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

Hey Siri

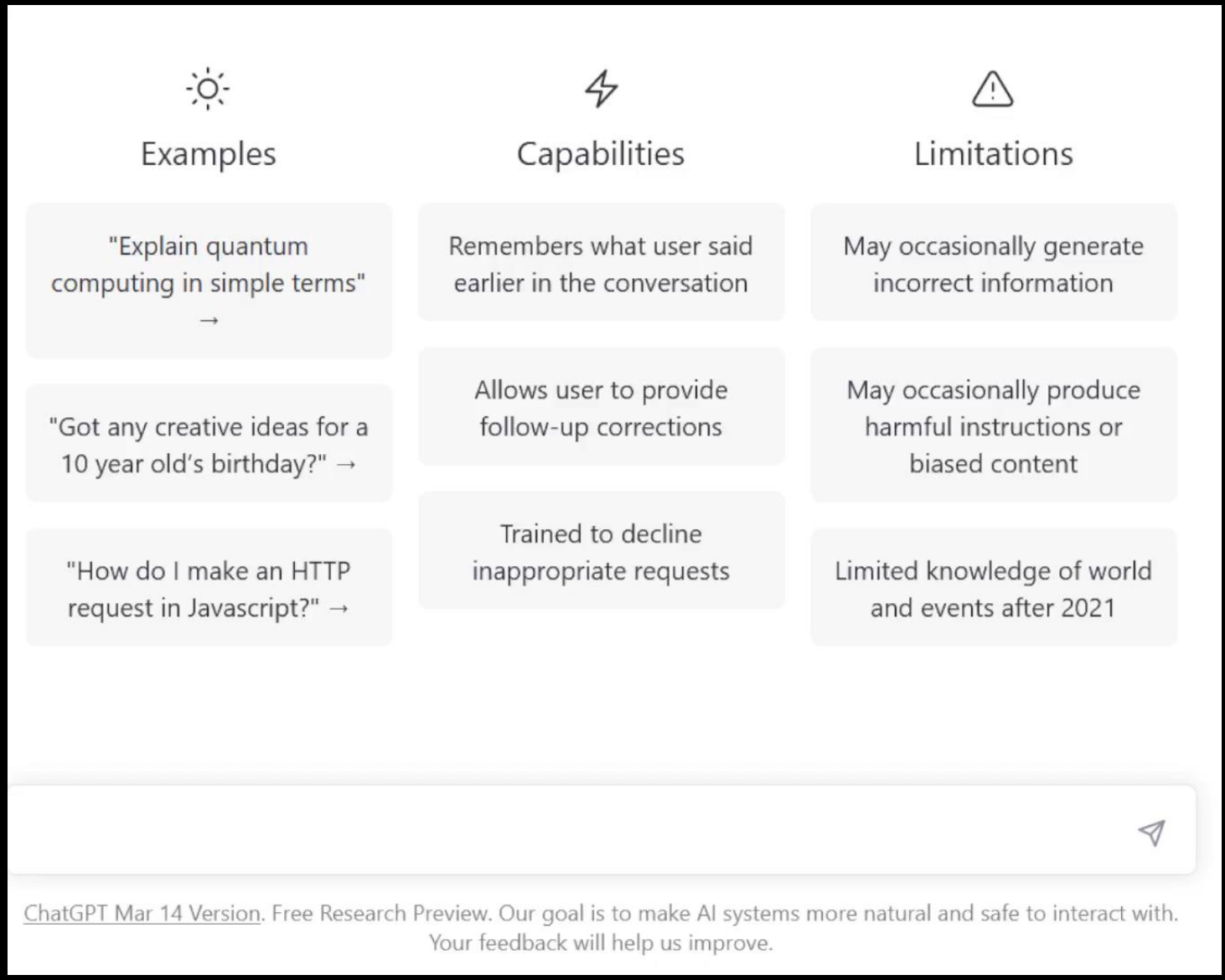
Google Workspace

ChatGPT

2. Abilities & Limitations

Abilities of conversational AI

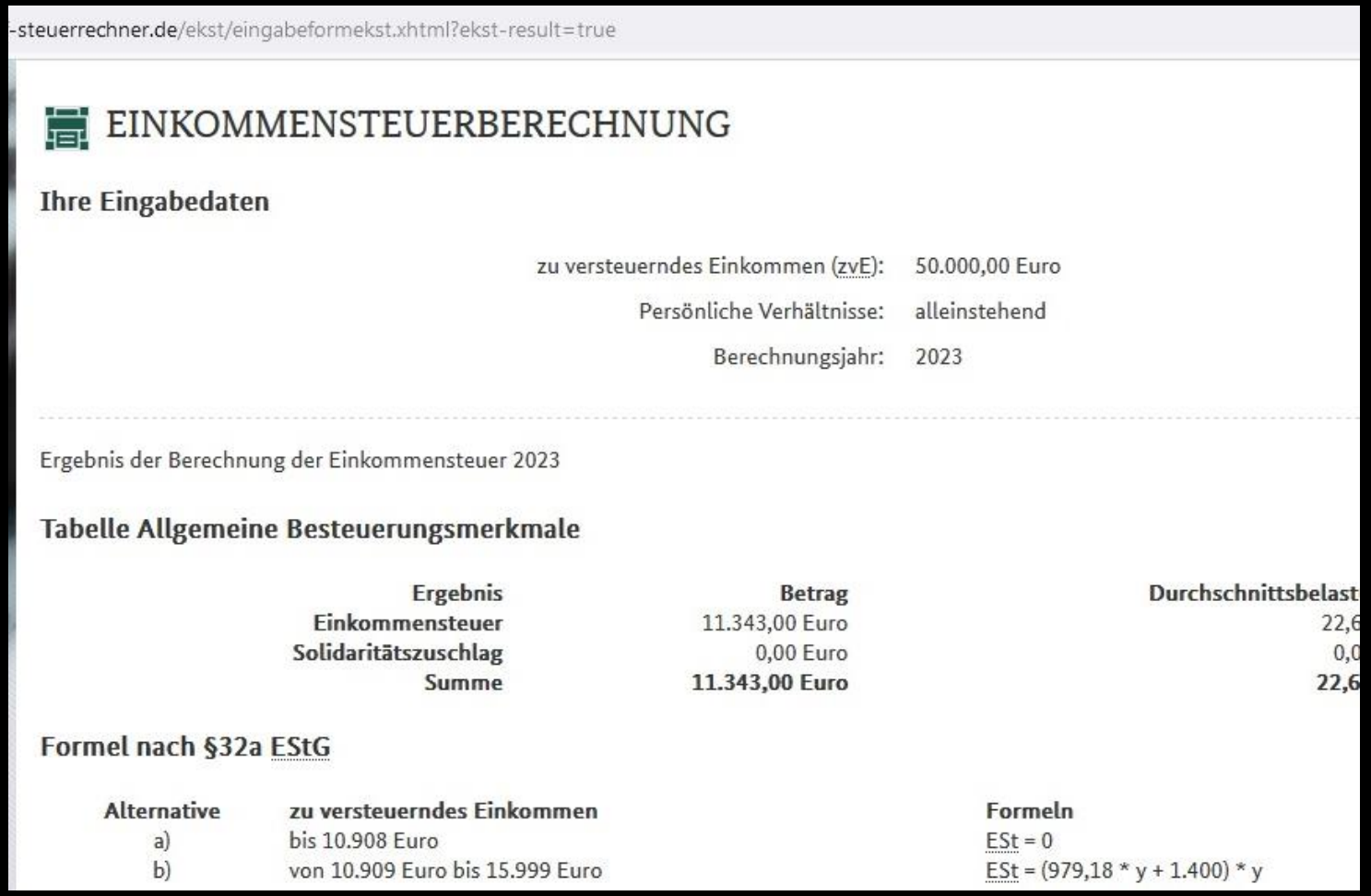
- “Understands” questions in text form
- Creates the most likely response
- Responses are well-formulated, human-like
- Content is created, not just compiled



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



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EINKOMMENSTEUERBERECHNUNG

Ihre Eingabedaten

zu versteuerndes Einkommen (zvE):	50.000,00 Euro
Persönliche Verhältnisse:	alleinstehend
Berechnungsjahr:	2023

