

THE
I84I
FOUNDATION

TAX
HELL
INDEX
2024



OVERVIEW

The 1841 Foundation is a non-profit organization whose main objectives are to advocate for the privacy and property rights of individuals, and to promote tax competition among countries.

Our mission includes driving relevant educational initiatives, disseminating information about key regulations, and raising public awareness about these complex issues through media campaigns.

“A country that has a high tax rate does not automatically qualify as ‘hell.’ Rather, ‘hell’ is a much more comprehensive and complex concept. Although the greatest weight is carried by fiscal pressure, we believe that a ‘tax hell’ is not only a country with high taxes, but rather one with a weak rule of law and where the rights to privacy and property are not properly applied or protected.”

Martín Litwak
Founder

As part of our initiatives, we have developed the **Tax Hell Index**, a tool that identifies those jurisdictions that combine high tax rates with low or no legal security.

This index is based on a comprehensive analysis of qualitative and quantitative data released annually by institutions such as the IMF and the World Bank.

About our data analysis

The creation of the **Tax Hell Index** is based on the collection and critical analysis of information provided by reliable public sources.

Not only does the data examined include fiscal information, but also information about governments and their ability to function efficiently and effectively for their citizens.



Fourth
edition

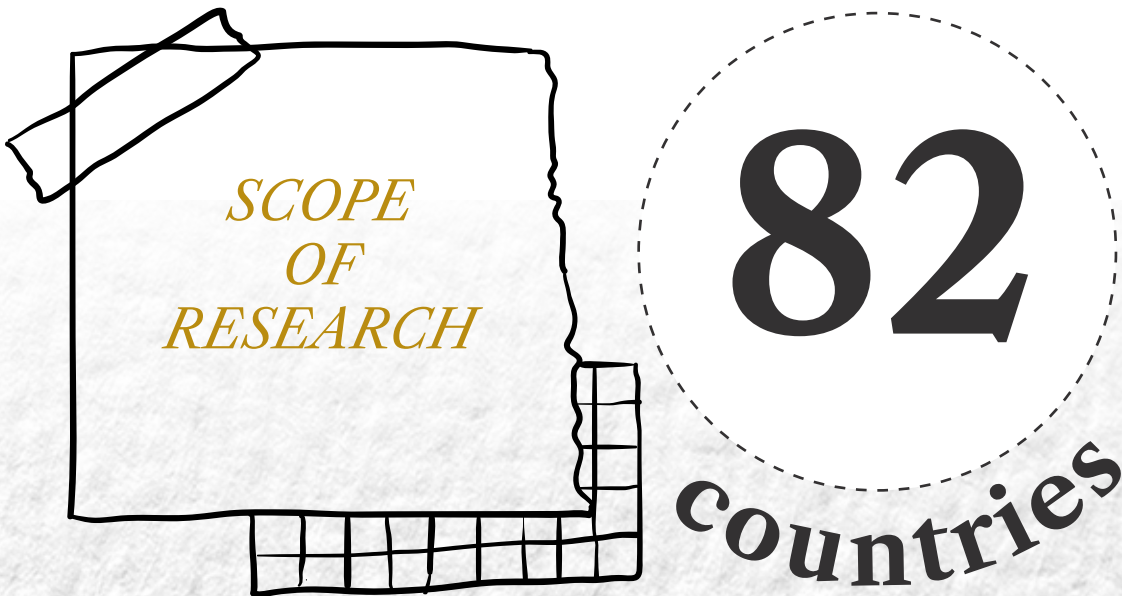
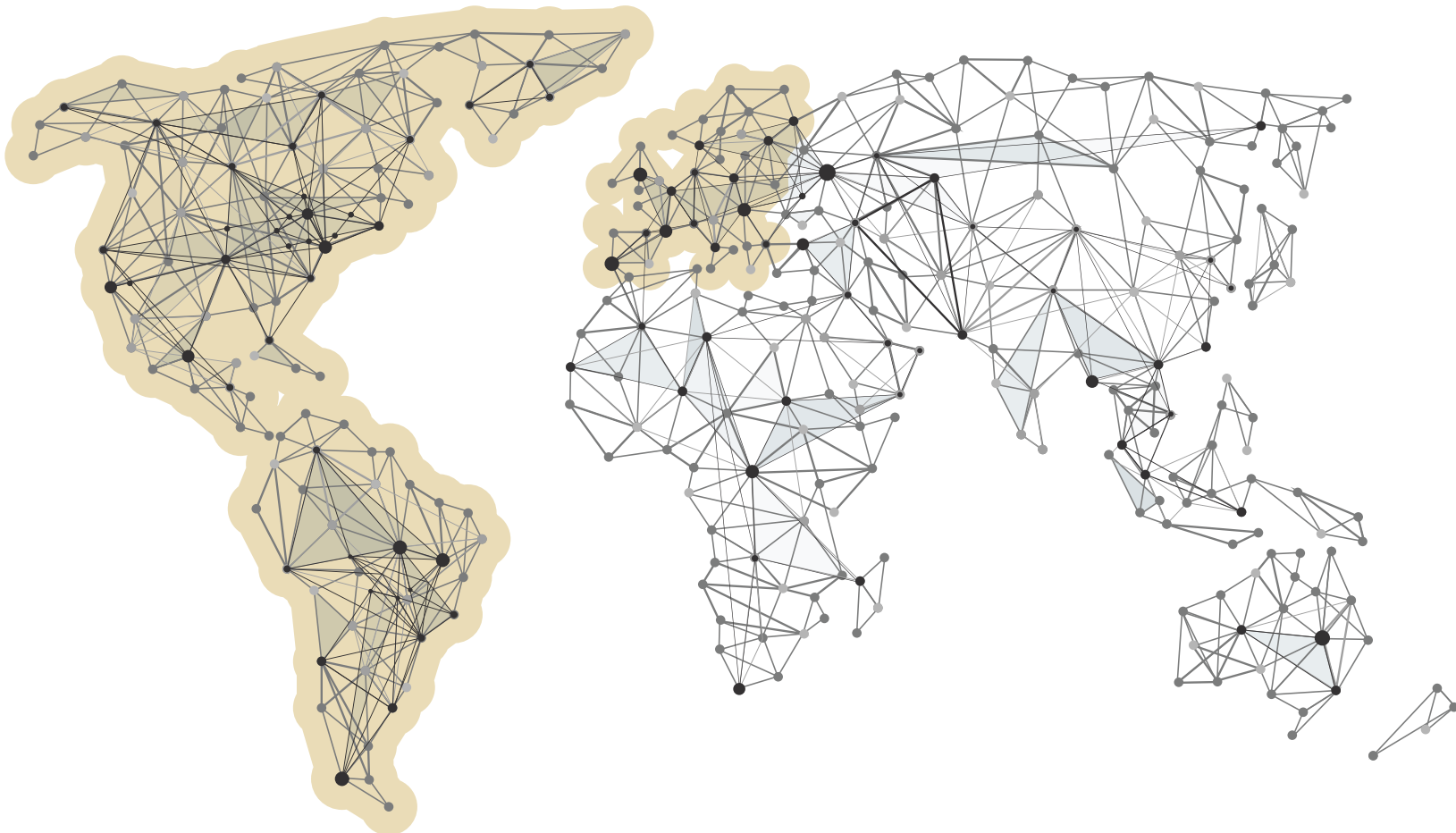
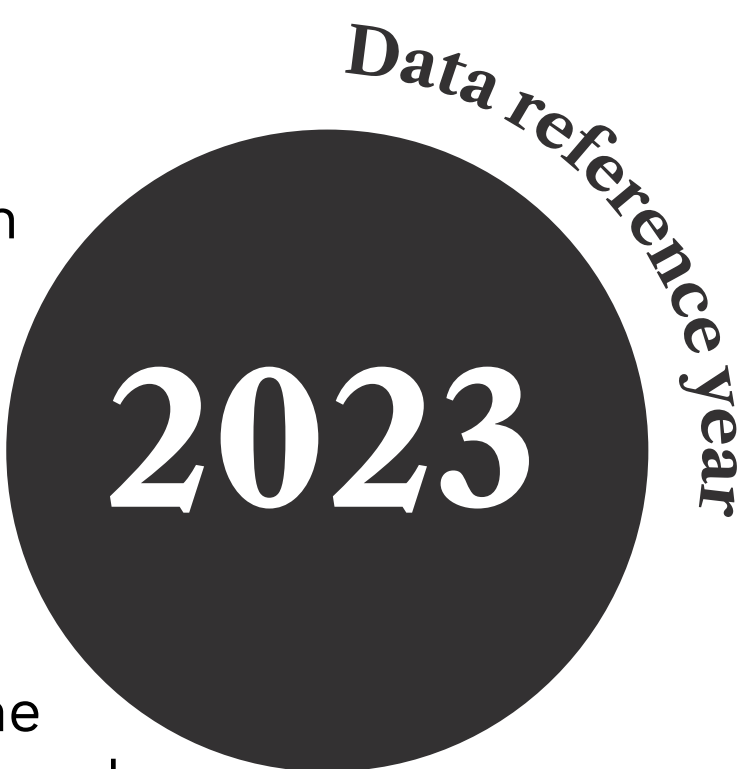
TAX HELL

