects, but also on how it would interact with existing taxes on capital and wealth and whether similar objectives could be achieved through reforms to those instruments. Moreover, while the HFCS provides the most detailed available information on the composition and distribution of household wealth in Ireland, uncertainty remains regarding the extent of wealth held by households at the very top of the wealth distribution. Our estimates should therefore be interpreted as illustrative estimates of how alternative approaches to net wealth taxation interact with the observed distribution of wealth, rather than as forecasts of revenue that would be collected in practice.

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Appendix 1 - Does the HFCS capture the full picture of household wealth?

The HFCS remains the foundation data source for our scenario analysis because it uniquely captures household level information on assets, liabilities, incomes and household demographics. Unlike aggregate wealth statistics or the Distributional Wealth Accounts (DWA) decile level aggregates, the HFCS records the full composition of household balance sheets, including the household main residence, other properties, business wealth, financial assets, mortgages and other debts, alongside income and demographic characteristics. This level of detail allows us to model wealth tax scenarios directly at the household level. Specifically, it enables us to identify households exceeding different wealth thresholds, to estimate the number of potential taxpayers and to assess how different tax bases would affect tax liability. Consequently, the HFCS supports a more realistic assessment of the distributional and revenue implications of alternative wealth tax designs than would otherwise be possible using aggregate statistics alone.

Nevertheless, there are two separate measurement issues associated with the HFCS that are particularly relevant for our wealth tax scenario analysis. First, the under-reporting of asset values across households. As the HFCS relies on self-reported information, respondents may not have up-to-date information on asset values or may simply not fully disclose all assets. Comparing Irish HFCS and Quarterly Financial Accounts data for 2020, Arrigoni et al. (2025) find evidence of substantial under-reporting of financial asset values. Second, despite the survey's deliberate oversampling of wealthy households, it is unlikely to fully capture the very wealthiest households. Accurate measurement of the upper tail of the wealth distribution is a well-established challenge. Vermeulen (2018) shows that even where wealthy households are deliberately oversampled, differential non-response means the richest households remain underrepresented, leading to downward biased estimates of wealth concentration.

A number of papers have sought to address the under-representation of wealthy households in these data. Vermeulen (2018) combines HFCS microdata with information from the Forbes World's billionaires list and estimates a Pareto distribution on the top tail combined with the rich list data. Walzl and Chakraborty (2022) combine a Pareto model fitted to observations from both the HFCS and rich lists with a stratification approach based on observed survey portfolios to estimate the contribution of these missing wealthy households to the overall gap between survey and macroeconomic wealth estimates. The authors show that while the "missing rich"

are an important contributor to the gap between HFCS wealth aggregates and national accounts, particularly for equity and business wealth, they explain only part of the overall micro-macro gap for most wealth components, implying that other factors such as valuation differences and coverage issues remain important.

Acknowledging these shortcomings, the European Central Bank has developed experimental Distributional Wealth Accounts (DWA), which reconcile the distribution of household wealth observed in the HFCS with macroeconomic household wealth aggregates from the Quarterly Sector Accounts (QSA) (Blatnik et al., 2024). The DWA methodology first harmonises the definitions of wealth across the two data sources by aligning asset categories, reference periods and population coverage. It then corrects for known sources of under-coverage, including the under-reporting of assets within the survey and the underrepresentation of the wealthiest households through the incorporation of external information, such as rich lists and other administrative sources where available. Finally, the wealth distribution is benchmarked to macroeconomic balance sheet totals so that aggregate household wealth is consistent with the national accounts (Blatnik et al., 2024; ECB, 2024).

