**$6.2 million banana, December 2024 Taxcast transcript**

**Naomi Fowler:** Hello and welcome to the Taxcast, the Tax Justice Network podcast. I'm Naomi Fowler. In this episode, myth making and spin about taxing the super wealthy. Will they *really* leave?

**Mark Bou Mansour:** All the studies and their findings are saying, look, there is no significant impact, you can tax the rich.

**Naomi Fowler:** Governments could increase their national budgets by 7 percent a year with a modest tax on extreme wealth. That's a potential global revenue of more than 2 trillion US dollars every year. Imagine that.

But before that, in the previous Taxcast, we discussed the implications of Donald Trump's election victory for tax justice and the anti-corruption movement. I mentioned the Corporate Transparency Act was due to come into force in the States - long, hard-fought legislation requiring companies to provide basic identifying information on their true or beneficial owners. It's the most consequential US anti-money laundering law in a generation. It was watered down, there were some exclusions, but the deadline for companies to report this information was the 1st of January, 2025. I say *was*, because a court in Texas has issued a nationwide preliminary injunction which halts its enforcement. The U.S. Treasury Department has appealed.

Back to wealth taxes. The world's full of examples of why some people have way too much money. This is Sotheby's, an auction house selling a banana taped to a wall, to the highest bidder. This piece of artwork is called Comedian. And I'm not making this up!

**Sotheby's auctioneer:** A viral sensation that has skyrocketed to universal recognition when it was first exhibited at the Art Basel Miami Beach in December, 2019. Maurizio Cattalan's 'Comedian', here it is in all its splendor. Please note, cryptocurrency payments will be accepted on this lot in cryptocurrencies supported by our payment processor at the time of payment....[fades down]

[fades up] We're going to begin at 800,000, at 800,000 dollars, 850,000, sir, 850,000, 900,000, thank you, sir, 950,000 is with [inaudible]. 1, 000, 000 is with me already, actually, 1,100, 000 is your bid, sir, 1,200, 000, 1,300, 000 is in the room… [fade down] [fade up] At 5 million. Don't miss this opportunity. It's gonna go. And it's gonna go fast. At five million dollars for the banana, here it is, only at Sotheby's. These are words I never thought I'd say, five million dollars for a banana. And the hammer is coming up, this is it. Final time. Don't let it slip away. Five million one hundred thousand. At 5,100,000. At 5,100, 000, it's on Sothebys.com for Comedian. At 5,100, 000, I'm going to sell it. The world's most expensive banana at 5,200,000. At 5,200,000 dollars, Jen, the Cattalan is yours, congratulations! Thank you very much indeed.

**Naomi Fowler:** Yep, 5 million 200,000 dollars for a banana taped to a wall with duct tape. It's 6.2 million dollars with taxes and fees. Now the owner of that 6.2 million dollar banana has hit the news headlines. This is a Chinese born cryptocurrency bro called Justin Sun. What you're about to hear is him having just untaped his banana from the wall and eaten it.

[Justin Sun speaking Chinese to laughter]

**Naomi Fowler:** He just said, 'it's much better than other bananas. It's really quite good.' So, who is this guy? Justin Sun moved to the US when China banned an unregulated method crypto startups were using to raise initial investment. He's got his own problems now with US government investigations into his businesses. I'm sure this isn't related in any way, *but* he invested 30 million dollars into Donald Trump's crypto scheme World Liberty Financial. World Liberty Financial was a massive flop. Sales didn't hit the minimum needed for Trump and his sons to get their nice fat payout. But our 6.2 million dollar banana owner's 30 million dollar investment bounced lagging sales right up. That triggered a 15 million dollar payout to the Trumps.

A 6.2 million dollar banana says to *me* that Justin Sun has far more money than is healthy for us, or for him actually. I've got two words. Wealth. Tax. And if we had even a moderate progressive tax on net wealth above a certain amount, we could raise global revenues of more than 2 trillion US dollars a year. The Tax Justice Network's done country level estimates for 172 countries on the revenue potential. The inspiration for a version of our proposal is Spain's solidarity surcharge, so-called. Here's Alison Schultz of the Tax Justice Network.