SCOPE OF RESEARCH

In this edition, we focused on Europe and the Americas, covering a total of more than 80 countries.

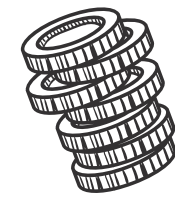
DATA SOURCE

Information obtained from public sources, specifically from the International Monetary Fund (IMF) and the World Bank.



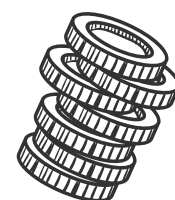
METHODOLOGY

Each country was evaluated in two main areas:



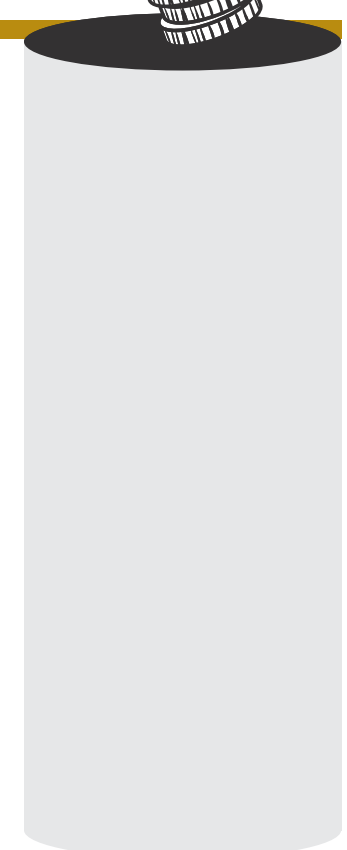
Quantitative area (60% of the total score):
It includes indicators such as:

- Fiscal pressure: Measured as total taxes as a percentage of the country's GDP.
- Debt pressure: Measured as total public debt over GDP.
- Inflationary tax pressure: Measured as an inflation index.
- Potential fiscal pressure: Measured as the difference between government spending and revenue over GDP.



Qualitative area (40% of the total score):
Indicators related to the quality of governance were evaluated:

- Voice and accountability.
- Rule of law.
- Regulatory quality.
- Political stability.
- Government effectiveness.
- Control of corruption.



AUTHOR'S NOTES

What is
a tax
hell?

Although fiscal pressure – **or rather, fiscal effort** – is an important factor, we believe that a ‘tax hell’ is not only a country with high taxes, but rather one with a weak rule of law and where the rights to privacy and property are not protected properly.

+government
quality
+ economic
and legal
stability
+ high
taxes

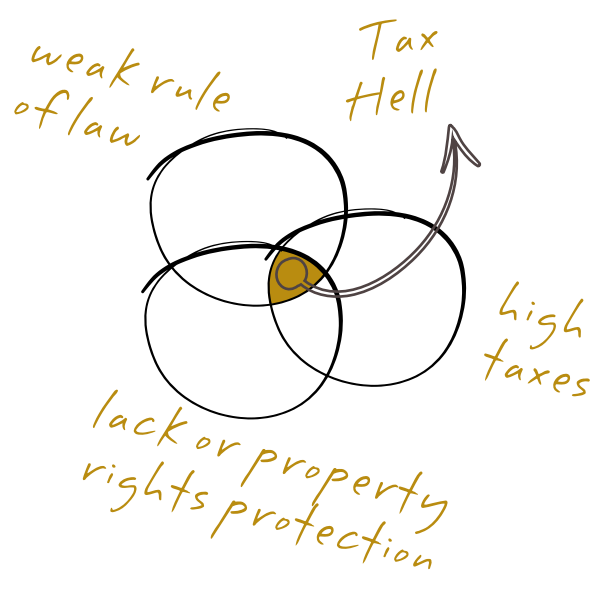
= IT IS NOT
a tax hell

In addition to the tax burden, elements such as the protection of private property, the ease with which a country can change its tax policies, decision-making predictability, and the quality of its government must also be considered.

