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These 4 European countries still have a wealth tax. Here's how it's working out for them

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- The wealth tax has become the subject of fierce debate as progressive 2020 Democratic candidates champion it as a mechanism to redistribute wealth and curb the economic power of the wealthiest Americans.
- Though it's a relatively new proposal in the US, many European nations adopted it decades ago.
- The wealth tax is similar to a property tax. But instead of taxing real estate, it covers wealth in all forms: stocks, cash, jewelry, yachts, a Pablo Picasso painting — really any asset that could be appraised a monetary value.
- Today, four European countries have a wealth tax: Spain, Norway, Switzerland, and Belgium. Here's how its working out for them.

The wealth tax has become the subject of fierce debate as progressive Democratic candidates in the 2020 election champion it as a mechanism to redistribute riches. They also see it as a way to curb the economic power of the wealthiest Americans. Sen. Elizabeth Warren first proposed it and Sen. Bernie Sanders later followed.

Warren is pushing for a 2% tax on households with net worths above $50 million, and tripled to 6% on fortunes over $1 billion. Sanders went farther with a more aggressive plan: He wants to levy a 2% wealth tax on households with net worths over $32 million and gradually increase it to 8% on those over $1 billion.

Though it's a relatively new proposal in the US, many European nations had already adopted it decades before.

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Back in 1990, around a dozen European countries had a wealth tax, according to the Organization for Economic Cooperation and Development. Today, only four European countries have it: Spain, Norway, Switzerland, and Belgium.

Most European governments eliminated the tax because it was problematic in design and enforcement, and France was the latest to scrap it in 2017. They often hit people with plenty of assets but little cash on hand to pay the taxman.

"They can be really difficult to administer and ensure even a moderate compliance rate," Daniel Bunn, the director of Global Projects at the nonpartisan Tax Foundation, told Business Insider of the European wealth tax experience.

He added that it became difficult for governments to justify the high administrative cost of enforcement as the rich were able to move assets and capital out of the country into lower-taxed jurisdictions, often within Europe.

Instead, Bunn said, European countries did away with it and doubled down on enforcing income taxes among others.

All together, European wealth taxes generally brought in around 0.2% of GDP in revenues, a study from the Cato Institute noted.

Still, four European governments are relying on wealth taxes to generate revenue. Here's how its working out for them.

Spain has a wealth tax levied on fortunes above €700,000, or just over $774,000, starting at a 0.2% rate.

Spain first introduced a wealth tax (otherwise known as Patrimonio) in 1977, two years after the death of its authoritarian leader Francisco Franco.

It kept the tax until 2008 when the global financial crisis threw the Spanish economy into a tailspin. The tax was temporarily reinstated three years later in 2011 to boost public finances, but the national government later decided to make it permanent again.

Spain now taxes fortunes above €700,000 at 0.2%, which gradually increases to 2.5% on net worth above €10.7 million depending on the region. People living in the Spanish capital of Madrid are exempt from the tax.

Its never been a substantial generator of tax money for the Spanish government. Data from the OECD shows that a net wealth tax on individuals made up 0.55 percent of all tax revenues in 2017.

Norway collects a wealth tax both at the municipal and the national level, starting at 1.48 million krone, or $174,000.

Norway's wealth tax was first introduced in 1892. The central government levies a tax rate of 0.15% while municipalities impose a 0.7% rate, bringing the maximum to 0.85%.

Only wealth above 1.48 million krona, or roughly $174,000, is taxed. That figure is doubled for married couples.

A 2012 study from Norwegian researchers reported that average wealth per household totaled 1.6 million krona, or just over $166,000, indicating that most of the population paid some form of the tax.

The amount of revenue generated has largely been the same over the last two decades. The OECD reported the wealth tax constituted 1.1% of all Norwegian tax revenue in 2017.

Switzerland first implemented its wealth tax in 1840. The rate varies by canton, or state, as the central government does not collect the tax.

Switzerland first levied a wealth tax in 1840 and its been a pillar of their tax structure since. They're self-reported and paid annually, with no institutional tracking of wealth. Tax authorities can only access personal bank information if a person is suspected of a crime.

The country has a decentralized tax system, and the rate varies around its 26 cantons. But it ranges between 0.3% and 1% of taxpayers' net worth. They tend to be highest in the French-speaking regions of the west and lower in the German-speaking cantons of central Switzerland.

The tax-free threshold for a married couple without children is between 50,000 Swiss francs ($50,370) to 250,000 Swiss francs ($251,856). "The wealth tax thus affects much of the middle class in addition to the wealthiest families," one study on the Swiss wealth tax found.

Compared to the other three European countries, the Swiss wealth tax has generated consistent revenue so far in the 21st century and it brought the largest share. OECD data shows that wealth taxes made up 3.6% of all Swiss tax revenue in 2017, and it's been above 3% since 2000.

Belgium enacted a limited wealth tax last year on securities accounts containing over €500,000.

Belgium introduced a limited wealth tax on security holdings last year, the Financial Times reported.

The Belgian government enacted a 0.15% tax on the securities accounts of individuals with holdings over €500,000, or $553,000.

The country already had some of the highest tax rates in Europe, though it proved hospitable for French entrepreneurs and businesspeople seeking to park their assets in a neighboring country before Paris eliminated the wealth tax.