Wealth, Power and the Architecture of Avoidance

Understanding High Net Worth Individuals, Wealth Management, and Tax Compliance in Africa

by

Lyla Latif

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Dedication

For my father, my mother, and Akram. You are the foundation of everything.

For Africa. For a continent whose wealth has been extracted, obscured, and denied for far too long.

For the tax administrators who work, often without recognition, to ensure that those who have the most contribute their fair share to the public good.

And for the ordinary African taxpayer, whose compliance sustains nations, and whose trust in the system depends on its fairness.

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Preface

There is a question that has followed me across training rooms, government offices, revenue authority corridors, and parliament-tary committee chambers for the better part of a decade, and it is this: why does the African state so consistently fail to see its own wealth? Africa creates wealth in extraordinary abundance, in its minerals, its land, its financial systems, its technology ecosystems, its entrepreneurial energy. The failure is one of visibility. The wealth exists, it is substantial, and in a very significant proportion of cases it is held in forms, through structures, and across jurisdictions that have been deliberately designed so that the state cannot reach it. The revenue officer sits across the desk from a taxpayer whose declared income cannot fund their children's school fees, let alone the house in Muthaiga, the fleet of vehicles, the offshore holding company, and the trust in Mauritius. The arithmetic does not work. Everyone in the room knows it does not work. And yet the gap between what is known and what can be proven, assessed, and collected remains vast.

There is a Liberian proverb that has stayed with me throughout the writing of this book: *if your house don't sell you, the streets won't buy you.* I love it for its honesty. It understands something that the most elaborate legal and financial architecture in the world is specifically designed to prevent, that wealth, if it can be kept sufficiently invisible, cannot be claimed, cannot be taxed, and cannot be made to serve the public good. The house must not give you away. This book is about learning to read the house anyway and about why, for the sake of the social contract that sustains us all, that reading matters enormously.

I came to this subject through practice rather than theory. My work as a Technical Expert with the United Nations Development Programme's Tax for SDGs Initiative first confronted me with the question of how wealth is taxed, and how often it is not, with a rigour and specificity that purely academic engagement cannot replicate. That work sent me into the field. I trained officers of the Kenya Revenue Authority's Premier Tax Office on high net worth individual taxation and wealth management strategies, returning in both 2024 and 2025 as the questions grew more complex and the conversations more candid. I worked with the Malawi Revenue Authority and the Eswatini Revenue Service, the latter operating within one of the most structurally challenging fiscal environments on the continent, where the relationship between political authority and private wealth is, as this book documents, unlike anywhere else in Africa. Then came Bhutan, where parliamentarians brought to the conversation an entirely different philosophical tradition for thinking about wealth, welfare, and the obligations of the state, one that reframed my own assumptions in ways I had not anticipated. Each engagement added something irreplaceable. Each country confirmed what the research already suggested: that the problem of HNWI taxation is simultaneously universal, the same hiding places appear everywhere, and deeply specific, shaped by history, political economy, and the particular relationship between wealth and power in each jurisdiction.

What I learned across those engagements is that the taxation of wealth in Africa cannot be understood through technical instruments alone. The risk profile, however carefully designed, rests on a prior question: how did this wealth come into being? A revenue officer who does not understand how colonial land dispossession created the asset concentration patterns that persist in Kenya today, or how Mobutu's systematic extraction shaped the offshore holding structures of Congolese elites, or how the apartheid economy built the fortunes that still anchor South African wealth inequality, is an officer working with half the map. History is not background. It is analysis. And in African fiscal governance, it is indispensable analysis.

This book is structured to reflect that conviction. It begins with the philosophical and historical foundations of wealth and moves, deliberately and without apology for the breadth of the canvas, through the global portrait of the HNWI class, the African specificity of wealth accumulation, the mechanics of avoidance, and the compliance challenge, before arriving at a practical risk assessment framework and a model legislative agenda. The journey is long because the problem is deep. A book that went straight to the risk profile without first asking how the wealth got there would be a technical manual. This is not a technical manual. It is an argument about wealth, power, history, and the possibility of a fiscal social contract that actually works for the majority of African citizens.

