Inheritance taxation in OECD countries

Household wealth is largely concentrated at the top of the wealth distribution

On average across OECD countries, 52% of the total wealth is held by the wealthiest 10%.

Wealth transfers are common across OECD countries, but they are unequally distributed and reinforce inequalities

On average, 33% of households report receiving an inheritance or large gift. Wealthy households are more likely to do so than low-wealth households.

The inheritances and gifts that the wealthiest households (top 20%) report receiving are close to 50 times higher on average than those reported by the poorest households (bottom 20%).

Top 20% USD 190 113
Bottom 20% USD 3917

24 OECD countries have an inheritance or an estate tax. In these countries, a very small share of tax revenues come from inheritance, estate and gift taxes.

Revenues from inheritance, estate and gift taxes form a very small portion of total tax revenues

The value of wealth that can be transferred tax-free from parents to their children ranges from USD 17 000 to more than USD 11 million across OECD countries.

There is evidence that in some countries the wealthiest households are taxed at lower effective tax rates, in part because they tend to hold more assets benefitting from tax relief.

Policy options and recommendations

Taxing inheritances and gifts can play an important role in enhancing equality of opportunity and reducing wealth gaps.

There is a good case in particular for a well-designed, recipient-based inheritance tax with an exemption for low-value inheritances.

Instead of taxing each wealth transfer separately, a tax on lifetime wealth transfers would improve equity and reduce tax avoidance, but could increase complexity.

Scaling back tax exemptions and reliefs is key to strengthening the revenue raising potential, efficiency and equity of inheritance, estate, and gift taxes.

Source: OECD (2021), Inheritance Taxation in OECD countries