To be
considered:
private property
changes in taxation,
predictability,
government quality.

Therefore, in the results of this index, some countries with high taxes but with high-quality governments and economic and legal stability (e.g., Denmark) are not considered tax hells.

The findings of this fourth edition of the Tax Hell Index confirm our view that it is not taxes that determine the status of tax hell, but the combination of the above-mentioned factors.



In fact, among the 12 worst-ranked countries in this edition – **and therefore classified as tax hells** – are both high-tax and low-tax jurisdictions. What they all have in common is low-quality governments, high levels of corruption and discretionary power, poor economic management, and weak institutions.

COUNTRIES IN THE TOP-12 TAX HELLS

LOW OR HIGH TAXES
LOW QUALITY OF GOVERNMENT
HIGH LEVELS OF CORRUPTION
POOR ECONOMIC MANAGEMENT
WEAK INSTITUTIONS

GENERAL OUTLOOK

The 2024 Tax Hell Index, based on data from 2023, reveals, for the first time since its inception, a slight improvement in the global situation. This year, the overall average of the index has dropped to 6.07, suggesting a slight move away from the scenario in which the entire world becomes a "tax hell," although the battle is far from won. On the other hand, **only 12 countries qualify as tax hells this year**, a significant reduction compared to previous periods. For example, in the immediate previous edition of this index, 15 countries were classified as tax hells.



RANKING OF TAX HELLS 2024



Russian Federation



#1. 

Russian Federation



The Russian Federation leads this year's tax hell ranking, reflecting a significant deterioration in both qualitative and quantitative indicators. This result is a direct consequence of the long war against Ukraine, which has deeply impacted the economy and the quality of the government.

Wars are expensive, and Russia has been no exception: high military expenses and international sanctions have weakened the country's economic capacity, increasing fiscal deficit and reducing trust in institutions.

Additionally, authoritarian measures and the lack of respect for individual rights and private property have significantly worsened its position. Although the data reflects the scenario of 2023, recent statements by Vladimir Putin confirm that the Russian economy continues to deteriorate, suggesting that Russia will remain a tax hell in the near future.

		
Long war	Fiscal deficit	Authoritarian measures



Moscow, Russian Federation



Venezuela



#2. 

Venezuela



Venezuela is a regular in the top positions of this ranking, once again in second place. Its score is due to very poor results in the qualitative indicators, where it receives the highest score in the index, reflecting institutional collapse and the government's inability to guarantee the basic needs of the population.

The Venezuelan economy is still marked by hyperinflation, chronic shortages, and a failed government that commits electoral fraud and represses civil liberties. Although the data reflects the situation of 2023, the electoral controversies of 2024 point to an even more discouraging scenario in terms of governance and institutional quality.

		
Institutional collapse	Unmet basic needs	Hyperinflation



Caracas, Venezuela



Argentina



Argentina ranks third in the ranking, returning to the podium after a 2023 marked by severe economic deterioration. Inflation, which reached an astonishing 211%, and public debt at 150% of GDP reflect a disorganized and unstable economy. In addition, the fiscal and quasi-fiscal deficit of 15 percentage points, together with restrictions on foreign trade and the currency market, have undermined confidence in the country.

Although there was some hope in 2022 with improvements in certain indicators, the poor policies implemented in 2023 have reversed any progress, consolidating Argentina as a tax hell.

The expectation is that, as the reforms introduced by the government of Javier Milei, who took office as president in December 2023, begin to take effect, the country's situation will improve. For this to happen, not only must the trends toward deregulation, debureaucratization, and public spending reduction be maintained, but legal security must also improve, the currency controls (Cepo) should be lifted, and a comprehensive tax reform must be addressed.