Not every high net worth individual whose affairs appear in these pages is engaged in avoidance. Many are scrupulously compliant. The book is not an indictment of wealth. It is an examination of the architecture through which wealth, however legitimately created is managed, structured, and too often shielded from the public revenue systems on which the social contract depends. The distinction between legitimate planning and aggressive avoidance is real, even when the line between them is not bright. This book tries to find that line, to hold it honestly, and to give revenue authorities the tools to stand on the right side of it. Africa stands at a critical juncture in its fiscal development. The resources to fund education, healthcare, infrastructure, and the full realisation of the social and economic rights that the continent's constitutions promise are not absent. They are, in substantial measure, invisible. Making them visible is the work. This book is a contribution to that work offered in the conviction that better tools produce better analysis, better analysis produces better enforcement, and better enforcement produces, over time, a fairer and more functional relationship between those who hold wealth and the states within which that wealth was made possible.

Lyla Latif (PhD), Nairobi, Kenya

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This book would not exist without the generosity of the many individuals and institutions who gave their time, their knowledge, and their candour to the research and engagements that shaped it.

I am deeply grateful to the officers of the Kenya Revenue Authority's Premier Tax Office, with whom I worked in 2024 and again in 2025 on high net worth individual taxation and wealth management strategies. Their questions in the training room were sharper than anything I had prepared for, and their dedication to an extraordinarily difficult job reminded me, repeatedly, why this subject matters beyond the academic. The same gratitude extends to the officers of the Malawi Revenue Authority and the Eswatini Revenue Service, whom I had the privilege of training on the taxation of wealth, and to the parliamentarians of Bhutan, who brought to the discussion a philosophical seriousness about wealth, welfare, and the obligations of the state that I did not expect and will not forget. I am grateful also to the State Tax Department of Uzbekistan, whose engagement with questions of wealth taxation in a rapidly transforming fiscal environment offered perspectives that enriched my comparative thinking considerably, and to the Office of the Deputy Prime Minister of Lebanon, where a conversation about wealth tax reform illuminated, with uncommon candour, the structural relationship between private wealth and the limits of state reach that runs through every chapter of this book. Each of these engagements left its mark on these pages in ways that are impossible to fully attribute but impossible to overstate.

I am grateful to the National Taxpayers Association, with whom I collaborated to produce a research report on the potential for introducing a wealth tax in Kenya. That work required sustained engagement with the National Treasury, the Kenya Institute for Public Policy Research and Analysis, and the Parliamentary Budget Office, each of whom contributed their institutional perspectives to a question that sits at the heart of this book. I am grateful to all of them for the seriousness with which they engaged. I am grateful equally to the United Nations Development Programme's Tax for SDGs Initiative for the intellectual rigour and analytical challenge that first drew me deeply into this terrain.

To the researchers, journalists, and civil society advocates across the African continent who treat fiscal governance as the urgent matter of public consequence that it is: your work makes this work possible.

Any errors that remain are entirely my own.

Foreword I

We live in a time when everything in the world seems to be in flux, at an inflection point at which the world could go in multiple directions. Yet, at the same time, certain systems, structures, and struggles appear immutable, functioning in ways that consistently benefit privileged minorities at the expense of the rest. The issue of taxation or the absence of it for high net worth individuals has assumed greater prominence globally in recent years, driven by growing inequality between and within states, evidence of exploding wealth and power among tiny elite groups, and multiple economic, social, and political crises that governments lack the public resources to address. The work of civic actors such as Oxfam and ICRICT, and of governments such as Brazil and South Africa within the G20 framework, has given this issue further impetus. It is important in such times to stop and take stock of where we are, particularly in Africa and other global majority regions, because our specific contexts are so often omitted from global narratives. I welcome this book's focus on the African context, and equally its provision of practical and useful information to African states, institutions, and actors committed to tax justice — not only civic actors and scholars, but also state officials including tax authorities, fiscal policy makers, and legislators.

