

# How AI like ChatGPT might transform **tax consulting.**

Industry 4.0: The influence of  
digitalization in tax consulting





# Outline

<https://freyenfeld.law/gtp>

1. Introduction to conversational AI
2. Abilities & Limitations
3. Benefits for Tax Consulting
4. Challenges of using AI in Tax
5. The Future of AI in Tax Consulting

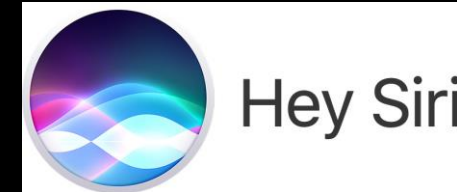


# 1. Introduction to conversational AI

- **AI (Artificial Intelligence)** is the creation of computer systems that can perform tasks that would typically require human intelligence.
  - **NLP (Natural Language Processing)** is a subfield of AI, enabling machines to understand, interpret, and respond to human language.
  - **GPT (Generative Pre-trained Transformer)** is a deep learning model, pre-trained on large amounts of text data, unsupervised.
- **ChatGPT** is a conversational AI that uses a combination of NLP and GPT technologies to provide responses to users.



amazon alexa






Google Workspace




## 2. Abilities & Limitations

### Abilities of conversational AI

- “Understands” questions in text form
- Creates the most likely response
- Responses are well-formulated, human-like
- Content is created, not just compiled

 Examples	 Capabilities	 Limitations
"Explain quantum computing in simple terms" →	Remembers what user said earlier in the conversation	May occasionally generate incorrect information
"Got any creative ideas for a 10 year old's birthday?" →	Allows user to provide follow-up corrections	May occasionally produce harmful instructions or biased content
"How do I make an HTTP request in Javascript?" →	Trained to decline inappropriate requests	Limited knowledge of world and events after 2021



[ChatGPT Mar 14 Version](#). Free Research Preview. Our goal is to make AI systems more natural and safe to interact with. Your feedback will help us improve.

## 2. Abilities & Limitations

### Abilities of conversational AI

- Implements given instructions such as
  - Summarize (e.g. BMF letters, Court decisions, Legislation)
  - Elaborate
  - Reference
  - Customize (e.g. adjust, change length)
- Masters common programming languages such as Python

-steuerrechner.de/ekst/eingabeformekst.html?ekst-result=true

### EINKOMMENSTEUERBERECHNUNG

#### Ihre Eingabedaten

zu versteuerndes Einkommen (zvE): 50.000,00 Euro

Persönliche Verhältnisse: alleinstehend

Berechnungsjahr: 2023

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Ergebnis der Berechnung der Einkommensteuer 2023

#### Tabelle Allgemeine Besteuerungsmerkmale

	Ergebnis	Betrag	Durchschnittsbelastung
Einkommensteuer		11.343,00 Euro	22,6
Solidaritätszuschlag		0,00 Euro	0,0
Summe		11.343,00 Euro	22,6

#### Formel nach §32a EStG

Alternative	zu versteuerndes Einkommen	Formeln
a)	bis 10.908 Euro	$E_{St} = 0$
b)	von 10.909 Euro bis 15.999 Euro	$E_{St} = (979,18 * y + 1.400) * y$



## 2. Abilities & Limitations

### Limitations of conversational AI

- May generate incorrect information
- Limited knowledge (little knowledge of German tax law since lots of content is behind paywalls)
- Length and formats of inputs and outputs are limited
- Uncertain what happens to submitted data in terms of data protection

FR

Please reconsider your answer and take into account the so-called "family home clause" under Section 13 (1) sentence 1 4c ErbStG.



You are correct, I apologize for my oversight. The "family home clause" under Section 13 (1) sentence 1 4c ErbStG provides for an exemption from inheritance tax for the family home of the deceased person if certain conditions are met.



In order to qualify for the exemption, the following conditions must be met:

- The property must have been the primary residence of the deceased person at the time of their death.
- The property must be inherited by the spouse, civil partner, child, stepchild, or grandchild of the deceased person.
- The heir must use the property as their primary residence for at least 10 years after the date of inheritance.

If these conditions are met, the family home is exempt from inheritance tax, regardless of its value.

