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USE CASES AND PRACTICAL TESTS OF GENERATIVE AI IN TAX

April 10th, 2025

Speaker:

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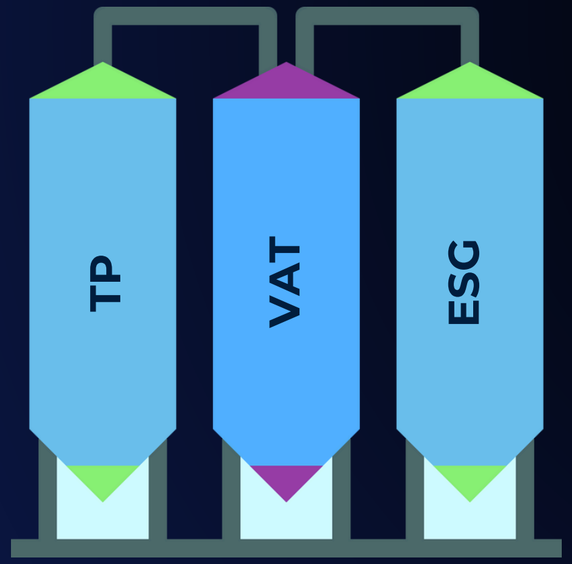
People, Process & Technology Integration

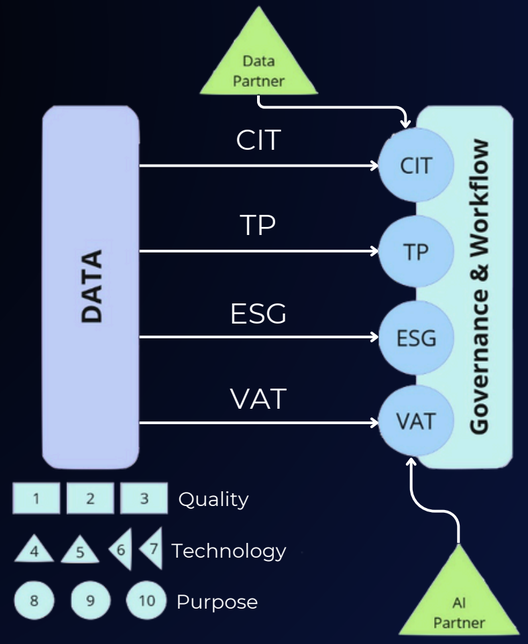
How to seamlessly integrate AI into tax workflows while navigating change management challenges

Silo approach



integration of processes thanks to AI

Integrated approach



Data Engines Checkpoints

Are you able to collect all the data points needed for your operations?

	1. Pre-ERP	2. ERP	3. Data lake	4. RPA	5. Complex Push	6. Queries	7. Enterprise AI	8. Compliance	9. Risk Management	10. Analytics
Corporate Income Tax	x	x		x	x			x		
Transfer Pricing		x		x	x			x	x	
ESG Tax (including plastic tax)	x	x		x				x		
Value Added Tax (VAT)		x	x	x	x	x	x	x	x	X
Digital Tax						x	x	x	x	x
Etc.										

