

Conference

**“The Impact of Artificial Intelligence
on Tax Law”**

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**Organized by the Institute for Austrian and
International Tax Law, WU Vienna**

Questionnaire

The use of artificial intelligence (AI) systems by businesses in their productive activities as well as by governments both when providing public services and exercising public authority is expanding at a pace unseen before. The expanding use of AI provides a host of opportunities that has the potential of entirely transforming many aspects of human life but, at the same time, presents numerous challenges and risks. Taxation is not an exception from this trend. AI and its use by taxpayers and tax authorities raise a host of novel questions of both a substantive and procedural nature.

Wide-scale automation, including the use of AI, in the economy and the resulting displacement of human labour calls for a tax policy response. A careful consideration of various tax measures incentivizing or disincentivizing investment in AI is necessary to strike a balance between increasing productivity, on the one hand, and avoiding a disruption to the labour market causing inequality and social tensions on the other.

AI offers unprecedented opportunities for increasing the efficiency and effectiveness of tax administration and tax enforcement. The use of AI-driven tools in tax administration is a necessity for the ever-increasing amount of data, tax returns, and tax documentation that tax administrations must currently process. Accordingly, it is no surprise that tax authorities are among the most prominent users of AI in government agencies. AI has a primary role in the future model of tax administration that the OECD calls "Tax Administration 3.0".¹ Specifically, the OECD envisages a paradigm shift from the "*current approach which relies on active, and sometimes burdensome voluntary compliance by taxpayers and on resource-intensive investigations and audits*" to a "*seamless and frictionless*" tax administration for which "*tax administration processes are increasingly built into the natural systems used by taxpayers in their daily lives and businesses.*"² This paradigm shift is described rather more pessimistically in academic commentary that refers to a change "*from a declarative system of self-assessment to a regime of pre-emptive data fishing and permanent surveillance*".³ Notwithstanding the temptation to fully exploit the opportunities offered by AI to improve the efficiency of tax administration and tax collection, the protection of taxpayers' rights becomes especially important.

The objective of the questionnaire is to prompt an analysis of all of these effects of AI on the tax systems of the countries covered by the national reports.

For the purposes of this questionnaire, an AI system means:

"[...] a machine-based system that, for explicit or implicit objectives, infers, from the input it receives, how to generate outputs such as predictions, content, recommendations, or

¹ OECD (2020), Tax Administration 3.0: The Digital Transformation of Tax Administration, OECD, Paris, at 3; <http://www.oecd.org/tax/forum-on-tax-administration/publications-and-products/tax-administration-3-0-the-digital-transformation-of-tax-administration.htm>

² Ibid at 3.

³ D. Hadwick, Behind the One-Way Mirror: Reviewing the Legality of EU Tax Algorithmic Governance, 31 EC Tax Review 4 (2022), 185-201, at 201.

*decisions that can influence physical or virtual environments. Different AI systems vary in their levels of autonomy and adaptiveness after deployment”.*⁴

National reporters are invited to report about the legislative framework (including binding legal rules and soft law), administrative practice, and case law in their country for the issues presented below but should also feel free to critically comment on the approaches taken by policymakers, legislatures, tax administrations, and courts towards the same issues. The reports should follow the structure below and contain the eight chapters outlined in this questionnaire. The issues raised here, however, serve only to inspire authors as to which topics should be discussed. Authors are free to discuss other relevant additional issues that are not explicitly raised under one of the eight chapters regarding their country’s experience in the taxation of AI systems and their role in the administration of taxes. Each national report should be self-sufficient and readable independently of this questionnaire as a coherent text. Further inspiration for drafting the national reports might be drawn from the policy documents and academic commentary that can be found under the following link: <https://koflerge.org/docu/artificial-intelligence/>

1. Definition and legislative framework governing AI

Is there a definition of AI under the domestic law of your country? In what type of norm is it laid down (legislation, soft law)? If there is no specific definition stipulated in domestic law, is there an EU law or international law definition that applies generally? Are there different definitions for the purposes of different policy areas?

Please describe the attitude towards the regulation of AI in your country in general terms. Is there a debate among policymakers and/or in the public on the need to regulate AI? Is there a more liberal attitude in your country that gives priority to innovation and technological development, or is there a perception that the development of AI requires governmental oversight and regulation due to the risks that it may pose to society?