Therefore, if A meets the conditions of the "family home clause" and the property is considered the family home, then she would not have to pay inheritance tax on the property. However, if the property does not meet the conditions of the "family home clause," then A would have to pay inheritance tax on the taxable amount, as calculated in my previous answer.

### 3. Benefits for Tax Consulting

#### Requirements in tax consulting

- Precise knowledge of the current legal situation, in particular
  - tax laws
  - court decisions
  - letters of Federal Ministry of Finance.
- Processing of large amounts of data in accordance with the current legal situation.
- Each individual transaction must be correctly stated in the mandatory format (e.g. VAT return) in the required position (e.g. Line 12) and within a specified deadline (e.g. 10.04.2023).





### 3. Benefits for Tax Consulting

#### **Tax consulting is**

- complex,
- time-consuming,
- error-prone,
- repetitive process,
- associated with liability matters
- and constant changes in tax law.

#### **Conversational AI is**

- fast (saves time and energy)
- accurate (requires improvement)
- capable of mass data processing
- relatively inexpensive (e.g. ChatGPT Pro costs 20 USD p.m.)

**Conclusion:** AI solutions could provide significant benefits for tax consulting.



### 3. Benefits for Tax Consulting

#### Use cases of conversational AI

- Provide drafts for
  - Emails / presentations / calculations
  - Legal opinions
  - Letters to tax authorities / fiscal courts
- Solve simple tax cases

#### Potential use cases in the future

- Automate the preparation of
  - Tax returns
  - Balance sheets
- Automatic checks for changes in tax law
- Provide Insights on client data
- Identify possible tax savings automatically
- Indicate liability risks / plausibility

### Gratulieren nicht vergessen!

ChatGPT hat heute die Prüfung zum  
Steuerfachangestellten mit 54%  
bestanden.



Quelle

<https://www.taxy.io/post/quantensprung-in-die-digitale-steuerberatung>

## 4. Challenges of AI in Tax

### Technical / Legal Challenges

- Client data must be protected
- Results must be verified by humans
- Technical and professional skills are necessary to unlock the potential of AI.

### Ethical Challenges

- May humans be replaced by AI?
- Is it necessary to indicate the use of AI?

**Conclusion:** Human verification will remain essential for using AI in tax consulting.





## 5. The Future of AI in Tax Consulting



What should today's tax students focus on? List three aspects in descending order and describe each in a sentence of no more than 10 words.



Today's tax students should focus on:



1. Developing skills in data analytics and AI for tax.
2. Building analytical and critical thinking skills for complex issues.
3. Understanding evolving tax laws and regulations.

## 5. The Future of AI in Tax Consulting



### How AI like ChatGPT might transform tax consulting.

Survey HS Augsburg

[In Google anmelden](#), um den Fortschritt zu speichern. [Weitere Informationen](#)

\* Erforderlich

How will AI transform tax consulting? \*

- ☐ A) AI will replace human tax consultants completely, making their jobs obsolete.
- ☐ B) AI will be a valuable tool and also create new job opportunities in tax consulting.
- ☐ C) AI will be a valuable tool for tax consultants, but traditional software like DATEV will not be affected.
- ☐ D) AI will have little to no impact on tax consulting, as human expertise will still be necessary.

Senden

[Alle Eingaben löschen](#)



# References

## AI applications used to create this presentation:

- ChatGPT (<https://chat.openai.com/auth/login?next=/chat>)
- Tome (<https://beta.tome.app/?ref=aicake>)
- DeepL (<https://www.deepl.com/translator>)
- Midjourney  
(<https://www.midjourney.com/home/?callbackUrl=%2Fapp%2F>)
- Cleanup.pictures (<https://cleanup.pictures/>)
- Realfake (<https://www.realfakephotos.com/>)

## Related links

- Website for this presentation (<https://freyenfeld.law/gpt>)
- 16.03.2023: Microsoft 365 Copilot Release  
(<https://www.youtube.com/watch?v=S7xTBa93TX8>)
- 14.03.2023: Google Workspace AI Release  
(<https://www.youtube.com/watch?v=6DaJVZBXETE>)
- Deutscher Ethikrat  
(<https://www.ethikrat.org/pressekonferenzen/veroeffentlichung-der-stellungnahme-mensch-und-maschine/>)



**Dr. Maximilian Freyenfeld LL.M.**  
(Fake image created by  
realfakephotos.com)