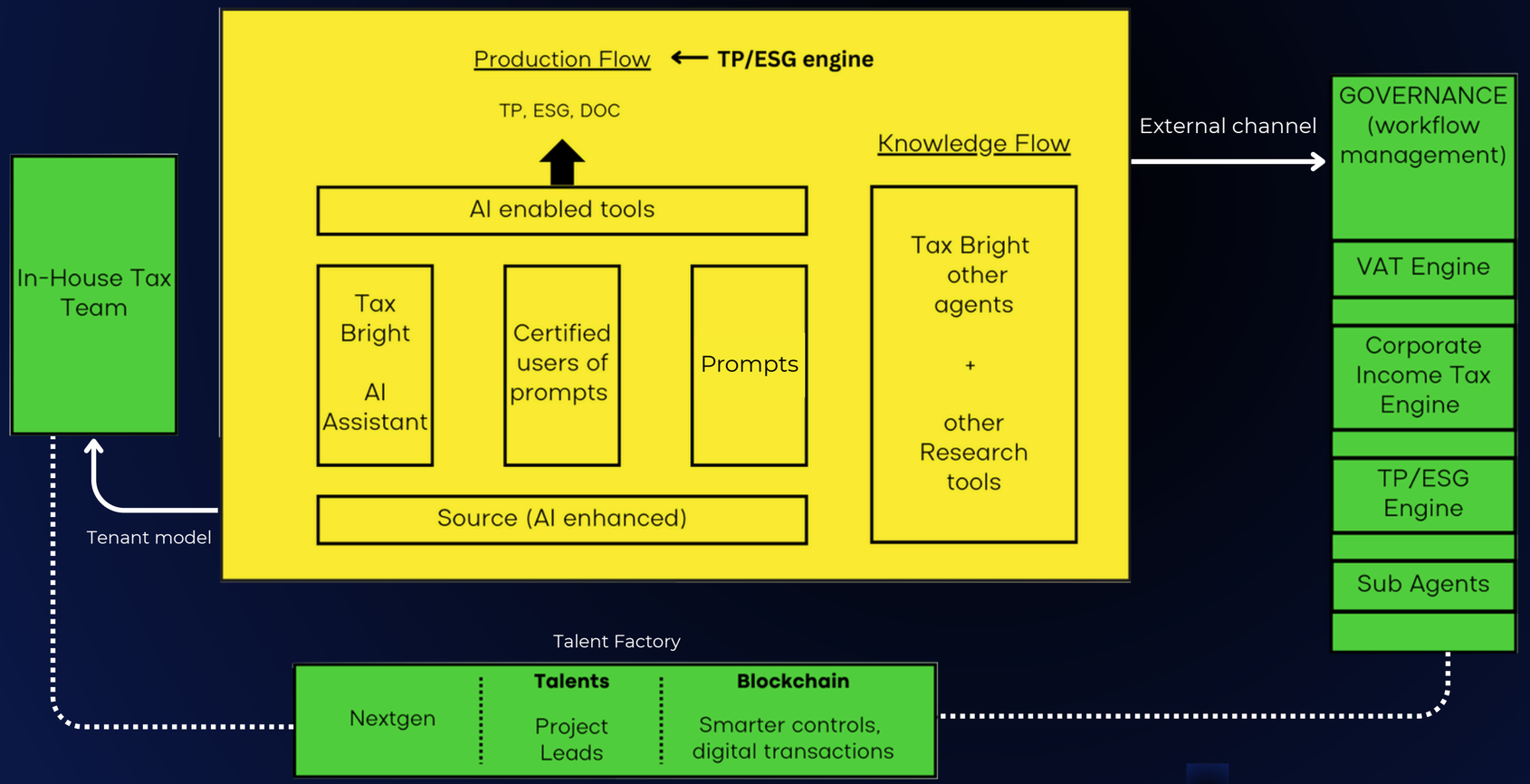
Communication Protocol

AI for transfer pricing local file

Step 1:	Identify the master data regarding the entities involved in one or more intercompany transaction, the jurisdictions involved, and the fiscal year(s) under review.
Step 2:	Analyse the taxpayer's facts and circumstances. Assess the entity's operational, regulatory, and financial context, including gathering all intercompany transactional details that the group entities are involved in.
Step 3:	Identify internal data sources, e.g. benchmarks, financial statements, historical reports. The data sources are made prompting ready.
Step 4:	Identify reliable external sources of information, e.g. industry studies and databases.
Step 5:	(a) Enter and review frozen blocks related to the functional analysis. (b) Enter and review value chain analysis write-up, including responses to functional analysis, questions and answers sorted by value driver. Determine the responsibility profile of all entities involved in one or more intercompany transactions and determine the least complex responsibility centre profile (i.e. identifying the tested party). This step might not be propriate in case of CUP or CUT transaction.
Step 6:	Select the most appropriate transfer pricing method of the tested party, where the responsibility centre profile of the tested party will determine the choice of method. Once the method is determined, select the relevant financial indicator.[1]
Step 7:	Select the appropriate prompts from TPA`s prompt library. Run the selected prompts to the appropriately selected GenAI platform. Use GenAI to generate the sections of the Local Transfer Pricing File and when quality is not appropriate and or content of the file is not completed go back to Step 2 or 3 or 4.
Step 8:	Once you get beyond step 7, apply a human quality control of the file produced to be complied with the OECD Guidelines and the local Transfer Pricing rules and regulations of the territories involved.
Step 9:	Interpret and review the final document. Verify the accuracy of the content and compliance with all requirements, ensuring it aligns with the entity's actual operations and financial results.