Table A1 A comparison of the asset definitions in the Irish HFCS versus DWA

Assets definition in HFCS	HFCS (€billion)	DWA (€billion)	Asset type in DWA
Housing (including farm used as housing)	638	727	Housing
Business wealth (including farms used for agricultural activities)	200	196	Business (Financial & non-financial)
Savings	64	161	Deposits
Investments & other financial assets	47	54	Listed shares, investment fund shares, debt securities
Liabilities			Liabilities
Mortgage on housing	100	103.7	Mortgage on housing
Other debts	15	22	Other debts

Source: Authors' calculations based on CSO HFCS 2023 microdata and ECB Distributional Wealth Accounts (DWA)

Note: DWA data refer to Q2 2023

A direct comparison of HFCS and DWA estimates is not straightforward as the asset and liability classifications used in our baseline HFCS analysis are not directly comparable with those in the DWA because the two datasets adopt different definitions

for certain asset categories. To facilitate a consistent comparison, in Table A1 we outline how we revised our HFCS asset and liability classifications to align with the DWA framework. The principal adjustment relates to housing assets. In the HFCS, the housing category includes the HMR, other residential properties, and, where applicable, the housing component of farms. In the DWA, however, agricultural land used for production falls under non-financial business wealth (ECB, 2024). We therefore reclassified these assets accordingly to ensure consistency between the two datasets.

From Table A1 we see that the largest adjustment between the HFCS and DWA relates to household deposits. The level of deposits in the DWA is approximately 2.5 times higher than that reported in the HFCS, suggesting substantial under-reporting of this asset category in the survey data. Indeed, this is reinforced by ECB (2024) who show that deposit under-reporting is relatively widespread across countries. As a result, the DWA methodology includes a specific adjustment aimed at improving the measurement of household deposit holdings. While Ireland is not the lowest in terms of the difference between reported and actual deposits, at only 35 per cent coverage, it is well below the Euro Area average which stands at around 55 per cent. This finding is consistent with Cussen et al. (2018), who previously showed that household deposits are significantly under-recorded in the Irish HFCS relative to financial accounts, with the survey capturing only around 30 per cent of aggregate deposits.

Despite an increase in aggregate household wealth of around €150 billion compared to the HFCS, the Irish DWA produces a wealth distribution that is very similar to that observed in the HFCS. From Table A2 we see that wealth shares for the bottom 50 per cent, top decile and top 5 per cent differ only marginally between the two sources. This suggests that for Ireland the primary effect of the DWA is to increase measured wealth levels, particularly in terms of deposits, rather than to substantially reshape the distribution of wealth across households. However, it is important to note that the published DWA data do not provide information on the very top of the wealth distribution beyond the top 5 per cent. Consequently, while differences between the HFCS and DWA appear limited across the observable distribution, the extent to which the DWA alters estimates of wealth concentration among the very wealthiest households cannot be directly assessed from the published data.

Table A2 A comparison of the net wealth value and % held by net wealth decile in the Irish HFCS versus DWA

HFCS	DWA
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	Net wealth		Net wealth	
	Net Wealth Decile (€Billions)	% of Net Wealth	(€Billions)	% of Net Wealth
Bottom 50%	85	9.12%	98	9.10%
6	60	6.49%	69	6.42%
7	79	8.54%	91	8.41%
8	103	11.15%	122	11.36%
9	149	16.09%	180	16.69%
10	451	48.62%	518	48.04%
Top 5%	336	36.24%	378	35.00%
Total	927		1079	

Source: Authors' calculations based on CSO HFCS 2023 microdata and ECB Distributional Wealth Accounts (DWA)

Note: DWA data refer to Q2 2023

That is not to say that missing top tail wealth is not an issue. Indeed, while estimates from the 2023 HFCS indicate that the top 1 per cent of households own approximately 13 per cent of total net household wealth (CSO, 2025), alternative estimates from the World Inequality Database (WID, 2023) suggest that the top 1 per cent of households in Ireland hold a substantially larger 22.4 per cent of wealth. Rather than relying solely on self-reported surveys, the WID combines survey, fiscal, administrative, and wealth-ranking data under Distributional National Accounts (DINA) guidelines. The methodology capitalises taxable investment income to estimate financial wealth, uses survey data for non-yielding assets such as housing, adjusts the upper tail using wealth rankings, and rescales the resulting distribution to national accounts totals (Chancel et al., 2025). However, these data do not provide the household level balance sheet information required to simulate wealth tax liabilities under alternative tax designs. These comparisons highlight the considerable uncertainty surrounding the amount of wealth held by the very richest households and reinforce that estimating wealth at the very top of the distribution is inherently difficult.