Please describe the normative framework that applies to AI in your country. Please take into account domestic law, supranational law, and international law as well as binding legal rules and soft law principles, policies, and guidance. Please consider especially but not exclusively the instruments mentioned below.

Does your country have a national AI strategy? Does it draw on principles put forward by international bodies? What is the impact in your country of the guidelines, principles, and recommendations issued by various international organizations and bodies regarding the safe and responsible use of AI? (e.g., OECD (2019) Recommendation of the Council on Artificial Intelligence, The World Economic Forum (2023) The Presidio Recommendations on Responsible Generative AI)

Please briefly describe the governance model through which AI policies are implemented. Is there a governmental coordination body or an inter-ministerial committee responsible

⁴ See, <https://oecd.ai/en/wonk/ai-system-definition-update> on 31 August 2024. The definition of the EU AI Act is almost identical to this definition.

for AI strategies, or is it assigned to a specific ministry? Are there multistakeholder groups in this area? What is their composition and role? What sort of functions do they carry out?

In the European Union, the EU AI Act⁵ lays down a uniform legal framework for the development, the placing on the market, the putting into service, and the use of AI systems in the Union in accordance with Union values to promote the uptake of human-centric and trustworthy AI while protecting health, safety, fundamental rights, democracy, the rule of law, and the environment against the harmful effects of AI systems and to promote innovation.⁶ If your country is not an EU Member State, is there domestic legislation of a similar nature regulating AI in general?

Is your country a signatory to the Council of Europe Framework Convention on Artificial Intelligence⁷ or does it plan to sign the Convention? Is your country signatory to any other binding international convention that lays down specific rights or safeguards for individuals against the use of AI by public authorities?

Is there any specific legislation or soft law in your country on the use of AI by the tax administration?

2. Tax rules and policies incentivizing and disincentivizing the investment in AI

While robot taxes have been discussed for some time as a means to reduce the disruption caused by automation on the labour market, AI poses new threats. Empirical evidence shows that, while earlier phases of automation displaced mainly low-skilled workers, the expansion of AI in the economy renders high-skilled labour redundant.⁸ This raises the question of whether the tax system should be used for the purpose of discouraging the use of AI in the economy to mitigate labour market disruption and its adverse effects on society. Conversely, promoting AI can lead to productivity growth that results in creating new types of jobs and novel economic opportunities. Countries give different answers to this question that seems to be the main dilemma of formulating tax policies on AI.

To what extent does your country's tax system channel investments toward AI? What sort of incentives are available under the corporate income tax that encourage investment in AI (e.g., allowances, tax credits, accelerated depreciation)? Consider not only direct incentives but also those that can have an indirect effect of promoting automation and the development of AI systems. Are there tax incentives for intellectual property and/or research and development? Are they limited to self-developed intellectual property, or do

⁵ Regulation (EU) 2024/1689 of the European Parliament and of the Council of 13 June 2024 laying down harmonised rules on artificial intelligence and amending Regulations (EC) No 300/2008, (EU) No 167/2013, (EU) No 168/2013, (EU) 2018/858, (EU) 2018/1139 and (EU) 2019/2144 and Directives 2014/90/EU, (EU) 2016/797 and (EU) 2020/1828, OJ L, 2024/1689, 12.7.2024.

⁶ See Recital (1), Preamble to the EU AI Act.

⁷ Council of Europe Framework Convention on Artificial Intelligence and Human Rights, Democracy and the Rule of Law, Council of Europe Treaty Series - No. 225.

⁸ Brollo and Others. 2024. "Broadening the Gains from Generative AI: The Role of Fiscal Policies". IMF Staff Discussion Note SDN2024/002, International Monetary Fund, Washington, DC, at 3.

they extend to acquired intellectual property? If there is a distinction between self-developed and acquired intellectual property, how can it be applied in practice to machine-learning algorithms that rely heavily on user input? Are there incentives for acquiring computer hardware?⁹

How is investment in AI treated for the purposes of deducting expenses? Can capital expenses be deducted immediately in full (full expensing), or do they have to be capitalized? Is AI treated differently in this sense from self-developed intellectual property?

Are there incentives under the corporate income tax, other taxes, or social security contributions for hiring high-skilled labour? How broad are these incentives? Do they apply generally to all high-skilled persons or to specific categories of professions (e.g., researchers in ICT technology, data scientists)?