		
High inflation	Public debt	Fiscal deficit



Ukraine






#4. 



Despite efforts to improve its governance, Ukraine faces a devastating context due to the Russian aggression. The constant attacks on its energy infrastructure, cities, and factories have led to an economic collapse, with an increase in public debt and a decline in economic growth.

Although the country has long-standing issues with corruption and institutional inefficiency, the conflict has exacerbated its difficulties. The combination of a hostile environment and a government facing existential challenges explains why Ukraine is still considered a tax hell.

		
Russian agression	Economic collapse	Corruption and inefficiency



Belarus



#5. 



Belarus remains in the tax hell ranking due to its authoritarian government system led by Alexander Lukashenko, who replicates Vladimir Putin's policies on a smaller scale.

The country systematically disrespects individual and property rights, while its economy is severely weakened by its complicity in the war in Ukraine. Its dependence on Russia and repressive policies have solidified its position in the ranking.

For those who are not very familiar with the political situation in this country, six elections have been held since the creation of the presidential office: in 1994, 2001, 2006, 2010, 2015, and 2020. Aleksandr Lukashenko has been the only person to hold this position since the 1994 elections.

		
Disrespected rights	Weakened economy	Authoritarian government



Minsk, Belarus



Ecuador

#6.



Ecuador



Ecuador presents a significant deterioration in its qualitative indicators, a result of political instability and an increase in fiscal measures that have affected investment and economic confidence. The country faces structural problems that make it difficult to improve its position in the ranking.

		
Political instability	Fiscal measures	Structural problems



Quito, Ecuador



Bolivia

#7. 



The case of Bolivia is concerning, as it has been affected by disorganized fiscal policies and a significant decline in the Central Bank's reserves.

The inability of savers to withdraw their dollar deposits creates an atmosphere of widespread distrust, while the actions of the government, led by the Movement for Socialism, show a lack of respect for property rights and privacy.

Although its quantitative indicators are in the risk zone, it is the qualitative ones that place Bolivia firmly in the tax hell category.

In a year with presidential elections, the ongoing disputes between Arce and Evo Morales, along with the lack of a presidential candidate who can bring confidence to the market, are concerns for the future. Political instability is one of the main causes of legal insecurity.

		
Reserves decline	Widespread distrust	Disrespected rights



Brazil

#8. 



Lula's return to power did not mark the return of the moderate president from his previous two terms, but rather the rise of a leader with significantly greater fiscal appetite and less respect for institutions, private property, and individual rights.

Brazil remains a tax hell with high qualitative indicators, though not exceptionally high, and with very deteriorated quantitative indicators.

In 2024, we can see how this deterioration persists: the fiscal deficit is completely out of control, while the Central Bank constantly intervenes to prevent a devaluation of the currency. At the same time, rumors are circulating that the only way to close the deficit would be through a tax increase or a sharp devaluation that would erode the government's liabilities, inevitably affecting people's assets.

This scenario was already visible in 2023, and everything points to the fact that, in 2024, Brazil's position in the Tax Hell Index ranking will be even more affected. This is unfortunate, as Brazil was once an interesting nation that didn't even appear in the ranking of fiscally hostile countries until the 2023 Tax Hell Index (with data from 2021).

		
Fiscal appetite	Fiscal deficit	Unstable currency



Mexico

#9. 



Mexico remains in the Tax Hell ranking, in the ninth place this year. The government of Andrés Manuel López Obrador (AMLO) has shown a deep disdain for institutions, private property, and individual rights, implementing a policy that subordinates everything to the collective interest. This is mainly reflected in the qualitative indicators, which is the primary reason Mexico appears in the index, rather than its quantitative indicators, which still perform well.

Unfortunately, the 2024 elections seem to indicate that Mexico will continue in the same direction. On the one hand, the candidate confirmed for the presidential elections promises to even further radicalize AMLO’s policies. This could be reflected not only in a greater deterioration of the already high qualitative indicators, but also, and more notably, in the quantitative indicators of its economy.

In addition, the outcome of the elections in the United States could put even more pressure on the Mexican economy, contributing to its deterioration and generating greater uncertainty about the country’s economic future.

		
Disdain for institutions	Deteriorating economy	Collective rights interest



Colombia

#10. 



