



TIME TO WALK THE TALK

The IMF's tax advice, 2022-2024

Executive summary

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For further information on the issues raised in this paper please email advocacy@oxfaminternational.org

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Cover photo: Oxfam joined thousands to march through central London demanding that government tax billionaires to pay more toward solving the climate crisis.

Credit: Mark Chilvers / Oxfam

Executive summary

The inequality crisis is worsening. The year 2025 has set yet another bleak record with billionaire wealth jumping by over 16 per cent in 2025 to \$18.3 trillion – its highest level in history¹. Since 2020, billionaires have increased their riches by 81%. Recognizing this reality, Brazil's 2024 G20 presidency placed taxing High Net-Worth Individuals (HNWI) on its agenda. This was carried over by South Africa's 2025 presidency, which commissioned an extraordinary committee of independent experts on global inequality to produce a report on global inequality. The Committee's report asserted that "there needs to be a shift from regressive indirect taxes (such as VAT) in favour of more direct taxation of wealthy people and large corporations"². The IMF is a vital actor in any effort to address inequality through tax policy, as it has the power to shape domestic tax policy through its surveillance activities, lending conditionality and capacity building.

The IMF has made strides, at least in its discourse, in terms of supporting more equitable and progressive taxes and recognizing that tax policy is vital to addressing inequality without hurting growth. Yet the IMF's country-level advice through its surveillance in Article IV consultations still lags behind its rhetorical shift on taxes. This is shown in this report's evaluation of tax recommendations in Article IV consultations between January 2022 and April 2024. Drawing on 187 Article IV reports covering 125 non-borrowing countries, the analysis examines 1,049 individual tax measures to assess their distributional implications and the extent to which inequality concerns are integrated into the Fund's advice.

A Global picture: regressive tax advice still dominates

A bird's-eye global view of the IMF's global tax advice shows that 53% of recommendations can be considered regressive, meaning that they likely place a higher burden on lower-income households compared to higher-income ones. Although the Fund's tax advice is diverse, indirect regressive taxes—particularly value-added tax (VAT) and environmental levies—continue to play a central role in its guidance. Nevertheless, this report identifies encouraging policy recommendations provided by the Fund that ought to be more widespread. For example, it advised the governments of Bolivia and Bulgaria to reform their taxes (especially personal income tax) to address inequality.

The survey of tax advice over the two years of the report clearly reveals the Fund's reluctance to support net wealth taxes. Only 11 recommendations—just 1 per cent of the total—concern net wealth taxes, and only 2 per cent address capital gains taxation. Instead, the Fund prefers property taxes as a proxy for wealth taxation, despite the

fact that they alone cannot meaningfully address the concentration of wealth among high-net-worth individuals.

Inequality as an afterthought

Our findings also show that there is very little explicit inequality analysis in Article IV tax advice, despite the Fund's recognition that tax policy is central to addressing inequality. Only 49 out of 187 reports include any discussion regarding the distributional impact of recommended tax measures. As such, when inequality is mentioned, it is often treated as disconnected from fiscal policy. This lack of distributional analysis is troubling as it suggests that the Fund views taxes as merely a revenue mobilization measure, rather than a potent instrument to address inequality.

However, there are some bright spots, such as the 2023 Article IV report for Vanuatu that included a detailed analysis of rural–urban income and consumption inequalities in the country and proposes several alternative designs for income taxes that could reduce these inequalities. This kind of exercise should be generalized and systematized in all Article IV reports, and should also pertain to inequalities across income groups, gender and other metrics to reveal the full distributional implications of tax policies.

Progressive advice for rich countries, regressive for the rest

Moving from a global perspective to one that accounts for differences in advice according to country income groups, the report uncovers a concerning pattern. 48% of advice to high-income countries was classified as regressive, whereas for lower- and middle-income countries, around 58% of tax advice was regressive. This is also reflected in the emphasis given to inequality concerns. 34% of Article IV reports for high-income countries are inclusive of inequality issues when it comes to tax advice. In contrast, only 25% of Article IV reports for upper-middle-income countries and an abysmal 8% of Article IV reports for low/lower-middle-income countries discuss inequality and distributional implications of tax measures. This clear bias is even more baffling considering the inequality crisis is more acute in low-, lower- and middle-income countries.

Recommendations

Reducing inequality should be at the heart of Article IV fiscal advice. As such, the IMF should:

- Place addressing and reducing inequality at the center of its fiscal policy advice, and specifically its tax policy advice to countries. The

IMF should explicitly link its tax advice to reducing structural income and wealth inequality, not just revenue mobilization.

- Encourage countries to adopt progressive and direct tax measures. As such, the default setting for tax advice should be progressivity.
- Systematically accompany its tax recommendations with an *ex ante* distributional analysis, clearly showing the impact on inequality. This distributional impact analysis should cut across populations focusing on income levels by decile, wealth distribution, demographic factors (such as gender and age), geographic location (urban vs rural), employment status and household types.

Embrace wealth taxes and bold redistributive taxes:

- Given the inequality crisis and the best evidence about how to tackle it, the IMF should explicitly embrace and support net wealth taxes globally and in bilateral surveillance. The Fund needs to actively encourage countries to enact net wealth taxes and different forms of wealth taxation, including property, capital gains and inheritance taxes, and support global efforts to this end.
- The Fund's tax advice should be geared towards the redistribution of income and wealth, especially to countries experiencing high levels of income and wealth inequality. This means putting more focus on progressive personal and corporate income taxation, in addition to wealth taxes.
- The IMF should refrain from using high informality and weak tax administration capacity to justify its push for indirect and regressive taxation, such as value-added taxes. Instead, it should invest in capacity-building efforts to enable countries to better collect personal and corporate income taxes, and design them in a way that supports redistribution efforts.
- The IMF should advise countries on designing value-added taxes that target high-income households as much as possible, through supporting and encouraging exemptions on basic foodstuffs and other items that are mainly consumed by low-income households.

Ensure even handedness and accessibility of IMF tax advice:

- The IMF must put as much – or more - effort and focus into progressive taxation in low- and middle-income countries as it does in high-income countries.
- The IMF should develop an easily accessible database that publicizes its policy advice in Article IV reports (not just tax advice) organized by country. This would not only enable better accessibility and transparency but would also enable stakeholders to track and analyze the evolution of IMF advice to countries over time.

Notes

¹ [Billionaire wealth jumps three times faster in 2025 to highest peak ever, sparking dangerous political inequality | Oxfam International](#)

² [g20-global-inequality-report-full-and-summary.pdf](#)

About Oxfam

Oxfam is a global movement of people who are fighting inequality to end poverty and injustice. We are working across regions in more than 70 countries, with thousands of partners, and allies, supporting communities to build better lives for themselves, grow resilience and protect lives and livelihoods also in times of crisis. Please write to any of the agencies for further information or visit www.oxfam.org.

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