To what extent does your country's tax system direct investment away from AI? Is there a special tax on generative AI? If not, is there a more general tax on robots or labour-saving automation techniques that would also apply to AI systems? Is there any tax policy discussion to introduce such taxes? Is there any economic research in your country on the question of whether and under what circumstances taxing AI could mitigate (i) the disruption on the labour market; (ii) growing wage inequalities caused by the increasing displacement of human labour by AI? What are the practical difficulties of implementing an AI tax?

Is there an excess profit tax in your country that also applies to extra profits generated by AI? If so, is there any measure that would prevent the flight of AI assets from your country? If there is currently no excess profit tax, and is the introduction thereof discussed in your country?

Are there incentives under your corporate income tax, other taxes, or social security contributions to encourage the creation and/or maintenance of jobs for humans? Are they general or limited to specific sectors that are especially prone to excessive labour displacement by AI?

Does your tax system consider the carbon footprint in any way of AI servers that consume vast amounts of energy? Is there a general or specific carbon tax on AI under your tax system?

3. Other substantive and procedural issues concerning AI and taxation

What is the nature of an AI service under your country's civil law/intellectual property (IP) law? Can AI systems and solutions be copyrighted? How are they classified under IP law (e.g., software)? Please mention any civil law/IP law issues that have implications for the tax treatment of AI (including income tax law, value added tax (VAT)/ general sales tax (GST), local taxes, environmental taxes, or other special taxes).

⁹ Evidence suggests that incentives for computer hardware and acquired software encourage automation; see IMF Staff Discussion Note, *supra* note 8, at 15.

Some specific substantive and procedural issues are mentioned below in more detail. However, you are free to add other considerations that are relevant for the taxation of AI-systems.

The impact of AI on the VAT/GST system:

This section should consider the EU VAT Directive, the potential specificities of national implementing laws, and national procedural rules that are applicable to VAT if your country is an EU Member State. Please discuss the CJEU's case law relating to the VAT Directive and relevant domestic court cases. Describe any policy or academic debate in your country on the questions below. If your country is not an EU Member State, you should provide an analysis of the relevant issues in light of the GST or other consumption tax similar to VAT if any.

Are there issues relating to the identity of the taxable person in AI-driven supply chains under your country's VAT/GST rules? Could AI be considered a taxable person for VAT/GST purposes having regard to its capability of making autonomous decisions?

Is the definition of fixed establishment suitable to be applied in AI-driven supply chains? Can AI be considered a fixed establishment? Should the definition of fixed establishment be changed for supplies carried out by AI systems?

Can the use of AI by consumers be considered as a self-standing service subject to VAT/GST even if it is used for free (although the users share their data with the AI service provider and economically contribute to the training of the AI algorithm)? Are there legislative proposals or tax policy discussions on how to address the "Google VAT issue"? Does it require a reform of the current VAT system?

Has your state introduced an electronic invoicing system to enable the tax authorities to receive information on VAT-transactions in real time? Is AI used, and if so, how is it used in the operation of the e-invoicing system?

What legal issues and challenges arise with regard to the operation of an e-invoicing system? Consider, for example, the reduced margin of error for the taxpayer (who is unable to correct mistakes later, e.g. in a tax return), the spheres of responsibilities, and the burden of proof in the case of real time reporting (do tax authorities necessarily "know" everything so it is their fault if they do not assess tax accordingly, etc.)?

The use of AI for withholding tax (WHT) relief and refunds

The practical difficulties surrounding WHT relief and refunds have been longstanding problems in most jurisdictions. Verifying the entitlement to WHT relief, which may be based either on EU Directives or bilateral tax treaties, is burdensome, costly, and complex and involves a fiscal risk if relief is either granted unduly by the payor at source or if unjustified refunds are made due to abuse or fraud (e.g., the notorious Cum-Ex structures aiming at a double refund for dividend WHT).

How could AI-tools improve the efficiency and robustness of the withholding procedure and the refund of WHT? Are such tools used in your country by the payors/intermediaries withholding the tax or the tax administration refunding the excess withholding tax?

The EU Commission has issued a proposal to improve the security and speed of the relief process for listed securities that is known as the FASTER proposal¹⁰ that largely outsources the verification issue to certified intermediaries (i.e., banks or central security depositories). When no immediate relief is possible, WHT is to be refunded by tax authorities under very challenging timelines. Given the overall volume of payments made under listed securities, the FASTER obligations imposed on both intermediaries and tax administrations require reliable machine-based data processing on a mass scale (e.g., a real-time matching of payor and payee data for deduction and refund entitlement). To what extent does the EU proposal address the technological issues, i.e., the digital tools and AI systems that could facilitate the compliance with the legal obligations? Should the harmonization also extend to governing the technological framework?