These findings have several implications for the wealth tax simulations presented in this paper. While the largest observable difference between the HFCS and DWA estimates relates to the under-reporting of deposits, if this under-reporting is broadly distributed across lower to middle wealth households, the resulting impact on wealth tax revenues would likely be more limited, particularly under the higher threshold scenarios which are targeted at higher wealth households who tend to hold

comparatively less of their wealth in deposits. In contrast, the uncertainty around the amount of wealth held by the richest households could be more consequential because in many of the scenarios presented, the tax liability is concentrated among a fairly small share of households at the top of the wealth distribution. On the other hand, even if we were able to measure the top tail of the wealth distribution more precisely, this would not necessarily mean all this wealth could realistically be brought within the tax base as it would not remove the practical challenges associated with valuing, verifying and taxing wealth holdings, particularly private businesses and other difficult to value assets. In addition, some wealth held by wealthy individuals with links to Ireland may be outside the scope of a residence-based wealth tax. Consequently, while our wealth tax scenario results should be interpreted with caution given the uncertainty regarding coverage of the wealthiest households, they nevertheless provide useful insights into the likely scale and distribution of wealth tax liabilities under a range of alternative tax scenarios.

Appendix 2 – Additional charts and tables

Table A3 provides a descriptive overview of former and current wealth tax designs in operation across different countries and time periods. These cross-country comparisons should be interpreted with caution rather than as like-for-like comparisons because tax units, time periods of operation, thresholds, asset coverage, exemptions, valuation rules and subnational arrangements differ markedly across countries.

Table A3 Design of Wealth taxes across Europe over time

Country	Year of Operation	Most recent tax rate	Top marginal rate ever	Threshold	Major exemptions	Cap on liability	Revenue as % of GDP	Status as of 2026	Limitations and challenges of wealth taxation
Austria	1954-1994	1%	1%	No threshold ¹²	N/A	No	0.14%	Repealed	<i>Declining revenue:</i> real estate undervaluation, and tax evasion reduced revenues. <i>Unfairness & constitutional concerns:</i> Unequal asset treatment and outdated real estate values undermined the tax's fairness and redistributive goals. <i>Double-taxation concerns:</i> Corporations faced wealth tax alongside other taxes, though it was deductible from taxable profits. <i>Corporate burden:</i> corporations accounted for a substantial share of liabilities
Denmark	1903-1997	0.7%	2.2%	Single: €320,657 Married: €641,314	•Pension •Life insurance	Yes	0.06%	Repealed	<i>Behavioural responses:</i> reduced saving/wealth accumulation incentives

¹² Allowance up to €11k (Scheuer & Slemrod, 2021, p. 213)

Country	Year of Operation	Most recent tax rate	Top marginal rate ever	Threshold	Major exemptions	Cap on liability	Revenue as % of GDP	Status as of 2026	Limitations and challenges of wealth taxation
Finland	1919-2006	0.8%	4%	Single: €250,000 Married: €500,000	• Preferential treatment of the main residence (HMR) • Pension	Yes	0.08%	Repealed	
France	1982-1986, 1989-2017	1.50%	1.80%	Single: €1,300,000 Married: €1,300,000	• Preferential treatment of the main residence (HMR) • Pension	Yes	0.22%	Repealed	<i>Distributional impact:</i> The wealth tax was less effective at taxing the ultra-rich due to tax caps and exemptions. These provisions allowed wealthy households to reduce their tax burden and limited the tax's impact on wealth inequality. Low revenue relative to administrative cost.
Germany	1952-1997	1%	2.5%	Single: €61,355 Married: €122,710	• Pension • Preferential treatment of business assets	No	0.11%	Repealed	<i>Constitutional overturn:</i> The tax was ruled unconstitutional due to outdated real estate valuations versus market based valuation of other assets. <i>Legal constraint:</i> The <i>Halbteilungsgrundsatz</i> (half-share principle) initially limited combined taxation to 50% of potential asset returns ¹³ , although it was later deemed non-binding. <i>High costs, low revenue:</i> Assessment and compliance costs, combined with declining revenue.