I am honoured to contribute my thoughts to this exceedingly important and timely book by Dr Lyla Latif, a passionate, brilliant, rigorous, and articulate Pan-Africanist legal scholar and tax expert. Our mutual interest in taxation in Africa is connected to the question of domestic resource mobilisation, which the global majority of the global south has consistently pushed for on the international development agenda since independence. The focus of the African Union, the G77, and other global south institutions is driven not only by the objective of meeting public service needs using national resources, but ultimately by the imperative of defending sovereignty through fiscal space. It is a struggle that must be understood historically, in the present, and in light of nascent and future challenges as this book does so well.

Historically, colonialism introduced regressive, extractive domestic tax systems in Africa and other parts of the global south, channelling resources to the capitals of the colonising states. As former colonies achieved political independence and joined the United Nations, the erstwhile colonial powers shifted decision-making on global tax rules out of multilateral forums such as the UN into exclusive spaces, the rich-nations club of the OECD, the EU, and indeed individual superpowers such as the United States, creating a structurally biased global architecture for economic governance, including tax norm-setting. Within what are nominally multilateral institutions, including the Bretton Woods Institutions and many others, this architecture systematically denies countries of the global south a fair voice and allows former colonial states to retain disproportionate power over rules that shape global geoeconomics and geopolitics.

Various reports, including the UN FACTI Report and the Mbeki Report, both panels on which I served, explain how the fundamental issues keeping Africa in poverty remain structural and systemic, rooted in the global financial architecture and economic system. This book adds to the scholarship demonstrating how key pillars of that system maintain the extractive relationship between now-advanced economies and the global majority. Through this architecture, the underdevelopment of Africa and other global south regions has been systematically engineered for centuries, enforcing our place as raw materials producers, denied the right to industrialise or unite. These pillars include debt, aid, tax, climate, trade, investment diplomacy, armed conflict, and war. The focus in this book on high net worth individuals is an important dimension for understanding the darker dynamics of the tax system and the global financial ecosystem more broadly.

The story of taxation - how tax systems are structured, which groups in society are taxed, and what gets taxed, is a story about power as much as about policy, and hence the importance of how these issues are treated by Dr Latif. This reality holds equally in domestic and national tax regimes and in global tax systems, and in an era of accelerating globalisation, global value chains, transnational economic actors, and transformative technologies, the separation between the two is fast vanishing.The ongoing struggle at the United Nations to create a Framework Convention on International Tax Cooperation, following a hard-fought resolution driven by the Africa Group in New York with the support of the G77, against fierce resistance by western governments and some of their allies is only the latest iteration of the fight for inclusive economic governance over taxation and for fair allocation of taxing rights between states.

Taxation should be a major source of domestic resource mobilisation. The paradox for African states is the persistently low levels of domestic public revenue raised through taxes, despite Africa being the resource-richest continent. Africa constitutes twenty per cent of the global land mass and it is worth noting as an aside on narrative that the Mercator world map falsely diminishes the representation of global south regions, including Africa, whilst the Peters map offers a more accurate reflection of actual continental size. Yet as of 2016, Africa held thirty per cent of the world's oil and mineral reserves, fourteen per cent of the world's population, and forty-three per cent of the world's poor. The Democratic Republic of Congo holds seventy per cent of the world's cobalt supply and is the second largest global copper producer. Ghana and Côte d'Ivoire produce seventy per cent of the world's cocoa. The European Union's Critical Raw Materials Act acknowledges that the EU's green energy transition depends heavily on African minerals: cobalt from the DRC, graphite from Mozambique, lithium from Zimbabwe, uranium from Niger, among others. Africa also possesses extensive biodiversity, rich cultural heritage, a youthful and growing population, and deep, resilient social structures, all products of an inherently dynamic, creative, and strong people who have withstood the transatlantic slave trade, colonialism, neocolonialism, and neoliberalism. And yet the resources generated in sectors such as mining, telecommunications, agriculture, aquaculture, hotels, and tourism remain largely externalised. Tax and the role of high net worth individuals is part of this story, and this book contributes real, practical, and actionable thinking toward addressing it.

