Parliamentary Budget Office

ECR-2025-3463

Tax billionaires and future billionaires and make them pay their fair share	
Party:	Australian Greens
Summary of proposal: The proposal would introduce an annual tax levied on high wealth individuals where their wealth exceeded $100 million with the following rates: • 5% of the individual's net wealth between $100 million - $1 billion; and • 10% of the individual's net wealth above $1 billion. There would be a 10% limit of capital flight per year. The proposal would be ongoing and start on 1 July 2025.	
Additional information (based on further advice provided): • Non-residents who hold Australian assets would also be subject to the tax. • The family home would be excluded from the tax. • A National Wealth Register would be established and maintained by the Australian Taxation Office (ATO).	

Costing overview

The proposal would be expected to increase the fiscal balance by around $106.8 billion and the underlying cash balance by around $101.3 billion over the 2025-26 Budget forward estimates period (see Table 1). This impact reflects an increase in tax revenue, partly offset by an increase in departmental expenses. The difference between the fiscal and underlying cash balance impacts reflects timing delays between when tax liabilities are accrued and when they are assumed to be paid.

Departmental costs for the ATO to implement, collect and ensure compliance with the proposal is estimated be $414.1 million over the 2025-26 Budget forward estimates period. The departmental costs include the costs of establishing and maintaining a National Wealth Register.

The proposal would be expected to have an impact beyond the 2025-26 Budget forward estimates period. A breakdown of the financial implications (including separate public debt interest (PDI) tables) over the period to 2035-36 is provided at Attachment A.

Table 1: Tax billionaires and future billionaires and make them pay their fair share – Financial implications ($m)[(a)(b)]

	2025-26	2026-27	2027-28	2028-29	**Total to 2028-29**
Fiscal balance	31,353.0	28,312.0	25,111.0	22,010.0	**106,786.0**
Underlying cash balance	23,553.0	29,112.0	25,911.0	22,710.0	**101,286.0**

(a) A positive number represents an increase in the relevant budget balance; a negative number represents a decrease.
(b) PDI impacts are not included in the totals.

Uncertainties

There is a high degree of uncertainty associated with this costing. In particular, it is likely that this policy would result in high-wealth individuals employing sophisticated strategies to reduce their tax liability. This would significantly reduce the revenue raised by the proposed tax.

Assuming a benchmark rate of return on wealth of around 5% (the long-term bond rate), implies that a 10% tax on billionaires and future billionaires would render these individuals in an annual net loss position of around 5% of their wealth. The effective rate of income tax in this scenario is 200%, which means that there would be limited financial incentives to hold wealth above $1 billion in Australia in the long run.

To account for this, the Parliamentary Budget Office (PBO) has made a high-level adjustment for the potential impact of the behavioural response on the tax base (see Key assumptions). The overall magnitude of the response is highly uncertain, as is how that response may vary between individuals.

The net wealth of high-wealth individuals is also very sensitive to international and domestic economic and social conditions. The value of assets, such as shares, can fluctuate greatly with movements in the stock market on a daily basis. This could have significant impacts on the amount of tax payable from year to year.

There are also uncertainties about the valuation methods that the ATO would apply to different assets, as well as their ability to accurately value all asset types. There would be practical challenges associated with valuing assets, especially those which are unlisted, held in trusts or where the sale of the asset does not take place to allow an independent market value. Individuals may restructure their asset portfolios to take advantage of these challenges, which would also affect the revenue collected. In addition, there is a risk that high-wealth individuals who are liable for large amounts of the tax on billionaires and future billionaires, but hold illiquid assets, may have difficulties in paying the amount of tax owed.

Individuals affected by this proposal would likely respond with legal action (for instance, against the valuation of their assets), which could significantly delay when revenue would be collected and could also mean that less revenue would be collected. This impact has not been allowed for in the costing.

There is also significant uncertainty about the extent to which individuals would comply with this proposal, particularly given that it would impose taxes on assets that could be many times greater than the taxes imposed under the income tax regime on the earnings from those assets.

The proposal could also reduce the amount of Australian investment undertaken by high-wealth individuals with implications for the level of new capital investment and economic growth. It is unclear whether other investors who are not subject to the tax on billionaires and future billionaires (e.g. institutional investors such as pension funds, sovereign wealth funds, and corporations) would make up for the loss of investment by high-wealth individuals.

Key assumptions

The PBO has made the following assumptions in costing this proposal.