**Alison Schultz:** The core model of Spain's solidarity surcharge is to have an annual tax on the net wealth above a certain threshold. This tax would only apply to the 0.5 percent richest of the population. So for Spain, for instance, these are the people who have wealth of higher than 3 million euros, and that's their net wealth.

**Naomi Fowler:** Okay, and net wealth is the value of all the non-financial and financial assets owned by a person, minus the value of all their outstanding liabilities.

**Alison Schultz:** Yeah, and whoever has a net wealth of more than 3 million euros in Spain would pay a 1.7 percent tax on that net wealth. However, you only pay the tax on everything you own above the threshold. So if I own 3 million and 100 Euros, I would pay 1.7 percent on these 100 Euros. The tax is also progressive, which means that if you own even more, so those who have a wealth of more than 5 million Euros, they would pay 2.1 percent per year, and those who own even more than 10 million euros, would have to pay 3.5 percent per year, but again, only on the part of their wealth which exceeds 10 million euros.

And we have translated this to other countries by just translating these 3 million, 5 million, 10 million steps, which we see in Spain to the part of the population of the wealthiest. So the tax would only apply to the 0.5 percent wealthiest of each country. Then the second step would apply to the top 0.1 percent richest and the highest, the 3.5 percent rate, would only be for the richest 0.05 percent of the population, like a very, very tiny number of people.

**Naomi Fowler:** Okay, and why have you used this example? Because it's not like you're saying all countries should do exactly what Spain has done necessarily.

**Alison Schultz:** No, no. We started by using this example because it was a recently implemented tax. And this was imposed on a very specific system which was already in place. These rates should be set in a democratic process. Parliament should think about the exact result, the exact rates, and we actually provide also a tool where you can see which different revenue gains you would have with setting different rates, tax rates, and also setting the thresholds at different thresholds for each country.

**Naomi Fowler:** There are three important rules, Alison says, for governments wanting to introduce the best kind of wealth taxes based on research and past experience.

**Alison Schultz:** So, so these rules are, and this is something where we think the Spanish system is good, is that the threshold should be set very, very high. We really want to tax extreme wealth here, because this has been shown to be way better for the economy. We really want to target the extreme wealth above a very high threshold.

The second rule is that you should not exempt any assets. So this is, for instance, something which is bad, we think in the Spanish proposal that some specific assets, for instance, artworks, also things like a yacht would be exempted here. So we think that exemptions are just very inefficient, also make it very hard to enforce a tax. So we would say no matter which wealth you own, this should be taxed. No exemptions for any asset class, because the rich will find ways to just invest in this one asset class and not in the other. And it's just something we don't want to see. It's bad for economic reasons, it's non-efficient, and it's also hard to enforce because you would have to track where they put which money and why and so on. So, no matter which kind of asset, you shouldn't exempt it.

And then the third rule is, and this might be the hardest one, is to really establish beneficial ownership transparency. What does it mean? We really need to know who owns which asset in order to make sure the tax can easily be enforced. So this is a very important tax transparency tool which should come along with the wealth tax and which should also in the best case be based on international cooperation so that people cannot just hide assets in another country.

Having said that, wealth taxes can already be implemented even though beneficial ownership transparency is not perfect, but there should be the push towards more beneficial ownership transparency with the implementation of the wealth tax. Then each country could also decide what's the exact threshold which fits us, what's the exact tax rate that fits us and so on.

**Naomi Fowler:** And wealth, what people have in terms of income, which most ordinary people understand is we go to work, we get a certain amount of money per week or per month and then for very, very, very wealthy people, their income can sometimes come from their assets, from the value of their assets accumulating and isn't working or taxed in the way that our income is taxed.