I have been a member of the AU/ECA High Level Panel on Illicit Financial Flows from Africa, chaired by former South African President His Excellency Thabo Mbeki, since 2012. Our 2015 report drew on intensive consultations with heads of state and government, policy makers, intergovernmental organisations, private sector representatives, civil society actors, and technical experts. It established that the highest losses of African resources: sixty-five per cent of illicit financial flows, originate from commercial abuses in tax and trade; that organised crime including money laundering, tax evasion, smuggling, and trafficking accounts for thirty per cent; and that corruption contributes five per cent. For Africa, raising domestic revenue from taxation is inextricably intertwined with addressing illicit financial flows, particularly their commercial sources, in which wealthy and powerful multinational conglomerates and high net worth individuals, many of whom are controlling shareholders and beneficial owners in those conglomerates, play a central role. Both the structure of domestic tax systems and the architecture of international tax rules are essential to any credible solution.

Tax reform is deeply political, a direct reflection of power dynamics in any society. The abuse and exploitation of domestic tax systems and the global tax system undermine sovereignty by reducing the fiscal space available to states - particularly in Africa and the global south, to advance national development agendas and improve the economic, social, and political conditions of their citizens. Wealthy and powerful actors, including global conglomerates and high net worth individuals, are better positioned to circumvent and even reshape tax rules and related areas such as investment law, to the detriment of other economic actors, ordinary citizens, and states.

The key issues in illicit financial flows that we documented in the Mbeki and FACTI Reports are reflected throughout this book: the technical complexity of a subject spanning multiple disciplines and rapidly evolving issues; and the challenges of overcoming a political economy with powerful vested interests - beneficiaries and enablers committed to defending the status quo by any means necessary, with a demonstrable capacity for state capture and global hegemony. These interests include global conglomerates and their governments, and large financial centres in advanced economies, as documented in the FACTI Report and other analyses including the Tax Justice Network's State of Tax Justice. They also include the elite professionals in law, banking, and finance explored so ably in this book.

Indeed, the governance of the rules that apply to all of these actors itself contributes to the maintenance of the status quo, as illustrated by the Financial Transparency Coalition in their analysis Who Rules the World. The Financial Transparency Coalition identifies a wide range of actors beyond the commonly referenced bodies such as the World Bank and the IMF. The FACTI Report described this ecosystem as a dirty web enabling the draining of resources from the global south. The ongoing contestation involving emerging forums such as BRICS, and the experience of countries including Russia, Venezuela, and Iran, also shed light on the role of US and western-dominated mechanisms: the petrodollar, the SWIFT correspondence system, and sanctions regimes, in this asymmetrical political economy. Digitalisation and artificial intelligence present ever-new permutations and challenges to the story of tax justice.

Ultimately, this is a story of elites versus the global majority, including the majority of citizens even in the nations that currently benefit from the status quo. The fight for fair domestic and international tax regimes, for equitable treatment of high net worth individuals, and to stop the hollowing out of economies, the destruction of societies, and the undermining of sovereignty through illicit financial flows by global and domestic elites, is both a political and a technical struggle for all citizens everywhere. It calls for the strengthening of cross-cutting coalitions from the ground up to the global level, connecting to ongoing processes such as the UNFCITC negotiations and the emerging BRICS platforms. The threat posed by these actors is no respecter of borders, and the forces fighting change are powerful and determined. This book is a rich guide to how that fight can be taken forward in Africa and across the global south.

Honourable Irene Ovonji-Odida

Member of the African Union and UN Economic Commission for Africa's High-Level Panel on Illicit Financial Flows from Africa, the UN Financial Accountability, Transparency and Integrity Panel, and the Independent Commission for the Reform of International Corporate Taxation. She also serves on the Board of the Tax Justice Network and was a Member of the East African Legislative Assembly