Transfer pricing and AI

Has AI affected how tax authorities interpret, apply, and enforce transfer pricing rules?

Can AI be considered an intangible for DEMPE purposes (i.e., allocating the profits derived from intangibles based on where 'development, enhancement, maintenance, protection and exploitation' functions are carried out)? Which entities perform DEMPE functions in an AI-driven supply chain of a multinational enterprise given the multi-sided inputs that AI systems are using in their development, training, and utilization? Considering the expansion of AI-driven business models, are these issues discussed in your country in tax policy debates or in tax academia?

4. The use of AI by tax administrations

Does the tax administration in your country use AI tools to carry out their functions? How transparent is the tax administration about their use of AI? Is there a legal obligation or prohibition on them to disclose the use of AI to affected taxpayers or the public? Is priority given to transparency or opacity that prevent gaming and circumvention of the systems?

What is AI used for by the tax administration? Please consider that AI can be used for internal and external purposes. Internal purposes include research, correspondence with taxpayers, taxpayer services (virtual conversational assistants, chatbots, personalized services, nudges etc.) and policy analysis (data-driven insights, scenario modeling). External purposes include automated data collection and data matching, risk assessment, compliance monitoring, fraud detection, audit selection, building taxpayer profiles, and predictive analytics. Are all of these legally permitted in your country? If so, are the different usages ranked according to the risk they pose under the applicable legal rules or guidelines? Are there more limitations on high-risk usages? Is there an outright prohibition of certain uses of AI tools?

What type of AI systems are used by the tax administration in your country (e.g., machine-learning (ML), optical character recognition systems (OCR), natural language processing (NLP), expert systems)? What specific AI-powered programs are used by the tax

¹⁰ Proposal for a COUNCIL DIRECTIVE on Faster and Safer Relief of Excess Withholding Taxes, Brussels, 19.6.2023, COM(2023) 324 final.

administration and for performing which functions (e.g., AI-driven web-scraping or web-crawlers, Social Network Analysis (SNA), Transaction Network Analysis (TNA), risk management system (RSM), risk-scoring models)? What type of AI-powered programs are used for the purpose of international exchange of tax information?

Is there a comprehensive governance framework within the tax administration of your country aimed at ensuring the safety of its AI systems from conception, through development, up to application and monitoring? Does the governance framework cover all the stages of the lifecycle of AI systems?¹¹ Please describe the key elements of the governance framework. For example, who decides on what problems need to be addressed by AI systems and what they are generally used for? Who makes other relevant strategic decisions on the use of AI systems? How are AI systems obtained (inhouse or external)? How is communication on the use of AI systems between the different departments within the tax administration organized? Who bears the legal responsibility for errors (unlawful or flawed decisions from biased training/historical data, inadequate user scrutiny of AI, or the programmer incorporating discriminatory variables) caused by AI systems? Who carries out the quality control of AI systems? Is it internal (within the tax administration or by the ministry responsible for the tax administration) or external control (by an independent body)? How are the responsibilities between the different actors/decision-makers delineated? Is there a separate reporting structure for AI matters within the tax administration?

Does the tax administration in your country have systematic training programs for upskilling or reskilling tax officials to use AI-systems in their every-day work? Do international organizations (e.g., the World Bank, African Tax Administration Forum (ATAF), or the Belt and Road Initiative (BRI)) provide training or capacity building to tax officials in your country with regard to AI technologies and their use in tax administration? Who can participate in such training (e.g. only higher-ranking tax officials or those carrying out a specific function)? Has the tax administration adapted its hiring processes to hire people who possess relevant skills necessary in an AI-powered tax administration (e.g., data scientists, software developers, or other technical specialists)? Please describe the relevant human resource policies in this respect and whether extra financial means are provided for the tax administration for this purpose.

What are the benefits that can already be seen in your country from tax administrations using AI tools (e.g., decrease in the number of queries sent to tax officials, decrease in e-mail correspondence, efficiency increase, cost cutting, more resources to conduct audits, more efficient tax collection, increased tax revenues)? Are there any statistics showing such benefits (e.g., how much tax revenue was collected due to better fraud detection by AI tools)?

Are there recognizable benefits to taxpayers from using AI tools (e.g., acceleration of tax procedures and audits, faster refund procedure, increased legal certainty)?