¹³ The *Halbteilungsgrundsatz* was not itself a direct challenge to the wealth tax. Rather, it was a principle that could constrain the government's ability to set the tax burden (European Commission, 2026b, p. 25).

Country	Year of Operation	Most recent tax rate	Top marginal rate ever	Threshold	Major exemptions	Cap on liability	Revenue as % of GDP	Status as of 2026	Limitations and challenges of wealth taxation
Iceland	To 2006 ¹⁴ , 2010-2015	2%	2%	Single: €473,248 Married: €630,997	•Pension •Life insurance •Preferential treatment of Business assets	No	0.48%	Repealed	
Luxembourg	1934-2006	0.5%	0.5%	No threshold ¹⁵	•Pension •Preferential treatment of Business assets	No	0.55%	Repealed	
Netherlands	1965-2001	0.7%	0.8%	Single: €90,756 Married: €113,445	•Preferential treatment of the main residence (HMR) •Pension •Life insurance •Preferential treatment of Business assets	Yes	0.18%	Repealed	
Norway	1892-present	1%-1.1% ¹⁶	1.1%	Single: €150,556	•Preferential treatment of the	No	0.62% ¹⁸	Active	<i>Behavioural responses:</i> international emigration, tax avoidance and offshore wealth.

¹⁴ This refers to Iceland's modern day wealth tax regime. Scheuer and Slemrod (2021) trace an early Icelandic wealth levy back to 1096.

¹⁵ Luxembourg had no fixed exemption threshold in euros. Instead, only 50% of the "unitary value" of assets was considered for wealth tax purposes (OECD, 2018, p. 81).

¹⁶ For 2025, net wealth exceeding NOK 1.76 million is subject to wealth tax at a rate of 1.0% up to NOK 20.7 million, with a higher rate of 1.1% applying to net wealth above NOK 20.7 million (European commission, 2026b, pp. 78-79).

¹⁸ As of 2024 (European Commission, 2026b, p. 82).

Country	Year of Operation	Most recent tax rate	Top marginal rate ever	Threshold	Major exemptions	Cap on liability	Revenue as % of GDP	Status as of 2026	Limitations and challenges of wealth taxation
				Married: €301,112 ¹⁷	main residence (HMR) •Pension •Life insurance •Preferential treatment of Business assets				<i>Liquidity concerns:</i> Wealth tax liabilities can be high relative to annual income for some households, creating potential liquidity constraints for asset rich, income poor households.
Spain	1977-2008, 2011-present	0%-3.75% ¹⁹	3.75%	Single: €700,000 ²⁰ Married: €1,400,000	•Preferential treatment of the main residence (HMR) •Pension •Business assets	Yes ²¹	0.2% ²²	Active	<i>Valuation difficulties:</i> Real estate and private shares are difficult to value accurately, causing unequal taxation when values diverge from market prices. <i>Behavioural responses:</i> tax avoidance & evasion, tax induced relocation, undervaluation. <i>Regressive exemptions and caps:</i> disproportionately benefit wealthy households.

¹⁷ Authors' own elaboration based on European Commission (2026b, pp. 78-79). The wealth tax exemption threshold was NOK 1.76 million in 2025. All amounts were converted to euros using the exchange rate of EUR 1 = NOK 11.69 on 2 January 2025.

¹⁹ The Spanish central government's top wealth-tax rate is 2.5%, but autonomous regions can apply different rates. For example, Extremadura has a top rate of 3.75%, while Madrid's 100% tax credit results in an effective rate of 0% (Scheuer & Slemrod, 2021, p. 213).

²⁰ In some regions, the exemption threshold is EUR 500,000 (European commission, 2026b, pp. 67-68).

²¹ Spain's combined income and net wealth tax liability could not exceed 60% of total taxable income, while a minimum of 20% of the originally calculated wealth tax had to be paid (Lawless & Lynch, 2016; OECD, 2018).