Ergebnis der Berechnung der Einkommensteuer 2023

Tabelle Allgemeine Besteuerungsmerkmale

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

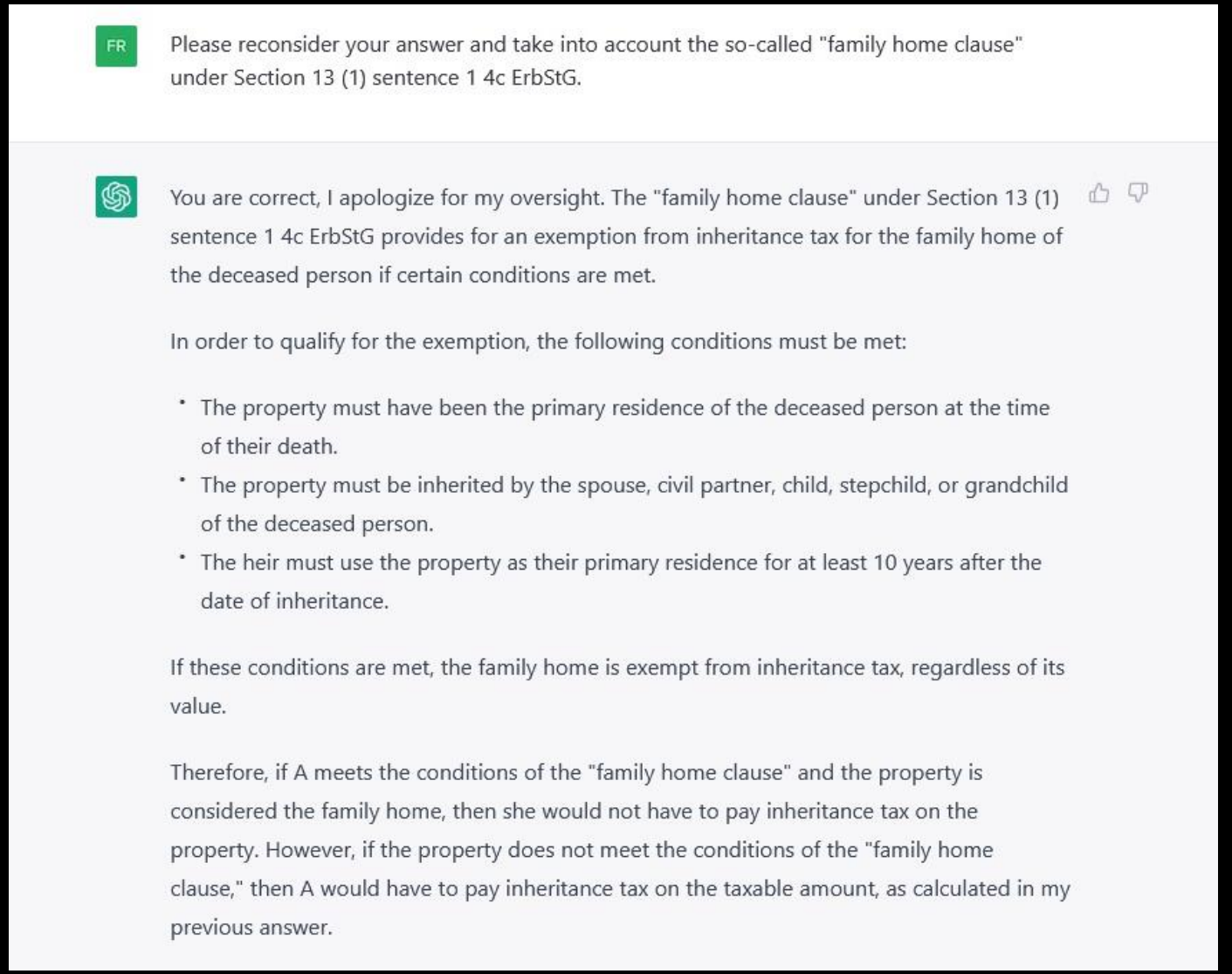
Formel nach §32a EStG

Alternative	zu versteuerndes Einkommen	Formeln
a)	bis 10.908 Euro	ESt = 0
b)	von 10.909 Euro bis 15.999 Euro	ESt = (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



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

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

FR

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.
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