¹¹ OECD (2024), Report on the implementation of the OECD recommendation on Artificial Intelligence, C/MIN, p. 7.

5. The use of AI for improving the relationship between the tax administration and taxpayers

Are new technologies, including AI-tools, used in your country to enhance the performance of taxpayer services or to move towards a more taxpayer-centric enforcement? To what extent is the communication with the taxpayers automated or AI-supported?

Are AI-tools used by the tax administration for the purpose of reducing the compliance burden on taxpayers or supporting voluntary compliance? Is e-filing and e-payment available for taxpayers? What other online self-service tools are available? Does the tax administration prepare pre-filled tax returns? For which type of taxes? How is the data obtained for this purpose?

Does the tax administration provide taxpayers with information needed for tax rules management in their own natural (business management) systems? For example, information needed for automatically registering/deregistering the taxpayer through its natural systems, incorporating tax rules and computations into accounting software used by the taxpayer, using applications to withhold tax or to automatically send information to the tax administration (through, e.g., pay as you earn (PAYE) processes, e-invoicing systems, online cash registers)? What type of AI tools are used for such purposes?

Is AI implemented in the tax administration's advisory and assessment processes aimed at minimizing tax uncertainty? Are AI tools used in dispute resolution?

Are AI-tools used for tax administration processes to better comply with the fundamental right of the taxpayers or the requirements of the Rule of Law?

Is there a cooperative compliance program or similar alternative tax compliance regime in your country? Is the participation in such a program conditional upon the level of digitalization of the taxpayer and the automation of its processes? Is the use of AI-driven compliance tools foreseen within the framework of such a program? Is real time transactional information collected from taxpayers participating in cooperative compliance programs? Does the tax administration use AI-driven tools for processing such information or other data it collects in the framework of cooperative compliance?

Is the effectiveness of the cooperative compliance program measured in any way in your country? Is AI used for this purpose, or is there any discussion on its use for this purpose?

6. Limits to the use of AI by tax administrations: constitutional principles, fundamental rights and taxpayers' rights

The interest in effective tax enforcement and collection, on the one hand, and the need for a constitutional tax procedure that respects the Rule of Law, on the other, has resulted in a careful balance between the prerogatives of the tax authorities and the rights of the taxpayers. The integration of AI into tax administrations has disrupted the existing balance of powers in favour of the tax administration due to AI's rapid pace of deployment in an increasing number of functions carried out by the tax administration and the absence of a governance framework that would regulate using AI in tax processes. Under these

circumstances, constitutional principles and fundamental rights of taxpayers gain special importance being the only legal limits on tax administrations using AI.

Please describe under what circumstances using AI by tax authorities can infringe fundamental rights, constitutional principles, and taxpayers' rights safeguarded under the laws of your country. What are the principles and rights that are most at risk? Consider the ones mentioned below but feel free to address other principles and rights if they are discussed in this context in your country. Please indicate the status and sources of the various principles and fundamental rights that you refer to in doing so. Are they expressly laid down in your country's constitution or recognized by courts (constitutional court) as a constitutional principle? In the case of fundamental rights, what is the source of these rights (e.g., constitution or domestic statutes, the EU Charter of Fundamental Rights, the European Convention of Human Rights, or other international conventions)? Please refer to any court decisions that interpret these principles and rights with regard to the use of AI in tax administration, including decisions of domestic courts (constitutional court), the Court of Justice of the European Union and international courts (e.g., European Court of Human Rights (ECtHR)).

Have there been any incidents in your country where the use of AI by the tax administration or public authorities went wrong and resulted in severe or wide-spread violation of the fundamental rights of taxpayers? Please describe these incidents and the lessons that can be learned from them.

Principle of legality:

If there is no specific legislation in your country that regulates the use of AI by the tax administration, is it considered to be an infringement of the principle of legality? What does the lack of specific regulation mean? Does it mean that there is no legal basis and thus no authorization for the tax administration to use AI tools? Or does it rather mean that there is no need for specific legislation because the authorization to use AI is inherent in tax authorities' general powers laid down in the constitution, statutes, and case law?

Is there a debate in your country on the implications of the principle of legality on the governance of AI in tax administration? Are there court decisions on this subject?

Principle of legal certainty and legitimate expectations

Can the principle of legal certainty/legitimate expectations be invoked when information provided by AI-powered virtual assistance tools are relied on by taxpayers to fulfill their tax obligations (e.g., chatbots providing information on the interpretations of tax laws or their application to certain fact patterns)?