In the case of Colombia, we are seeing the impact of the new government's policies, which, like in Mexico, Brazil, Ecuador, and Bolivia, lean to the left, with a deep disdain for institutional structures, private property, individual rights, and privacy.

All of this causes Colombia to move up slightly in the Tax Hell ranking, solidifying its position there.

		
<i>Disdain for institutions</i>	<i>Anti individual rights</i>	<i>Disdain for privacy</i>



Bogotá, Colombia



Moldova

#11. 



Moldova ranks in 10th place on the index, with a total score of 8.8. This result reflects a combination of qualitative and quantitative indicators that highlight the significant challenges the country faces.

The Moldovan government faces a scenario characterized by low institutional quality, unappealing fiscal policies, and systemic corruption that undermines the trust of both investors and citizens.

Although the country shows some progress in quantitative indicators, such as relatively competitive tax rates compared to other countries in the region, these still cannot compensate for the serious governance issues. The lack of respect for individual rights and the ongoing poor management firmly position Moldova in the tax hell category.

		
<i>Low institutional quality</i>	<i>Unappealing fiscal policies</i>	<i>Systemic corruption</i>



Nicaragua




#12. 



Nicaragua’s classification as a tax hell is not surprising. However, what is surprising is that it ranks 12th in the index, given the questionable quality of its government.

This position is due to its relatively good quantitative indicators, although the reality is that its qualitative indicators are extremely deficient. These qualitative indicators reflect a government that does not respect property rights, the privacy of its citizens, or even the most basic rights.

The government of Nicaragua is a vestige of the Cold War era. Sandinismo remains in power, implementing many of the same policies it applied back then, perpetuating a system that hinders the country’s institutional and economic development.