²² As of 2025 (European commission, 2026b, p. 69).

Country	Year of Operation	Most recent tax rate	Top marginal rate ever	Threshold	Major exemptions	Cap on liability	Revenue as % of GDP	Status as of 2026	Limitations and challenges of wealth taxation
									<i>Constitutional constraint:</i> Confiscatory taxation is prohibited, with combined wealth and income tax capped at 60% of taxable income, creating avoidance opportunities. <i>Low revenue yield.</i>
Sweden	1947-2007	1.5%	4%	Single: €166,214 Married: €221,619	•Pension •Business assets	Yes	0.19%	Repealed	Under-reporting and tax avoidance; administrative/compliance weaknesses; dependence on third-party reporting
Switzerland	1840-present	0.12%-0.86% ²³	3.72% ²⁴	Single: €26,681-€213,447 Married: €53,361-€490,928 ²⁵	•Preferential treatment of the main residence (HMR) •Pension •Preferential treatment of Business assets	Yes	1.1% ²⁶	Active	Asset valuation and enforcement challenges have included limited third-party reporting and reliance on taxpayer self-reporting. Differences in cantonal tax rates can also generate mobility and other behavioural responses.

Source: Du Rietz & Henrekson (2014); Lawless & Lynch (2016); Seim (2017); OECD (2018); Jakobsen et al. (2020); Perret (2021); Scheuer & Slemrod (2021); Brülhart et al. (2022); Jakobsen et al. (2025); Saez and Seim (2025); European Commission (2026b).

²³ The figure presents the top marginal wealth tax rates applicable across Swiss cantons in 2025 (European Commission, 2026b, p. 53).

²⁴ In Switzerland, different cantons have considerable discretion over rates, deductions, and exemptions. Capital gains are also not taxed (Brülhart et al., 2022).

²⁵ Authors' own elaboration. In 2025, the threshold for single taxpayers ranged from CHF 25,000 to CHF 200,000, while the threshold for married taxpayers ranged from CHF 50,000 to CHF 460,000 (different across cantons). Swiss franc amounts were converted to euros using the 2025 annual average Swiss franc/euro reference exchange rate published by the European Central Bank (ECB) (available at <https://data.ecb.europa.eu/data/datasets/EXR/EXR.A.CHF.EUR.SP00.A>).

²⁶ As of 2023 (European Commission, 2026b, p. 59).

Note: Most recent tax rate, top marginal rate ever, whether there was a cap on liability and revenue as a percentage of GDP are taken from Scheuer & Slemrod (2021), except for countries with an active wealth tax where these have been updated using European Commission (2026b) to reflect the latest arrangements. Thresholds refer to statutory exemptions from taxable net wealth for the relevant tax unit in the final year reported and come from OECD (2018), Scheuer & Slemrod (2021) and European Commission (2026b). Figures are expressed in nominal euro terms and are not adjusted for inflation or purchasing power differences. Comparisons should therefore be interpreted with caution. For countries that abolished their wealth taxes before the introduction of the euro, thresholds were converted into euros using the exchange rate on 1 January 2002. For countries that abolished their wealth taxes after the introduction of the euro, the exchange rate in the last year of operation was used. Information on major exemptions is taken from Scheuer & Slemrod (2021, p. 213) and OECD (2018, p. 84). Other exemptions may include other immovable property (e.g., buildings, woodland and forests, and land), other movable property (e.g., agricultural or rural assets, furniture, artwork and antiques, jewellery, and vehicles), and other financial assets (e.g., shares, bonds, liquid assets, and intellectual property rights). The scope and composition of these exemptions vary across countries (OECD, 2018, p. 84). Countries that currently levy a wealth tax are shaded in grey. For countries that have abolished the wealth tax, the table reports information for the most recent year in which the tax was in effect. In terms of tax unit, according to the OECD (2018) and Scheuer & Slemrod (2021), net wealth taxes have generally been based on a family tax unit, whereby spouses and dependents are assessed jointly. Finland and Spain are the two exceptions, where wealth taxation is based on an individual tax unit. Sweden used a family-based tax unit for assessing net wealth during the 1980s and 1990s, a progressive annual wealth tax on individuals was in place from 1911 until its abolition in 2007 (Du Rietz & Henrekson, 2014; Saez & Seim, 2025). For Denmark, while asset ownership and returns were assessed against individual records, the exemption threshold was pooled and doubled for married couples (Jakobsen et al., 2020). Regarding the final column on the limitations and challenges of wealth taxation, country specific information is based on the following sources: Denmark, Jakobsen et al. (2020, 2025); Switzerland, Brühlhart et al. (2022) and European Commission (2026b, pp. 51-62); Sweden, Saez and Seim (2025); Austria, European Commission (2026b, pp. 12-18); Germany, European Commission (2026b, pp. 20-26); France, European Commission (2026b, pp. 28-36); Spain, European Commission (2026b, pp. 65-76); and Norway, European Commission (2026b, pp. 78-90).