**Alison Schultz:** Yeah, so this is also one of the main reasons that we do need a wealth tax. In most countries, we tend to tax income from labor relatively high. So we really have high tax rates of labor income so if I'm working, I will usually pay, depending on the country, quite a high rate of tax. However, if I gain the same amount or way more of income from capital, meaning from my investments, for my ownership of shares, for me owning a company and so on, this income would be taxed on average at way lower rates.

Why is this so unfair? Because let's say the first 90, 95 or even 99 percent of the population get most of their income from labor, so they actually do work and they pay a lot of tax. But then those who are the richest in the societies, they earn most of their income from capital and that means that they are paying a lower tax rate on the income they generate from capital as compared to the average person. We don't tax income on capital, or income which is coming from wealth enough.

**Naomi Fowler:** People with that much wealth and assets would barely even notice a tax of the kind Alison's talking about. And a tax like that can save lives, really can.

Here in the UK, we've had a new government recently.

**TV presenters:** …And as Big Ben strikes 10, the exit poll is predicting a Labour landslide.

Sir Kier Starmer will become Prime Minister with a majority of around 170 seats. [fade down]

**Naomi Fowler:** When any new government comes in, especially a centre left one, sort of centre left, wealthy, powerful people and their wealth managers start worrying about wealth taxes. And it's always the same, oh, you can't do that, the wealthy are gonna leave! Have a listen to this media coverage about a supposed exodus from the UK.

**TV presenters:** Right in the face of proposed tax reforms in the UK, a significant migration trend is emerging among high net worth individuals.

In total, 9500 high net worth individuals, including 85 centi-millionaires and 10 billionaires are set to exit the UK before December this year.

**TV discussion:** Er, there's a report out from some wealth managers talking about the absolute stampede of millionaires, British millionaires to leave the country, an estimated over 9000 likely to get the hell out. And no surprise, people are fed up of having to pay for…[fade down]

**TV presenters:** Experts suggest that the British government could mitigate this exodus by reassessing its tax policies and creating a more stable economic environment to retain its affluent residents.

Research from Henley and Partners shows that 68 percent of these wealthy individuals will relocate to European countries.

The UK faces potential economic repercussions as it lost high value contributors.

**Naomi Fowler:** Mm hmm. That figure you heard there of nine and a half thousand millionaires supposedly leaving the UK was wall to wall across the mainstream media. Nine and a half thousand sounds dramatic, but when you put it in percentage terms, you get a different perspective.

**Mark Bou Mansour:** It sounds like you know it, it's a panic. It sounds like the UK's losing all these millionaires. Tthat 9, 500, that represents 0. 3 percent of the 3 million millionaires living in the UK. That's hardly a migration trend. That is statistically insignificant, there's no way you could call that a migration trend, but it's everywhere and we keep hearing it repeated over and over in the news.

**Naomi Fowler:** I'm talking to Mark Bou Mansour of the Tax Justice Network.

So, okay. So, Henley and Partners, we come across them all the time at the Tax Justice Network, they're a key part of the infrastructure of professional enablers when it comes to tax havens and tax haven advice, helping the very wealthy adjust their tax affairs and their locations through investment schemes that can lead to, you know, residence and even passports for sale, among other things, minimizing their tax contributions, potentially. Um, in their own words, they say they're ‘the global leader in residence and citizenship by investment. Each year, hundreds of wealthy individuals and their advisors rely on our expertise and experience in this area. The firm's highly qualified professionals work together as one team in over 60 offices worldwide.’ So this is a major outfit.

**Mark Bou Mansour:** Yeah, all right, so taking aside the fact that this report produces a statistic that is insignificant, as immaterial, less than one percent is not a trend. According to UBS's global wealth report there are over 3 million millionaires in the UK, so 9,500 out of 3 million, is 0.3%. So what this report is actually doing is confirming results, findings from other reports that looked at the impact of taxing the super rich, right? And all these reports show that if you tax the super-rich, it results in a migration rate of less than 1%. So studies in Denmark, Norway, Sweden found the same things. And all these studies you know, and their findings are saying, look, there is no significant impact. You can tax the rich. But what Henley and Partners have done is they've taken the same finding, but spun it, to make it sound like some huge exodus.