- High-wealth individuals would respond in various ways to minimise their tax payable. For tax rates of 5% and 10% (an effective tax on the income flows of 100% and 200%, assuming an average 5% return on investment), affected individuals will reduce their wealth at a rate of 10% of the initial value per year, in line with the maximum allowed in the specification.
  - Such methods to reduce the tax base include under-reporting, gifts of wealth to charities (including Private Ancillary Funds) and fragmentation, altering their asset composition, listing private companies on the stock exchange and moving assets offshore while changing residency.
  - Academic studies report a wide range of wealth tax elasticities, but generally show that the tax base reduces significantly even in response to very low wealth tax rates. Given the higher tax rates and the targeting towards very wealthy (who have greater capacity to minimise their taxes), a significant behavioural response is assumed.
  - There are no examples of ongoing wealth taxes above 1% in comparable countries.
  - This behavioural response is the same as that applied in previous costings of this nature.
  - We have not explicitly factored in any additional impacts through other sources of government revenue, including through a potential ongoing reduction in investment.
- The rates at which capital flight would occur, and the final level of wealth, is indicative only. The impact is intended to illustrate a plausible level rather than a level empirically determined or modelled.
- The limit of 10% per year of capital flight can be effectively policed.
- Allowing the exclusion of the wealth tax for a single property would have an immaterial impact on the revenue raised. This reflects the low proportion of wealth typically held in a single real estate holding for high-wealth individuals.
- Any changes in nominal GDP would be due to second round effects. These effects would be expected to further reduce the revenue raised by the policy, however, second round effects are not included in this costing.
- Note that if taxpayers reduce their wealth, then their associated income would also reduce, along with their income tax. This costing abstracts from this effect. The amounts shown in this costing are effectively the net impact of increased revenue from the tax on billionaires and future billionaires, offset by decreased revenue from income tax. We expect that separating out the two effects would not result in materially different amounts, noting that the uncertainty on the costing is already high.
  - If individuals move significantly more assets offshore or change their investment strategies in response to the proposal, this may have further flow-on effect to other revenue sources, like personal income tax and company tax. While the tax on billionaires and future billionaires itself would be expected to raise some revenue, it is possible that the proposal could reduce revenue overall if the reduction in other revenue sources is greater than the amount of revenue raised by the tax on billionaires and future billionaires.

Timing of Receipts

- The timing of tax receipts and revenue is dependent on the mechanisms of collection. This costing assumes that relevant asset information would be available at the start of the first year that the tax would apply, such that the tax could be collected over the course of the first year.
- We have assumed that 75% of revenue would be collected during the year, through periodic instalments and 25% in the following year, through a final instalment and/or assessment process.
- We have assumed that, given this collection arrangement, a sufficiently accurate estimate of the end of year outcome can be achieved, such that the accrual amounts can be recognised on an economic transaction method (ETM) basis. Accordingly, there is a significant difference between the accrual (fiscal) and cash amounts. Other collection arrangements may significantly change the amounts between years.

Departmental expenses

- The ATO would employ up to 450 full-time-equivalent staff to administer the proposal, undertake compliance and audit checks, and establish and manage the National Wealth Register.
  - This figure was based on the current staffing profiles of business areas responsible for high-wealth individuals and compliance work at the ATO.
  - The classification levels of the new staff would follow a similar distribution to that of the whole organisation.
  - Start-up implementation costs would amount to $60 million in 2025-26, although in practice some of this would likely be spent during 2024-25.

Methodology

The distribution of wealth in Australia was estimated using data from the Global Wealth Databook 2023, grown by one year using the average growth in wealth reported in the Global Wealth Report 2024.

The net wealth that would be subject to the tax on billionaires and future billionaires was estimated and projected over the period to 2035-36, with the tax payable calculated using the provided marginal tax rates. The estimates were adjusted to account for the anticipated behavioural responses by individuals.

Financial implications were rounded consistent with the PBO's rounding rules.[1]

Data sources

Commonwealth of Australia (2025) *Pre-election Economic and Fiscal Outlook 2025,* Commonwealth of Australia.

UBS (2023) *Global Wealth Databook 2023*.

UBS (2024) *Global Wealth Report 2024*.

[1] https://www.pbo.gov.au/for-parliamentarians/how-we-analyse/pbo-rounding-rules

Attachment A – Tax billionaires and future billionaires and make them pay their fair share – Financial implications

Table A1: Tax billionaires and future billionaires and make them pay their fair share – Fiscal balances ($m)[(a)]