People, Process & Technology Integration

What an integration of people and processes looks like



Prompts

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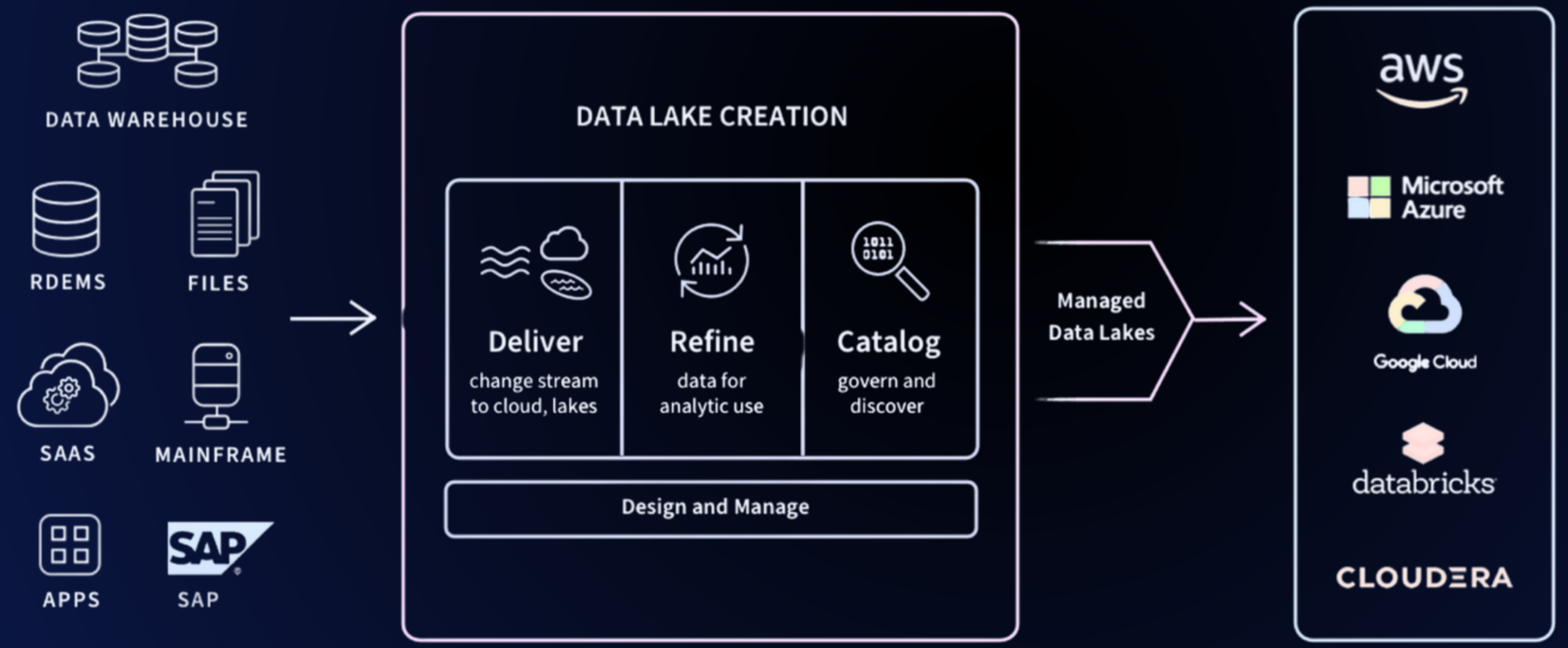
Move Beyond Fragmented Systems

