Six U.S. States Involved in Norwegian Tax Evasion Case

by Frank L. Brunetti on August 12, 2013

In another example of international cooperation to quell Norwegian tax evasion, a quiet investigation is expected to reveal the identities of Norwegian taxpayers with secret U.S. bank accounts and of residents of Norway who should be, but aren't, paying taxes there.

Federal courts in six U.S. states have granted the Internal Revenue Service permission to serve "John Doe" summonses on U.S. banks that are digging for information about unknown individuals who have used certain credit or debit cards in Norway. A "John Doe" summons is typically used when the IRS seeks information about possible tax fraud committed by individuals whose identities are not known.

Courts in Minnesota, Texas, Pennsylvania, Oklahoma, Virginia, and California authorized the IRS to get involved in the cases at the request of the Norwegian government, which recently said it has noticed unknown individuals using credit or debit cards in their country. However, the country said it is unclear as to whether these citizens are complying with Norway's strict tax laws, which require that account holders report account information or income on their Norwegian tax returns. Similar court requests are also pending in Mississippi and New Hampshire, Reuters reports.

Approximately 18 financial institutions are involved in the case, including Bank of America, Citibank, PNC Bank, Wells Fargo, and Capital One. The banks may be required to provide information and bank records to U.S. authorities to help them flush out potential tax cheats on Norway's behalf. More specifically, banks may be asked to hand over documents relating to bank account applications, signature cards and other records that tied to one or a few specific payment or credit card numbers that have been used over a period of years for ATM withdrawals and other transactions in Norway. Officials will examine the transactions which require a PIN, but don't require the card holder's name, Forbes reports.