

EFTA Court Rules on Tax Investigations and Legal Professional Privilege

News

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On 29 September 2026, the EFTA Court ruled on the access of tax authorities to lawyers' client records. The [case \(E-28/25, "ADVEL"\)](#) concerned the compatibility of Icelandic legislation with the freedom to provide services under Art. 36 of the EEA Agreement. Under the Icelandic Income Tax Act, the tax authority may require lawyers to disclose the names and identification numbers of their clients for whom they provide tax consultancy services or other services regarding the control or direct or indirect ownership of companies, funds or institutions registered abroad or offshore assets.

The EFTA Court [ruled](#) that such an obligation constitutes a restriction on the freedom to provide services. Furthermore, the confidentiality of legal advice is protected both under the Icelandic "Lawyers Act" and by the right to respect for private life under Art. 8 ECHR. Effective tax supervision and the fight against aggressive tax planning may only restrict this right if the restriction is proportionate, that is to say, in particular, appropriate and necessary. With regard to the attainment of proportionality, the Court raises doubts as the same information could also have been obtained from the taxpayers themselves or through international mutual assistance.

The [EFTA Court](#) is a supranational court for the three EFTA member states: Norway, Iceland and Liechtenstein. It was established in 1994 following their accession to the European Economic Area (EEA) to ensure the uniform application of EU law in these three countries. Like the Court of Justice of the European Union (CJEU), it has its seat in Luxembourg. The EFTA Court's jurisdiction largely corresponds to the jurisdiction of the CJEU in respect of the EU Member States.

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