**Naomi Fowler:** They make a lot of statements, which we can't really see are necessarily backed up with evidence.

**Mark Bou Mansour:** Yeah, If you wanted to dig into how this report actually is structured, how it's calculated, what's the methodology is, there's a whole Pandora's box here. So first of all, the methodology itself is quite thin. And the numbers are actually produced by New World Wealth, which we weren't able to find a lot of information about online. It seems to have only 1 staff member. And there's a couple of lines on methodology. They seem to be using online sources to find out where high net worth individuals are located, places like LinkedIn, but even then they say that their stats are based on where they believe these individuals are working, not necessarily where they're residing. So there's, there's a lot left to desire to sort of learn more about how these figures are calculated. But the report itself, so the way the report is represented is these figures are presented in interactive charts and then below those charts you have a bunch of what are essentially opinion pieces by a number of different people. And this includes, you know, people working at Henley and Partners, directors and executives and so on, and some folks who are external. But none of these pieces are actual research papers. Nowhere, at least I could find on the website, is an actual research document explaining how the research was conducted and so on, aside from this, you know, short methodology note at the very bottom.

**Victoria Gronwald:** In the media, we often hear about top taxpayers leaving the country if there's tax reforms that are going to disadvantage them. So this concern about immigration can often be like a barrier to tax reform.

**Naomi Fowler:** This is Victoria Gronwald of the LSE, London School of Economics. She's co-author of their report, *Tax Flight? Britain's wealthiest and their attachment to place.*

**Victoria Gronwald:** Our report is the result of a qualitative study and we were interested in how wealthy individuals and top income earners make decisions about where they live. And then, of course, how taxation plays a role in that decision making process. And there are some quantitative studies, even though few, that actually show that this tax-induced migration is more limited than what media and some policy makers portray. And with the qualitative study, we could just access kind of the motivations of people, the kind of underlying thought processes of them, which is something you can't do in quantitative research, of course.

And interestingly, we found that none of the people we interviewed were kind of planning to migrate for tax reasons or had also not considered tax reasons as like a major decision-making factor in their moving decisions previously. We found that other considerations like career paths, family ties, attachments to their homes, of course, especially London, London as a cultural hub, they all made the UK as a very attractive place to them, even if there were tax reforms.

**Naomi Fowler:** Right. And, and so you interviewed 35 high net worth individuals, so I was just wondering how you found them and why they were willing to speak to you, because it's not the easiest demographic to access.

**Victoria Gronwald:** Yeah, absolutely. It's a big challenge in academic research as well, to access these kinds of people. And we were very lucky. There was a survey that was sent out in 2022 from a project run by Professor Sam Friedman, who's one of the co-authors of the report, to individuals that feature in the Who's Who, which is like a list of influential people in the UK. So we had 20 interviewees that were recruited through this survey, that filled in a survey and then said they would be open to qualitative interviews as well. And then we had 15 interviewees that were recruited through personal connections, organizations where the wealthy kind of convene and discuss issues around their lives. So, motivation, it's difficult to assess. I think probably they are motivated partially to participate because the topic of inequality is very salient nowadays, it's discussed a lot in the media, a lot in public discourse. And I think often interviewees for academic research are just motivated by curiosity about the research and they want to share their perspectives on certain topics.

**Naomi Fowler:** And here are a few excerpts from some of those wealthy people interviewed for the LSE report. They're AI voices, so they sound a bit robotic, but you get the idea.

**Anonymous HMWI 1:** “I wouldn’t leave for tax reasons. I wouldn’t leave because the tax rates were too high or because I was expected to pay my share. I wouldn’t go to a tax haven.”

**Anonymous HMWI 2:** “You need to be a *certain character* to move for tax purposes.”

**Anonymous HMWI 3:** “At the end of the day if you make tax your be all and end all in terms of determining your decision as to where to live, I think that’s probably a dangerous thing to do in terms of your mental wellbeing and everything else, you know.”