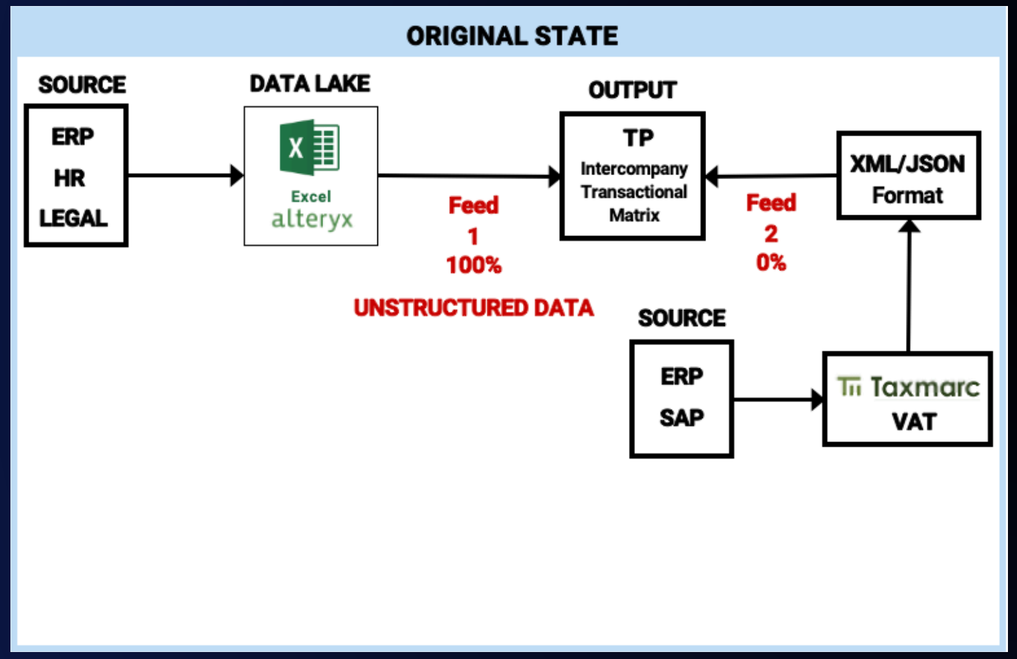
Explore AI-powered data engines and dashboards that provide a single source of truth