Foreword II

African governments have struggled to raise sufficient domestic resources in the face of rising expenditure rigidities. Though they are faced with a dwarfed revenue envelope, this does not constrain them from spending with all the inefficiency associated with public expenditure. The low domestic resource mobilization and rising expenditure have resulted in ballooning public debt and associated debt service obligations with implications for poverty and inequality, as this crowds out development spending. The limited formal wage economy of the continent has enabled the deployment of indirect tax heads with poverty and inequality implications. While the continent needs to increase development spending, the funding squeeze imposes a binding constraint. The urgent need for fiscal reforms to scale up domestic resource mobilization must embrace a delicate balance between such reforms and poverty and inequality challenges to avoid social and political unrest, as was seen recently in Kenya. The approach and strategies for scaling up must reflect progressivity, and therefore, the taxation of High-Net-Worth Individuals (HNWIs) perfectly fits the narrative. This is exactly the point of entry of Dr. Lyla Latif's book on 'Wealth, Power and the Architecture of Avoidance: Understanding High Net Worth Individuals, Wealth Management, and Tax Compliance in Africa.'

This book is a must-have for policymakers, tax policy officials, and administrators on the continent. The book reflects years of engagement with relevant authorities, academics, Civil Society Organizations (CSOs), and practitioners. The book gives greater insight into the empirically documented complexities of HNWIs' financial affairs, including underlying risks by the source of income or wealth of HNWIs, the opportunity to engage in marketed Aggressive Tax Planning (ATP), information asymmetry associated with the HNWIs, and the need to design a unique tax compliance program for each segment of the HNWIs. This book offers a real opportunity to scale up the tax-to-GDP ratio without burdening the faithful few, increasing poverty, and worsening inequality. This book demands a certain response from readers (especially governments of the continent) that we abandon excuses and move straight into action. Africa's huge infrastructure deficit across economic and social demands the immediate implement-tation of the recommendations in this book. For the tax policy official, the book is a companion to the tax administrator on the continent, it is the mirror through which tax administration and compliance must be viewed, to the academics, it is a one-stop shop for teaching and learning, and to CSOs, it is the tool to hold governments accountable.

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Abbreviations

AI	Artificial Intelligence
AML	Anti-Money Laundering
ARA	Assets Recovery Agency (Kenya)
ATAF	African Tax Administration Forum
AU	African Union
BEPS	Base Erosion and Profit Shifting
BRS	Business Registration Service (Kenya)
BVI	British Virgin Islands
CBK	Central Bank of Kenya
CFS	Container Freight Station
CRS	Common Reporting Standard
CSO	Civil Society Organisation
DAC6	Directive on Administrative Cooperation (EU)
DCI	Directorate of Criminal Investigations (Kenya)
DRC	Democratic Republic of the Congo
DTA	Double Taxation Agreement
EAC	East African Community
ESAAMLG	Eastern and Southern Africa Anti-Money Laundering Group
ESG	Environmental, Social and Governance
FATCA	Foreign Account Tax Compliance Act (United States)
FATF	Financial Action Task Force
FIRS	Federal Inland Revenue Service (Nigeria)
GDP	Gross Domestic Product
GIABA	Inter-Governmental Action Group against Money Laundering in West Africa
HNWI	High Net Worth Individual

ICIJ	International Consortium of Investigative Journalists
IFF	Illicit Financial Flow
IFMIS	Integrated Financial Management Information System
IMF	International Monetary Fund
JSE	Johannesburg Stock Exchange
KES	Kenyan Shilling
KRA	Kenya Revenue Authority
NFT	Non-Fungible Token
NTSA	National Transport and Safety Authority (Kenya)
OECD	Organisation for Economic Co-operation and Development
PAYE	Pay As You Earn
PEP	Politically Exposed Person
PPRA	Public Procurement Regulatory Authority
REDD+	Reducing Emissions from Deforestation and forest Degradation
REIT	Real Estate Investment Trust
SARS	South African Revenue Service
SOE	State-Owned Enterprise
SPV	Special Purpose Vehicle
TPA	Tax Procedures Act (Kenya)
UAE	United Arab Emirates
UHNWI	Ultra-High Net Worth Individual
UN	United Nations
UNECA	United Nations Economic Commission for Africa
USD	United States Dollar
VAT	Value Added Tax

Glossary of Key Terms

Arm's Length Principle: The international standard for pricing transactions between related parties, requiring that the price charged be the same as would have been charged between independent parties in comparable circumstances. Endorsed by the OECD Transfer Pricing Guidelines and adopted into the domestic law of most African jurisdictions.