Principle of equality

What are the limits that the principle of equality (prohibition of discrimination) poses to using AI in your country's tax administration? In your country, have there been instances when using AI, for example, in audit selection or risk assessment, led to infringing the principle of equality? What caused the problem (e.g., use of prohibited criteria, built-in biases in the AI system)? What safeguards can be implemented to prevent selection biases and the use of discriminatory factors in AI algorithms?

Right to fair trial

Are AI-powered algorithmic (fully automated) decisions in the tax procedure allowed? Can such decision-making infringe the right to a fair trial, in particular the right to a reasoned decision, the right of defense/right to an appeal, or the right to an effective judicial remedy? Is human intervention required to make algorithmic decision-making compliant with the right to a fair trial? Is there a requirement for meaningful human intervention in your jurisdiction? What could be the threshold for such an intervention?

Does using black-box machine-learning algorithms infringe the right to a fair trial? How can the explainability of algorithmic decisions be ensured? Is there a definition of explainable AI in your country?

Right to privacy

The right to privacy entails that an individual's affairs should remain undisturbed by the state. Through AI systems, the tax authority frequently collects and uses information about the taxpayer that relates to their private life (e.g., sex/gender, race, health, wealth, residence, family status, income and expenditure profile, etc.). Can the collection/use/sharing of such data by AI infringe the right to privacy?

Bill of Taxpayers' Rights

Is there a specific – hard or soft law – instrument in your country containing a list of taxpayers' rights (such as Bill/Charter of Taxpayers' Rights, Code of Conduct, etc.)? Does it provide specific rights that limit the use of AI in the tax administration/tax procedures? If not, which rights laid down in the instrument can be relied on for such purpose?

7. Limits to the use of AI by tax administrations: data protection

Taxpayers' data constitutes a critical element of tax administration as tax authorities would be unable to fulfill their mandate to ensure tax compliance without access to taxpayers' data in the first place. Safeguarding taxpayers' rights in the collection, processing, management, and storage of taxpayers' data were an important part of the tax procedure even before the widespread use of digital and AI tools. However, the importance of these safeguards continuously grows as technology enables tax administrations to have access to an ever-increasing range of taxpayers' data, including sensitive personal data, even without the taxpayers' knowledge. AI-powered tax administration amplifies the risks posed to taxpayers' data protection rights.

Please describe the legal sources from which taxpayers' data protection rights are derived (e.g., constitution, the EU Charter of Fundamental Rights, the General Data Protection Regulation (GDPR),¹² international human rights conventions, Council of Europe

¹² Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 Apr. 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation).

Convention 108+, domestic data protection laws, provisions in the domestic tax codes on protection of taxpayers' data).

What type of data does the tax administration collect as input to its data processing, and what are the sources of these data (e.g., taxpayers' reporting, reporting by third parties based on a legal obligation, information exchange between tax administration, data publicly available on the internet collected by web-scraping tools)? Please consider the potential data sources listed by the OECD: data from devices, banks, merchants or payment service providers, suppliers, customers, governmental agencies, unstructured data concerning taxpayers, and international data.¹³

Is AI used for matching data from different sources?

How is AI used for systematic data collection from taxpayers or third parties? Please consider systems such as e-invoicing, online cash registers, PAYE processes, and reporting tools by online platforms.

What are the limits that the GDPR imposes on the tax administration in collecting and processing taxpayers' data through AI-powered tools? How strict are these limits (see especially Article 6 and Article 23 GDPR)?

What are the limits on AI-powered collection and processing of tax data under domestic law? Are there specific provisions in the tax code in your country on the legal protection of taxpayers' data? Are these provisions consistent with general data protection laws?

Are there special categories of taxpayers' data that fall under enhanced protection (e.g., sensitive personal data,¹⁴ data covered by professional secrecy rules)? Does the use of AI tools in the tax administration pose threats to the protection of such data?

Are there specific provisions stipulated in domestic, supranational, or international law safeguarding the safety and confidentiality of taxpayers' data collected by or exchanged between tax administrations (e.g., in tax treaties, tax information exchange agreements, multilateral conventions on exchange of information)? What are the limitations on the use of data collected by or received through international information exchange? Can these limits and safeguards effectively be enforced in the context AI-powered tax data processing?

What is the role of digital technology and AI tools in ensuring the security of large data sets managed by tax administrations?