		
Low government quality	Hindered development	No respect for property



Managua, Nicaragua



Tax Hell Index 2024

Country	Quantitative	Qualitative	Score	Conclusion	
Russian Federation	6.67	17.00	10.80	Tax Hell	●
Venezuela	6.00	18.00	10.80	Tax Hell	●
Argentina	10.00	11.00	10.40	Tax Hell	●
Ukraine	8.00	14.00	10.40	Tax Hell	●
Belarus	5.33	17.00	10.00	Tax Hell	●
Ecuador	6.67	14.00	9.60	Tax Hell	●
Bolivia	5.33	15.00	9.20	Tax Hell	●
Brazil	8.00	11.00	9.20	Tax Hell	●
Mexico	5.33	15.00	9.20	Tax Hell	●
Colombia	7.33	11.00	8.80	Tax Hell	●
Moldova	7.33	11.00	8.80	Tax Hell	●
Nicaragua	3.33	17.00	8.80	Tax Hell	●
Bosnia and Herzegovina	5.33	13.00	8.40	Risky	●
Haiti	2.00	18.00	8.40	Risky	●
Honduras	4.00	15.00	8.40	Risky	●
North Macedonia	7.33	9.00	8.00	Risky	●
Paraguay	5.33	12.00	8.00	Risky	●
Suriname	6.00	11.00	8.00	Risky	●
Dominica	9.33	5.00	7.60	Risky	●
El Salvador	5.33	11.00	7.60	Risky	●
India	6.00	10.00	7.60	Risky	●
Peru	4.67	12.00	7.60	Risky	●
Serbia	6.67	9.00	7.60	Risky	●
Romania	7.33	7.00	7.20	Risky	●
Hungary	8.00	6.00	7.20	Risky	●
São Tomé and Príncipe	4.67	11.00	7.20	Risky	●
Guyana	4.00	11.00	6.80	Normal	●
Dominican Republic	6.00	8.00	6.80	Normal	●
Guatemala	1.33	15.00	6.80	Normal	●
Italy	8.00	5.00	6.80	Normal	●
Belize	4.67	10.00	6.80	Normal	●
Armenia	4.00	10.00	6.40	Normal	●
Bulgaria	6.67	6.00	6.40	Normal	●
Jamaica	6.00	7.00	6.40	Normal	●
Montenegro	6.00	7.00	6.40	Normal	●
Poland	7.33	5.00	6.40	Normal	●
Slovak Republic	7.33	5.00	6.40	Normal	●
Spain	8.67	3.00	6.40	Normal	●
Kosovo	2.00	12.00	6.00	Normal	●
Greece	6.67	5.00	6.00	Normal	●
Panama	4.00	9.00	6.00	Normal	●
Trinidad and Tobago	3.33	10.00	6.00	Normal	●
France	8.67	1.00	5.60	Normal	●
Malta	7.33	3.00	5.60	Normal	●
Croatia	6.00	5.00	5.60	Normal	●
Belgium	8.00	1.00	5.20	Normal	●
United Kingdom	8.00	1.00	5.20	Normal	●
Grenada	5.33	5.00	5.20	Normal	●
Latvia	6.67	3.00	5.20	Normal	●
Saint Vincent and the Grenadines	6.00	4.00	5.20	Normal	●
Austria	7.33	1.00	4.80	Normal	●
Costa Rica	5.33	4.00	4.80	Normal	●
Georgia	4.00	6.00	4.80	Normal	●
Germany	7.33	1.00	4.80	Normal	●
Saint Kitts and Nevis	4.67	5.00	4.80	Normal	●
Bahamas	5.33	4.00	4.80	Normal	●
United States	6.67	2.00	4.80	Normal	●
Antigua and Barbuda	4.67	5.00	4.80	Normal	●
St. Lucia	4.67	5.00	4.80	Normal	●
Barbados	5.33	3.00	4.40	Normal	●
Cyprus	5.33	3.00	4.40	Normal	●
Czech Republic	7.33	0.00	4.40	Normal	●
Iceland	7.33	0.00	4.40	Normal	●
New Zealand	7.33	0.00	4.40	Normal	●
Slovenia	7.33	0.00	4.40	Normal	●
Estonia	6.67	1.00	4.40	Normal	●
Finland	6.67	1.00	4.40	Normal	●
Norway	7.33	0.00	4.40	Normal	●
Portugal	5.33	2.00	4.00	Normal	●
Puerto Rico	2.00	7.00	4.00	Normal	●
Canada	6.67	0.00	4.00	Normal	●
Uruguay	6.00	1.00	4.00	Normal	●
Chile	4.67	2.00	3.60	Tax Heaven	●
Sweden	5.33	1.00	3.60	Tax Heaven	●
Lithuania	4.67	1.00	3.20	Tax Heaven	●
The Netherlands	4.67	1.00	3.20	Tax Heaven	●
Luxemburg	5.33	0.00	3.20	Tax Heaven	●
Switzerland	4.67	0.00	2.80	Tax Heaven	●
San Marino	4.67	0.00	2.80	Tax Heaven	●
Aruba	3.33	1.00	2.40	Tax Heaven	●
Denmark	4.00	0.00	2.40	Tax Heaven	●
Ireland	3.33	0.00	2.00	Tax Heaven	●

Leaders in Tax Policy and Rule of Law

At the opposite end of the ranking, we find countries that not only avoid being labeled as tax hells but also stand out as true tax havens. This year, the top-performing countries are:



Ireland:

It stands out for maintaining moderate tax rates and a balanced quantitative index, making it an attractive destination for companies and individuals.



Denmark:

Globally recognized for its high governance standards, it consistently ranks at the top in institutional quality and transparency, not only within the index sample but also worldwide.

Both countries reflect successful models that manage to combine fiscal efficiency with solid governance systems.

Countries that have always been Tax Hells

With the fourth edition of the index now published, it is interesting to observe which countries have been classified as tax hells in all previous editions and remain firmly in that category. This reflects fiscal systems characterized by high tax levels, stifling regulations, and, in many cases, political or economic instability that worsens the burden on taxpayers.

The countries that have consistently been Tax Hells in all four editions of the index are:



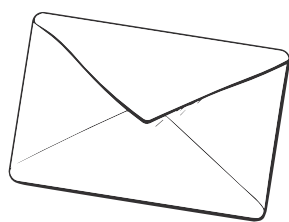
It is also worth highlighting those countries that have never been in the tax hell category in any of the four editions. Their absence indicates that, although they may have high taxes, their regulatory framework, economic stability, and legal security prevent them from falling into the most unfavorable classification.

The analysis of these extremes allows us to better understand how fiscal policy influences the competitiveness and economic development of each country.

Contact us

Need more information?

For more information or to schedule an interview with our founder, Martín Litwak, please contact the team at:



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