

# Do they actually move? Detecting tax evasion with smart meters

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## Abstract

In this project we look to employ a novel proxy for inhabitation to measure various forms of tax evasion in Norway. Specifically we want to detect misreporting of the primary residence of individuals, utilizing electricity consumption data from smart meters. We identified three main settings in which individuals are incentivized to misreport their residency to evade taxes: First, in 2021 the municipality Bø unilaterally lowered its municipal wealth tax by 0.5% from 0.85%. Second, the tax value of primary dwellings is set to 25% of the property value, while for other dwellings it is 90%. Given regional shocks to the assessed property value of multi-property owners' non-primary dwellings, they might be incentivized to switch their primary dwelling. Third, the sale of inherited property is tax-free after an inhabitation period of 12 months.

This new approach of detecting tax evasion is highly scalable (e.g. many countries have or are rolling out smart meters) and policy relevant given increasing government revenue and spending gaps, and rising wealth inequalities.