¹³ OECD (2017), *The Changing Tax Compliance Environment and the Role of Audit*, OECD Publishing, Paris, p. 73 and 74.

¹⁴ According to Article 9(1) GDPR, the processing of certain special categories of data ("*personal data revealing racial or ethnic origin, political opinions, religious or philosophical beliefs, or trade union membership, and the [...] genetic data, biometric data for the purpose of uniquely identifying a natural person, data concerning health or data concerning a natural person's sex life or sexual orientation*") is prohibited save for the cases enumerated in paragraph 2.

What is the impact of Article 22 GDPR laying down the right for a data subject not to be subject to a decision based solely on automated processing, including profiling, or algorithmic decision-making in tax administration? Under what circumstances could the exception under Article 22(2)(b) be applicable? Does the domestic law in your country contain an authorization for the tax administration to make automated decisions/profiling? If so, what sort of suitable measures are provided in the law to safeguard the taxpayers' rights, freedoms and legitimate interests? What is the relationship of this provision in the GDPR to the fundamental right of the taxpayer to a fair trial that may also be relied upon against automated decision making? If your country is not an EU Member State, does your law set forth a specific right not to be subjected to fully automated decision-making?

Does the EU AI Act have any impact on data management and data governance in the case of AI systems used in tax administration despite their non-high-risk qualification?

8. Policy outlook: AI in taxation and beyond in a digital age

Are there any other uses of AI for tax-related purposes in your country that you would like to mention? What are the uses that are likely to occur in the near future? For example, is AI used (i) for predicting effects of various tax policies on the economy, (ii) for revenue forecasting, (iii) by taxpayers for tax planning purposes or second guessing/defeating the AI system of the tax administration, (iv) by legal advisors in arguing (tax) cases before the courts, or (v) in judicial proceedings for deciding legal/tax disputes?

Is your country currently cooperating with one or more international or regional organization(s) or regional or intergovernmental associations or fora (e.g. World Bank, ATAF, Intra-European Organization of Tax Administrations (IOTA), BRI, Inter-American Development Bank (IADB), Asian Development Bank (ADB), etc.) to progress with the development and use of AI? What does this cooperation consist of?

How do you expect AI will shape the future of tax administration and tax enforcement in your country over the next decade? In "Tax administration 3.0", the OECD envisages taxation joining-up with other government services and functions as well as private sector actors who collaborate in a governance model in which one digital identity ensures connection between processes and data sources. In such a system "tax just happens" in a "seamless and frictionless" way. What are the most important obstacles and challenges that you see to such a transformation of tax administration in your country?

What are the most important risks that you foresee in connection with the continued expansion of the use of AI by tax administrations, tax-policymakers, taxpayers, and tax advisors?

Annex: Formatting Guidelines

Paper length: 20 pages, Times New Roman 12 pt.

Format: preferably Microsoft Word

Bibliographic references (footnotes) and quotations: Follow the IBFD guidelines, for download under <https://www.ibfd.org/sites/default/files/2021-06/IBFD-Author-Instructions-v1.pdf>

The questionnaire does not necessarily have to be followed question by question (e.g. when there is nothing to report from your jurisdiction). Rather, it should stimulate your thinking about the various topics that are outlined. However, your report should be structured in accordance with the eight-section-structure of this questionnaire.

Deadline for delivery of the national reports and general reports: May 13, 2025

Provide a **brief biographical statement** (3-5 lines) for the List of Contributors in the book by the deadline mentioned above. Ensure that graphics and charts in the final version are black-and-white or greyscale only (No colour graphics are allowed for the book!), and email them as separate files in xlsx, docx, pptx, jpg or tif format. The resolution of images must be at least 300 DPI to ensure good quality for printing.

The national reports and general reports (papers) will be made available for download on a password-protected conference website so that the conference participants can be well prepared for the discussions.

On the basis of the national reports, we will identify the most relevant topics and select speakers who will present selected issues in a three-minute input statement to stimulate public debate and discussion. We will include the topics from the three general reports – governance/regulation, transparency/reporting and CBDCs – to complement this discussion.

After the conference, there will be a short period of time granted for authors to include the findings of the conference in their respective papers. The general reports as well as the national reports will be published as a book. We will organise quality checks and linguistic editing of the final reports.

If you have any questions or concerns, do not hesitate to contact us at taxlawconference@wu.ac.at. We will be happy to assist you.