Base Erosion and Profit Shifting (BEPS): Tax planning strategies that exploit gaps and mismatches in tax rules to artificially shift profits to low-tax locations where there is little or no genuine economic activity. The OECD's BEPS project, launched in 2013, produced fifteen action items addressing the most significant risks.

Beneficial Ownership: The natural person who ultimately owns or controls a legal entity or arrangement, or on whose behalf a transaction is conducted. Beneficial ownership may be obscured through nominee arrangements, layered corporate structures, or trust arrangements.

Common Reporting Standard (CRS): An information standard for the automatic exchange of financial account information developed by the OECD. Under CRS, financial institutions report information about accounts held by foreign tax residents to their local tax authority, which then transmits the information to the account holder's jurisdiction of tax residence.

Container Freight Station (CFS): A facility where goods arriving by sea are consolidated, deconsolidated, and stored before onward transport. CFS operations are a significant HNWI investment vehicle in port-proximate African economies, generating cash-intensive revenue streams that present distinctive compliance challenges.

High Net Worth Individual (HNWI): An individual holding significant personal wealth, typically defined as at least one million US dollars in investable assets excluding primary residence. For tax administration purposes, the definition is broader, encompassing complexity of financial affairs, number of corporate entities, and cross-border arrangements.

Illicit Financial Flows (IFFs): Cross-border financial transfers that are illicit in origin, transfer, or use. The concept encompasses proceeds of crime, corruption, tax evasion, and abusive tax avoidance.

Nominee Arrangement: An arrangement in which one person (the nominee) holds shares, directorships, or other legal interests on behalf of another person (the beneficial owner). Nominee arrangements are lawful in most jurisdictions but can be used to conceal the identity of the true owner.

Non-Fungible Token (NFT): A unique digital asset verified using blockchain technology that represents ownership of a specific item such as artwork, music, or collectibles. NFTs have emerged as both an investment vehicle and a mechanism for transferring value in forms that are difficult for revenue authorities to trace.

Politically Exposed Person (PEP): An individual who is or has been entrusted with a prominent public function, as well as their family members and close associates. PEPs are subject to enhanced due diligence under anti-money laundering frameworks due to the elevated risk of corruption-related wealth.

Real Estate Investment Trust (REIT): A company that owns, operates, or finances income-generating real estate. REITs offer HNWIs a mechanism for holding property interests indirectly, with tax advantages that vary by jurisdiction. Kenya introduced a REIT framework in 2013 but uptake has been limited.

Special Purpose Vehicle (SPV): A subsidiary company created for a specific, narrow purpose, typically the acquisition of a single asset or the isolation of financial risk. SPVs are commonly used by HNWIs to hold individual properties or investment positions.

Tax Haven / Secrecy Jurisdiction: A jurisdiction that offers low or zero tax rates combined with legal frameworks that facilitate financial secrecy. Commonly cited examples include the British Virgin Islands, the Cayman Islands, Mauritius, Jersey, and the United Arab Emirates.

Thin Capitalisation: A corporate financing strategy in which a company is funded predominantly through debt rather than equity, typically from a related party. The interest on the debt is deductible against taxable income, whilst dividends on equity are not. Thin capitalisation rules limit deductibility of related-party interest.

Transfer Pricing: The pricing of transactions between related parties, including the sale of goods, the provision of services, the licensing of intangibles, and the provision of finance. Where transfer prices deviate from arm's length levels, profit is shifted from higher-tax to lower-tax jurisdictions.

Trust: A legal arrangement in which one party (the settlor) transfers assets to another party (the trustee) to hold and manage for the benefit of specified persons (the beneficiaries). Trusts can be used for legitimate succession planning and for illegitimate wealth concealment.