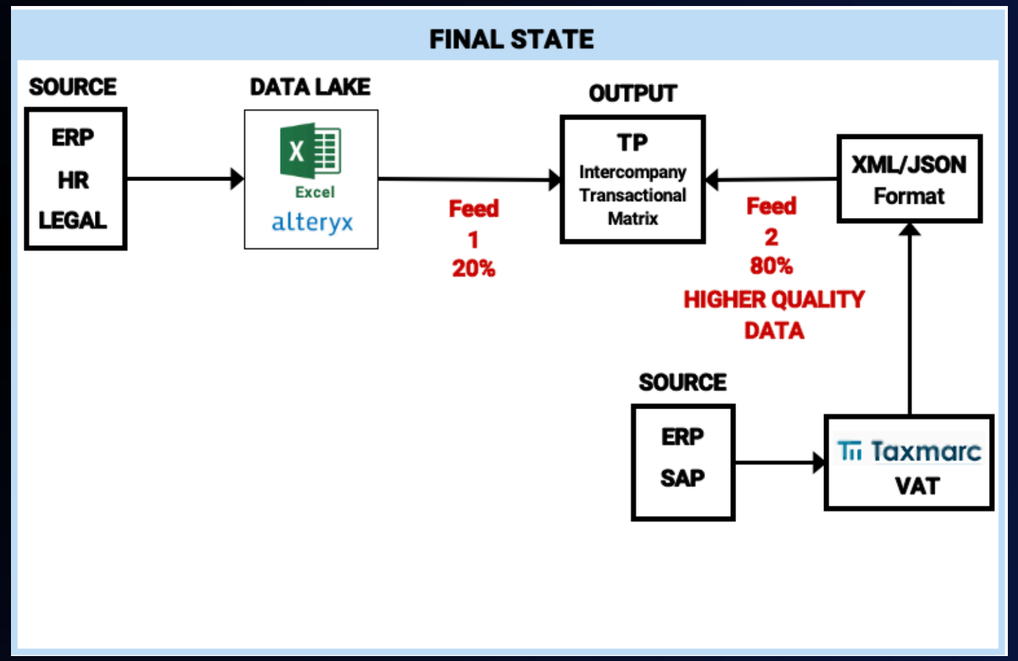


Direct & Indirect Transfer Pricing & VAT

Use Data Feed for both VAT & TP

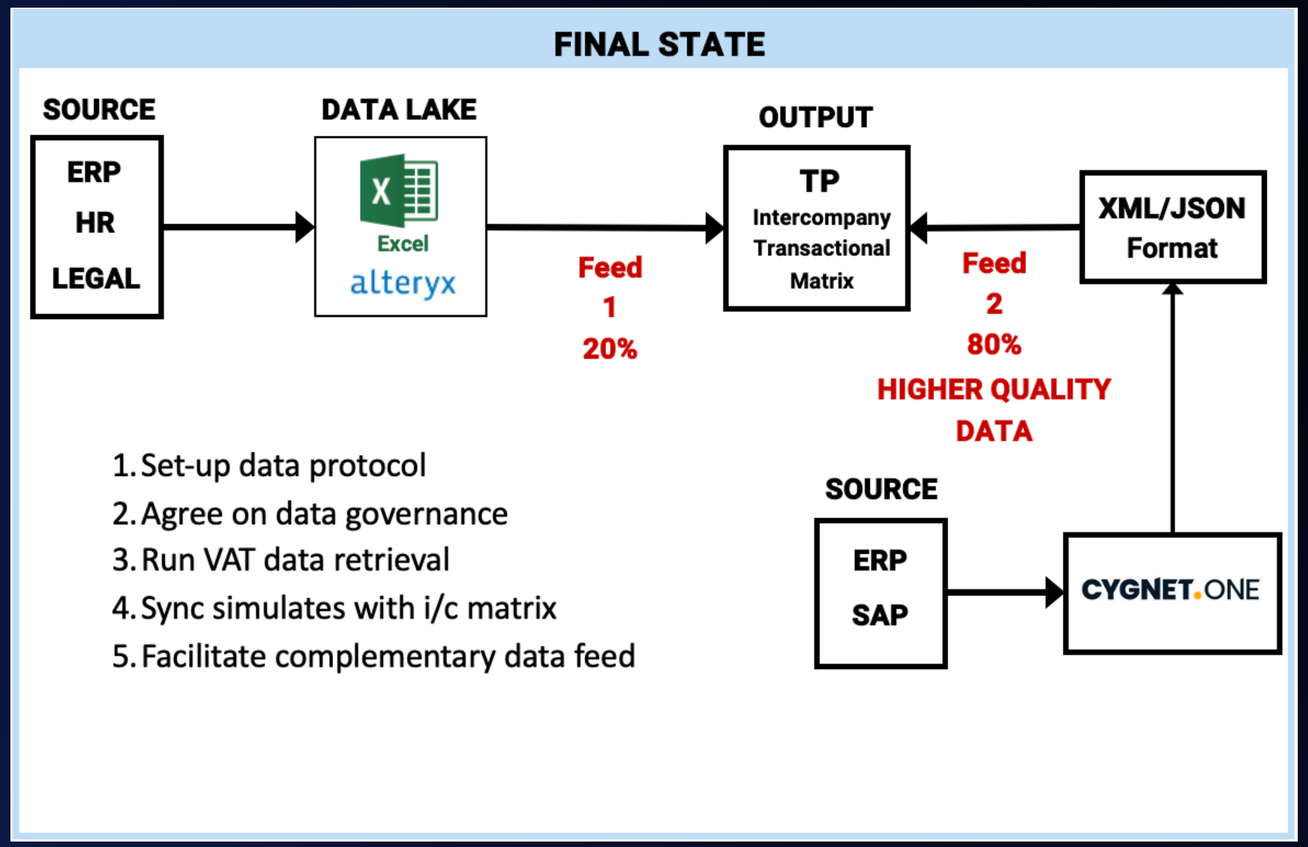
