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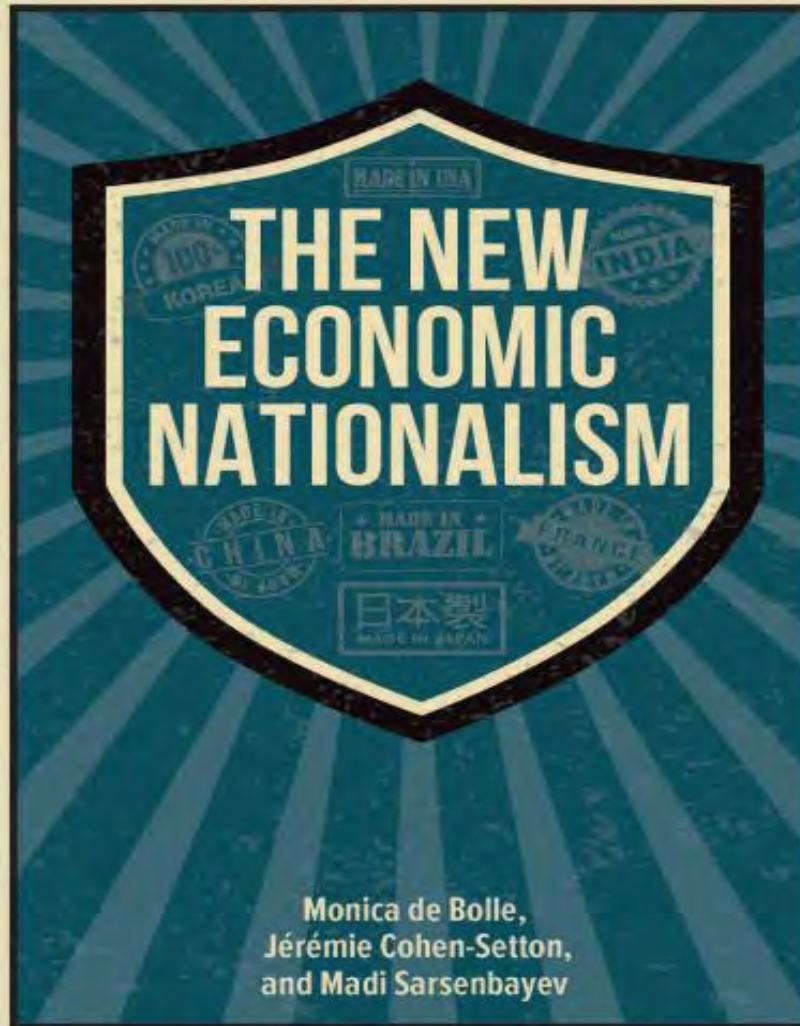
Remittance Taxes as an Instrument of Economic Nationalism

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Economic Nationalism

- A worldview that challenges the Post WWII consensus of free enterprise, competition, international integration governed by rules and institutions.
- The Economic Nationalist worldview assumes conflict between national and foreign economic interests. The primary role of the state is to support firms and workers in a global race for economic prosperity and power.
 - Policy dimensions of economic nationalism include immigration restrictions.

Instruments of Immigration Restrictions

- Direct provisions to limit immigration: Rules regarding worker visas, revision of immigration programs, limits on citizenship, and impediments targeting people from certain parts of the world (bans, etc).
- Remittance taxes and/or other financial instruments that limit money transfers from migrants.
 - Remittance taxes are understood as taxes directly imposed on money transfers sent by migrants to their home countries.

Countries that adopt (or have adopted) direct Remittance Taxes

- Tanzania
- Kenya
- Zimbabwe
- Venezuela
- Bolivia
- Eritrea
- Ethiopia
- Algeria
- Iraq



Motivation: Currency controls due to Balance of Payments pressures.

- **United States (Jan. 2026): A “nationalist” motivation.**

Recipient Countries of U.S. Remittances

1. Mexico — \$62.9 billion
2. China — \$12.3 billion
3. India — \$10.7 billion
4. Philippines — \$8.9 billion
5. Dominican Republic — \$8.2 billion
6. Guatemala — \$6.1 billion
7. Colombia — \$5.6 billion
8. El Salvador — \$4.8 billion
9. Honduras — \$4.6 billion
10. Vietnam — \$3.9 billion

Data source: World Bank Bilateral Remittances Matrix / KNOMAD, 2023.

The U.S. Remittance Tax

- 2017: Remittance taxes as an impediment to immigration and a means to finance the border wall. Much discussed, never introduced.
- 2025: Remittance taxes introduced in the BBB.
 - 1% tax comes into effect in January 2026; lowered from a previously stipulated 5%, but the debate continues.
 - Example: On Sept. 29, 2025, a bill was introduced to raise the tax to 15%.
- Rationale: “Every year, the United States of America loses billions of dollars in revenue to foreign nations through remittance transfers. **This is a significant loss to our economy, as every dollar lost through a remittance transfer is a dollar that is not spent on goods and services in America.** The *Requiring Excise for Migrant Income Transfers (REMIT)* Act delivers for American workers and our economy by increasing the remittance tax to 15 percent, **minimizing economic loss, and disincentivizing illegal immigrants from abusing our immigration laws.**”
 - **Impact on fiscal revenues**

Remittance taxes could backfire

- “Loss to the economy” argument fails to consider that remittances flow back to the United States, as countries that benefit from these funds may import more U.S. goods.
- The argument that remittance taxes can be an instrument to deter immigration overlooks the fact that the harmful economic impact on recipient countries could actually drive more immigration, rather than less.
- Informal channels to circumvent taxes mean little to no fiscal revenue impact.
- Bottom line: The nationalist motivation for remittance taxes lacks sound economic justification.