Chapter One
The Nature of Wealth

In 2024, a tax auditor in Nairobi sat across a desk from a man who declared an annual income of four million Kenyan shillings. The figure was unremarkable, roughly the salary of a mid-level professional. What was remarkable was everything else. The auditor knew, because the data was sitting in three different government databases that had never been cross-referenced, that this same taxpayer owned a six-bedroom house in Muthaiga valued at over one hundred and fifty million shillings. He knew that the man's three children attended an international school whose fees exceeded five million shillings per year. He knew that a Land Cruiser and a Range Rover were registered to the man's name at the National Transport and Safety Authority. And he knew, because a colleague in the Business Registration Service had mentioned it over chai, that the taxpayer was listed as a director of eleven companies, two of which were incorporated in Mauritius.

The auditor did the arithmetic. It did not work. It could not work. The declared income could not fund the school fees alone, let alone the property, the vehicles, the club memberships, the travel, and the staff. Somewhere between the tax return and the lived reality was a chasm, and in that chasm lay the central question that this book sets out to address: what is wealth, who holds it, how is it structured, and why does it so often escape the reach of the systems designed to ensure that those who have the most contribute their fair share?

This story, or some variation of it, is familiar to every experienced tax officer on the African continent. The numbers change, the jurisdictions differ, and the specific vehicles of concealment vary from trusts in Jersey to shell companies in the British Virgin Islands to gold bars in a private vault. But the underlying pattern is constant: a vast and growing gap between declared income and actual wealth, mediated by structures of extraordinary sophistication and shielded by an advisory industry whose economic incentives are aligned with maintaining that gap. Understanding this pattern, its origins, its mechanics, and its consequences, is the task of the chapters that follow.

Defining Wealth

Wealth, in its most elemental sense, is the accumulated stock of assets held by an individual, a household, or an institution at a given point in time. It is distinct from income, which measures the flow of resources over a period.[1] A person may earn a modest salary yet hold substantial wealth in the form of land, equity, or financial instruments acquired through inheritance, capital appreciation, or prior savings. Conversely, a person may earn a high income yet hold negligible wealth if that income is consumed rather than saved. This distinction between stock and flow is foundational to the analysis that follows, because the taxation of wealth and the taxation of income operate according to fundamentally different logics,[2] and the failure to apprehend

[1] Rowlingson, K., & McKay, S. D. (2011). "Three: What is wealth and who are the wealthy?". In *Wealth and the Wealthy*. Bristol, UK: Policy Press. Retrieved Apr 15, 2026, from https://doi.org/10.51952/9781847423092.ch003

[2] Piketty, T., Saez, E., & Zucman, G. (2013). Rethinking capital and wealth taxation. *Paris School of Economics Working Paper*.

wealth as a distinct fiscal object has been one of the enduring weaknesses of revenue systems across the African continent.[3]

Economists have long debated the precise boundaries of wealth.[4] The narrowest definitions restrict wealth to financial assets such as cash, deposits, equities, bonds, and other tradeable instruments. Broader definitions encompass real property, business interests, intellectual property, and tangible personal property such as vehicles, art, and precious metals.[5] The broadest definitions extend to human capital, the present value of future earnings capacity, though this conception raises measurement difficulties so severe as to render it largely impractical for fiscal purposes. For the purposes of this book, wealth is understood in its intermediate sense, which is the aggregate market value of all financial and non-financial assets held by an individual, net of liabilities. This is the definition most relevant to tax administration, because it corresponds most closely to what a revenue authority can, in principle, observe, value, and assess.

The measurement of wealth is, however, considerably more difficult than its definition.[6] Income leaves traces, for example

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[3] Gwaindepi, A. (2023). Taxation in Africa since colonial times. *The History of African Development: An Online Textbook for a New Generation of African Students and Teachers, African Economic History Network*.

[4] Adam, S., & Miller, H. (2021). The economic arguments for and against a wealth tax. *Fiscal Studies*, *42*(3-4), 457-483; Sverdan, M. (2020). Economics and taxation of wealth. *Three Seas Economic Journal*, *1*(4), 126-132.

[5] UN DESA. (2024). Subcommittee on Wealth and Solidarity Taxes. Guidance as of 1 March 2024

[6] Morgan, R. (2023). Valuation: Measuring Wealth Under a Wealth Tax. *Available at SSRN 4556256*; Vieru, R., & Lazari, L. (2020). Difficulties of the imposition