**Anonymous HMWI 4:** “The only time I had an obvious opportunity to live abroad for a bit was when my husband sold shares in his company and his accountant came along and said, “If you go and live in France for two years, you won’t have to pay capital gains tax.” But we were so horrified by that suggestion that we didn't move abroad and we paid capital gains. The accountant talked to us for about a quarter of an hour and then he looked at us and said, "I can see that you are not going to do this." And we said, "No we are not." …we thought it was immoral."

**Anonymous HMWI 5:** "You take your choices if you want a sort of social system that cares for you from cradle to the grave and is always there. It's expensive...I'm just saying, you can't have your cake and eat it, you've got to decide what sort of country you live in. I mean Scandinavia has had the social democratic model for 60 years. Taxes there are very, very high but people perceive that they get value for money because you have a level of social care and welfare."

**Anonymous HMWI 6:** "I think tax is essential. We have really got to be mindful of the fact that we have got an infrastructure that is crumbling around us, whether it is health service, schools, which are the fundamental bedrock of our society."

**Naomi Fowler:** When it comes to your research, you do pick up that there is a real stigma among the very wealthy that you spoke to that is developing around tax minimization, you know, reputational damage is more of a concern. That would definitely tie in with what I've heard from some wealth managers that I've spoken to is that, you know, when they get the younger generations in particular they're dealing with, they're telling them right from the start that they don't want 'tax planning' as part of the service that they're going to be giving them and this is quite a new and accelerating trend.

**Victoria Gronwald:** Yes, so we certainly saw the stigma come up in our interviews, and to us it was actually probably one of the most interesting, and maybe also surprising findings of our study. And it was very striking that several interviewees spoke quite negatively about individuals that move primarily for tax reasons, and they kind of judge them on moral grounds. And it's interesting to hear about younger generations that have a different attitude towards tax planning.

We also need to acknowledge, of course, that in qualitative interviews, there's always this aspect of, um, to what extent are the answers influenced by the person that sits in front of the interviewees? So to what extent do they also tell us kind of what, what we want to hear? We tried to pre-empt this risk of interviewing by not starting off with the tax question. So we, we kind of guided the interview more naturally around what factors they value in terms of where they live, we asked about their migration histories, whether they had moved previously, whether they were planning to move, what is important to them in these decisions. And in some interviews, tax came up naturally, and then we would kind of deepen that, and in some interviews tax actually didn't really come up naturally at all, so then we had to add it in at the end.

**Naomi Fowler:** And some of the attitudes towards tax havens, as they perceive tax havens, tell us a bit about that, because that is very interesting.

**Victoria Gronwald:** Yeah, so we had quite a few individuals that, you know, when we spoke about maybe locations that are more attractive in terms of tax, so, you know, the typical ones that we always hear are, you know, go to Jersey or Switzerland, Dubai is, I guess, in the, in the media a lot for like young professionals, especially. And a lot of them kind of responded, describing these places as boring, having no culture, you know, and it's not really like a place that they would desire to live. So many interviewees then highlighted the importance of London's cultural infrastructure. So, being able to go and see the opera, classical music, art, obviously of like the highest quality to them was what made London so attractive and in their minds, you wouldn't have that in some of these so-called tax havens. And this again was a surprising finding to us. We, uh, yeah, we didn't necessarily think that they had, some of them had like kind of negative views. I of course found it quite amusing because I'm from Switzerland and we had some interviewees who referred to Switzerland as boring. So, um, that, uh, was quite amusing personally.

**Anonymous HMWI 1:** “There was a moment when the bankers’ tax came in, they wanted to go up to 50%. My husband said we should move to Switzerland. I said no way, Switzerland is boring!”

**Anonymous HMWI 2:** “What puts me off it is that I have a nice life here [In London], you know. My clients who moved to the Bahamas were bored to death. Sun, sea and sand. Okay, it’s great for a couple of weeks to charge the batteries but after a while you think, well, I’d quite like to go and watch an opera. Well, you can forget that, there’s not a theatre in the Bahamas.”