Table A4 Irish tax revenues by tax type – 2025

Tax Head	2025 Revenue (€m)	Share of total Exchequer tax receipts (%)
Income Tax (including USC)	36,573	34.6
VAT	22,942	21.7
Corporation Tax	32,942	31.2
Excise	6,464	6.1
Stamps	1,898	1.8
Capital Gains Tax	2,138	2.0
Capital Acquisitions Tax	1,121	1.1
Customs	616	0.6
Motor Tax	926	0.9
Other Property Related Taxes	51	0.05
Total	105,671	100

Source: *Department of Finance Exchequer tax receipts*

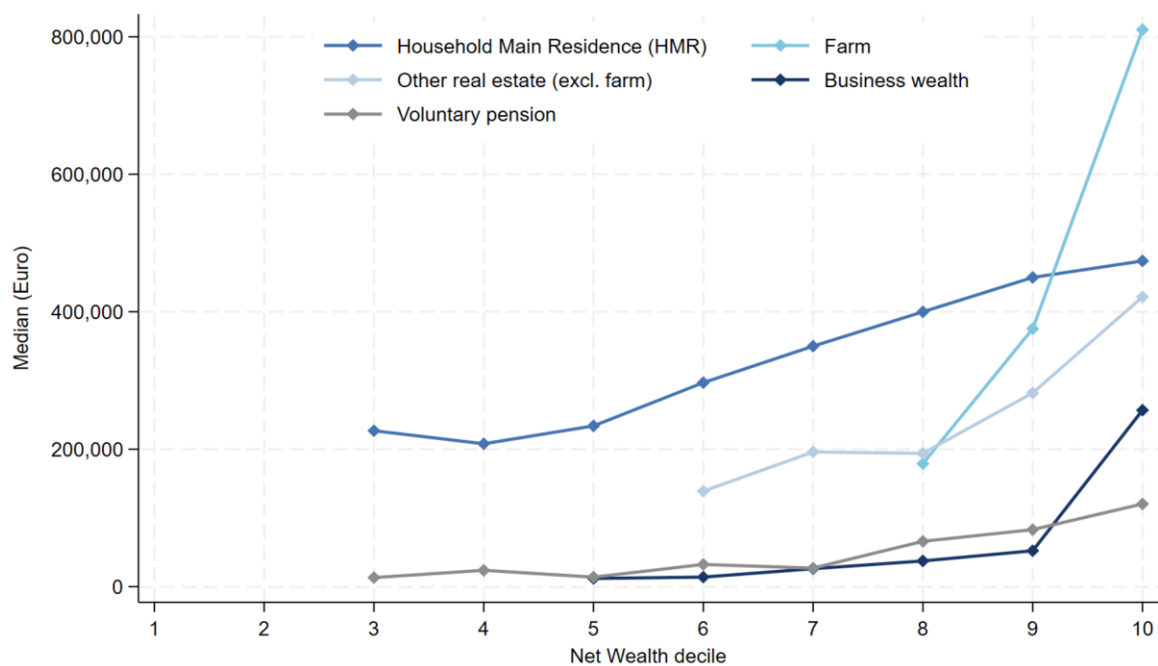
Table A5 Principal taxes related to wealth in Ireland