Towards a Higher Quality Data Feed





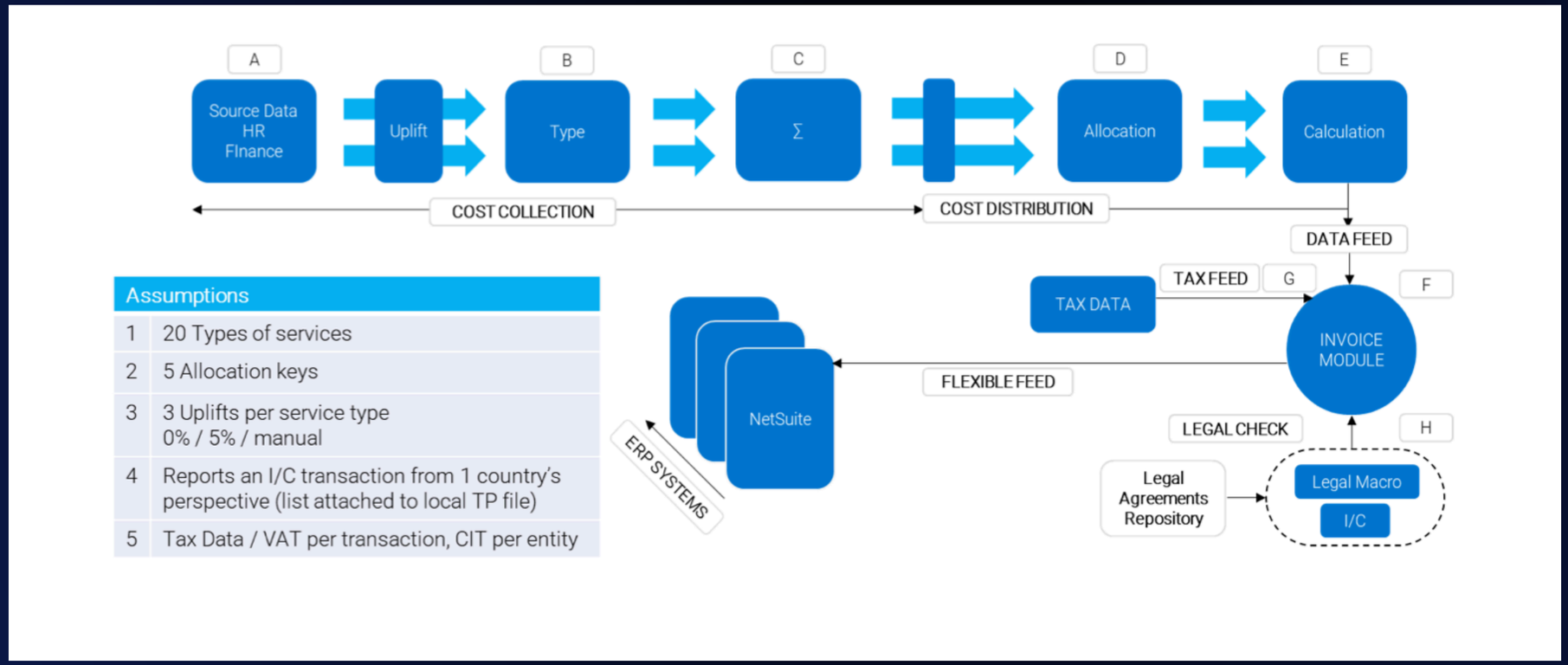
Direct & Indirect Transfer Pricing & VAT