**Anonymous HMWI 3:** “I wouldn’t go to a tax haven. Can you imagine anything worse than going to a tax haven? Some tiny little place with just people with yachts and servants. So no, I wouldn’t leave for that kind of reason...I mean I want to live in a vibrant economic climate where there’s room for innovation and, you know, people are inventing and I think London is like that.”

**Anonymous HMWI 4:** "If [you] move to the Middle East and [you] are in gated communities and stuff like that, I never found that attractive in any way.

**Victoria Gronwald:** I think a lot of what they mentioned in terms of the culture, the kind of convenience of living in London and being able to get everywhere with, with the bus or the tube, the health system, the education, the safety, the public transport system, and so on, actually depend on a progressive tax system and on everyone contributing to a country that is attractive to live in. So I thought also that was very interesting.

**Naomi Fowler:** What surprised you most about the responses you got from these interviewees?

**Victoria Gronwald:** I think I personally was definitely most surprised about how many of them distance themselves about this, like from this idea that the wealthy and top income earners are purely economically motivated, and you know that they would leave like some of them talked quite negatively about this idea but they also mentioned like maybe you know a few people that they know who might have been very much motivated by tax. Yeah, important to mention that it wasn't like a majority of their acquaintances, but they would talk about this quite, um, negatively. And also, in some cases, even in relation to, you know, this responsibility to contribute to the country as well. I mean, there's also a certain attachment in some of them, of course, to Britain um, like, you know, a lot of people have to their home countries. And so this idea, you know, that you also want to contribute something definitely also came up. So the stigma around tax migration was interesting because I think it is quite different from what we read in the media.

We tried to interview a range of political kind of leanings for the people from the survey that was easy because they answered some questions around their political views. So we knew their political leanings. For the others, it kind of came out more in the interviews. And we definitely had, um, had like a range of views and we had people that definitely would be concerned about tax rises, tax reforms, would be very critical of them. But some of them mentioned that in order to make the move, it would have to get quite extreme, so it would have to be like a very drastic, uh, tax change, change in government policy, and it wouldn't be kind of these, these more regular tax reforms that we're seeing, but that's not to say that they are happy about them.

I think there's one important thing also to say about, you know, that migration isn't the only option for the kind of people we're talking about. They obviously have other means of planning their taxes in certain ways and so it's not like they always just have to leave the country when there's a tax reform. They have other means, they often have tax advisors and so on that can help them structure their taxes in a more beneficial way. So migration is not the only way and might not be the first thing that they jump to.

**Naomi Fowler:** Yeah, I'm glad you said that actually because one of the things that is really worth understanding about this fear of these so called 'wealth creators' leaving the country is that in some ways, some of them have already left in terms of their assets and the way that those are taxed and structured in all sorts of complex ways.

[Music clip]

**Naomi Fowler:** There's little evidence to justify that the very wealthy will leave a country solely because of tax reforms. As I said, once you get past a certain point in wealth, you wouldn't even notice a tax rise of the kind we're talking about. But it's a myth that endures. And gets pushed. My colleague Mark Bou Mansour has some sobering statistics for us that he'd gathered when we spoke.

**Mark Bou Mansour:** The Henley and Partners report is averaging about, you know, over 1400 media hits a month. So, in comparison, I looked at how much coverage this London School of Economics study received and since it's come out 10 months ago, it's only been covered about 62 times or so, as far as I could tell. We published our own wealth report, with similar findings that the super rich do not relocate. It, it's a migration rate of less than 1%. And we got about 320 media hits in August, which is, which is a, a big number for an NGO like us. But again, these are small drops in the bucket compared to the amount of media attention given to this Henley and Partners 'non-report.'

**Naomi Fowler:** You've been listening to the Taxcast from the Tax Justice Network. Check out the show notes for further reading. You can listen to the Taxcast wherever you get your podcasts. Our podcast website has all our podcasts in five different languages, all independent productions at podcasts.taxjustice.net You can also hear the first series of the Corruption Diaries there as well. Thanks for listening. We'll be back with you next month. Bye for now.