Tax	Wealth covered	Main mechanism	2025 receipts (€bn)
Capital Gains Tax (CGT)	Capital gains on assets such as shares, investment property, businesses and other chargeable assets	Generally 33% on realised capital gains above the annual exemption, after allowable deductions and reliefs	2.14
Capital Acquisitions Tax (CAT)	Transfers of wealth through gifts and inheritances	33% on taxable benefits above lifetime tax-free thresholds	1.12
Stamp Duty	Transfers of property and certain financial assets	Tax on transactions, with rates depending on the asset and transaction type	1.9

Local Property Tax (LPT)	Residential property ownership	Annual tax based on market value bands (or self-assessed market value) of residential property	0.67
Deposit Interest Retention Tax (DIRT)	Returns on financial wealth held in deposit accounts	33% tax deducted from deposit interest earned by individuals	0.28
Dividend Withholding Tax (DWT)	Dividend income from share ownership	Withholding tax on dividend payments, generally creditable against income tax liabilities	0.75

Source: Revenue Commissioners (2026), Revenue Net Receipts by Taxhead; Revenue Commissioners (2025), Annual Report 2024; Revenue Commissioners (2026), Headline Results 2025.

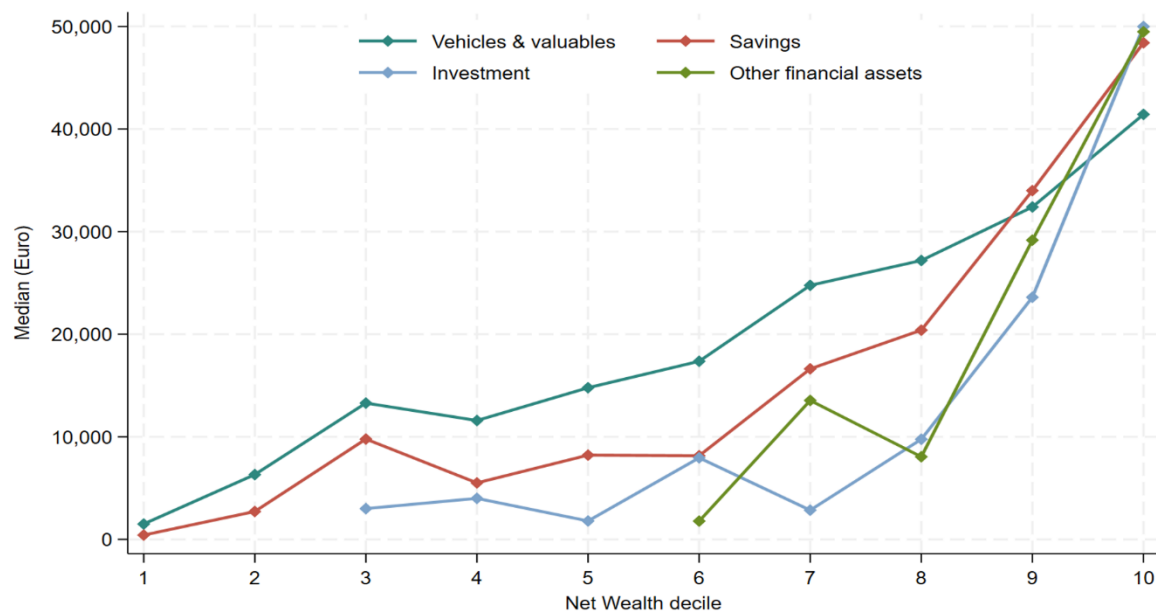
Figure A1 Financial and Real asset Median values (€) by Net wealth decile



Source: Authors' analysis of 2023 HFCS microdata files.

Note: Values with fewer than 30 underlying observations are omitted from the figure.

**Figure A2 Financial and Real asset Median values (€) by Net wealth decile
(continued)**



Source: Authors' analysis of 2023 HFCS microdata files.

Note: Values with fewer than 30 underlying observations are omitted from the figure.