	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	**Total to 2028-29**	**Total to 2035-36**
Revenue													
Tax revenue													
Tax receipts on wealth between $100 million and $1 billion	*17,400.0*	*15,700.0*	*13,900.0*	*12,200.0*	*10,500.0*	*8,700.0*	*7,000.0*	*5,200.0*	*3,500.0*	*1,700.0*	*..*	***59,200.0***	***95,800.0***
Tax receipts on wealth above $1 billion	*14,100.0*	*12,700.0*	*11,300.0*	*9,900.0*	*8,500.0*	*7,100.0*	*5,600.0*	*4,200.0*	*2,800.0*	*1,400.0*	*..*	***48,000.0***	***77,600.0***
Total – revenue	**31,500.0**	**28,400.0**	**25,200.0**	**22,100.0**	**19,000.0**	**15,800.0**	**12,600.0**	**9,400.0**	**6,300.0**	**3,100.0**	**..**	**107,200.0**	**173,400.0**
Expenses													
Departmental													
ATO expenses	*-147.0*	*-88.0*	*-89.0*	*-90.0*	*-91.0*	*-93.0*	*-94.0*	*-95.0*	*-96.0*	*-97.0*	*-99.0*	***-414.0***	***-1,079.0***
Total – expenses	**-147.0**	**-88.0**	**-89.0**	**-90.0**	**-91.0**	**-93.0**	**-94.0**	**-95.0**	**-96.0**	**-97.0**	**-99.0**	**-414.0**	**-1,079.0**
Total (excluding PDI)	**31,353.0**	**28,312.0**	**25,111.0**	**22,010.0**	**18,909.0**	**15,707.0**	**12,506.0**	**9,305.0**	**6,204.0**	**3,003.0**	**-99.0**	**106,786.0**	**172,321.0**

(a) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms.

.. Not zero but rounded to zero

Table A2: Tax billionaires and future billionaires and make them pay their fair share – Underlying cash balance ($m)[(a)]

	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	**Total to 2028-29**	**Total to 2035-36**
Receipts													
Tax receipts													
Tax receipts on wealth between $100 million and $1 billion	*13,100.0*	*16,100.0*	*14,400.0*	*12,600.0*	*10,900.0*	*9,100.0*	*7,400.0*	*5,700.0*	*3,900.0*	*2,200.0*	*400.0*	***56,200.0***	***95,800.0***
Tax receipts on wealth above $1 billion	*10,600.0*	*13,100.0*	*11,600.0*	*10,200.0*	*8,800.0*	*7,400.0*	*6,000.0*	*4,600.0*	*3,200.0*	*1,800.0*	*400.0*	***45,500.0***	***77,700.0***
Total – receipts	**23,700.0**	**29,200.0**	**26,000.0**	**22,800.0**	**19,700.0**	**16,500.0**	**13,400.0**	**10,300.0**	**7,100.0**	**4,000.0**	**800.0**	**101,700.0**	**173,500.0**
Payments													
Departmental													
ATO expenses	*-147.0*	*-88.0*	*-89.0*	*-90.0*	*-91.0*	*-93.0*	*-94.0*	*-95.0*	*-96.0*	*-97.0*	*-99.0*	***-414.0***	***-1,079.0***
Total – payments	**-147.0**	**-88.0**	**-89.0**	**-90.0**	**-91.0**	**-93.0**	**-94.0**	**-95.0**	**-96.0**	**-97.0**	**-99.0**	**-414.0**	**-1,079.0**
Total (excluding PDI)	**23,553.0**	**29,112.0**	**25,911.0**	**22,710.0**	**19,609.0**	**16,407.0**	**13,306.0**	**10,205.0**	**7,004.0**	**3,903.0**	**701.0**	**101,286.0**	**172,421.0**

(a) A positive number for the underlying cash balance indicates an increase in receipts or a decrease in payments or net capital investment in cash terms. A negative number for the underlying cash balance indicates a decrease in receipts or an increase in payments or net capital investment in cash terms.

Table A3: Tax billionaires and future billionaires and make them pay their fair share – Memorandum item: Public Debt Interest (PDI) impacts – Fiscal and underlying cash balances ($m)[(a)(b)]

	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	**Total to 2028-29**	**Total to 2035-36**
Fiscal balance	*500.0*	*1,700.0*	*3,000.0*	*4,200.0*	*5,300.0*	*6,400.0*	*7,300.0*	*8,200.0*	*9,000.0*	*9,600.0*	*10,200.0*	***9,400.0***	***65,400.0***
Underlying cash balance	*400.0*	*1,400.0*	*2,700.0*	*3,900.0*	*5,100.0*	*6,100.0*	*7,100.0*	*8,000.0*	*8,800.0*	*9,400.0*	*10,000.0*	***8,400.0***	***62,900.0***

(a) As this table is presented as a memorandum item, these figures are not reflected in the totals above. This is consistent with the approach taken in the budget where the budget impact of most measures is presented excluding the impact on PDI. If the reader would like a complete picture of the total aggregate, then these figures would need to be added to the figures above. For further information on government borrowing and financing please refer to the PBO's online budget glossary[2].

(b) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms. A positive number for the underlying cash balance indicates an increase in receipts or a decrease in payments or net capital investment in cash terms. A negative number for the underlying cash balance indicates a decrease in receipts or an increase in payments or net capital investment in cash terms.

---

[2] [Online budget glossary – Parliamentary Budget Office (pbo.gov.au)]