How to Run a Smart Tax Data Management Process



AI-Driven Audit & Compliance

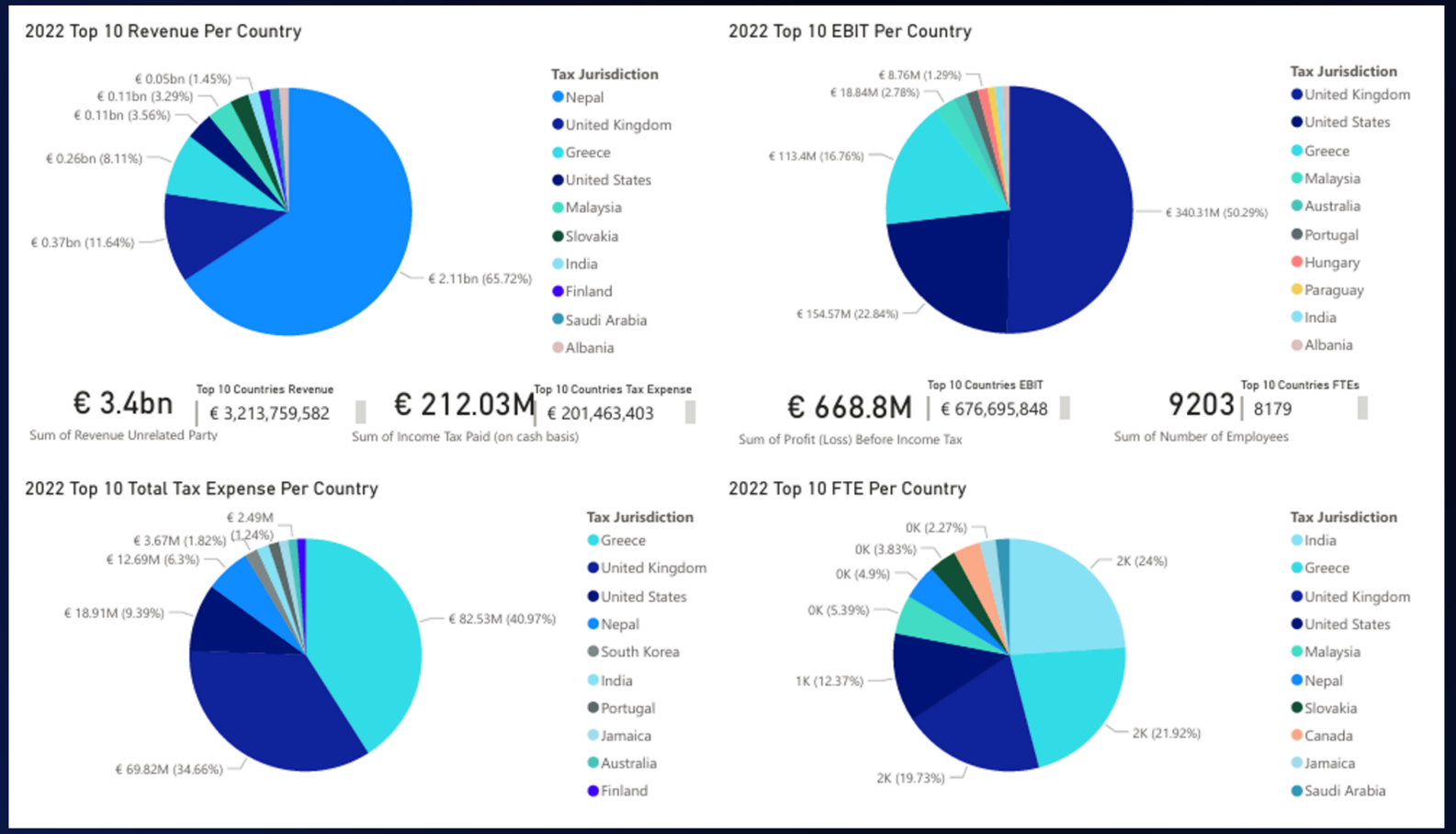
How generative AI enhances tax audits, real-time tracking, and digital audit trails



Assumptions	
1	20 Types of services
2	5 Allocation keys
3	3 Uplifts per service type 0% / 5% / manual
4	Reports an I/C transaction from 1 country's perspective (list attached to local TP file)
5	Tax Data / VAT per transaction, CIT per entity

Direct Tax Transfer Pricing

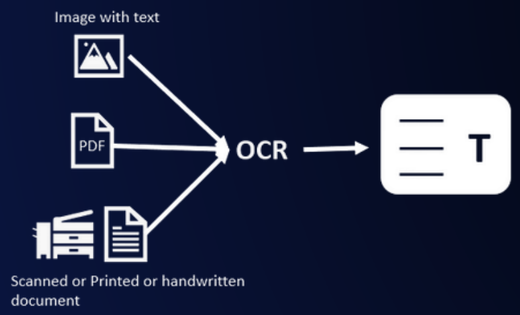
AI Enabled Cases - CBCR Data Power BI



Practical AI Applications in Tax

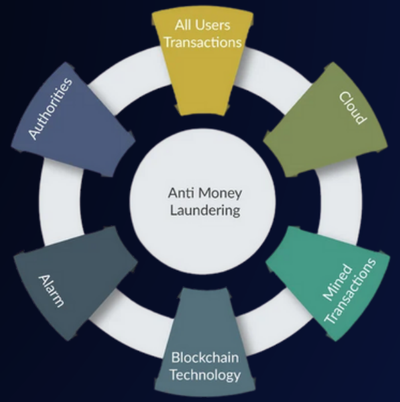
How generative AI enhances tax audits, real-time tracking, and digital audit trails

OCR-driven efficiency in VAT compliance



Predictive tax analytics

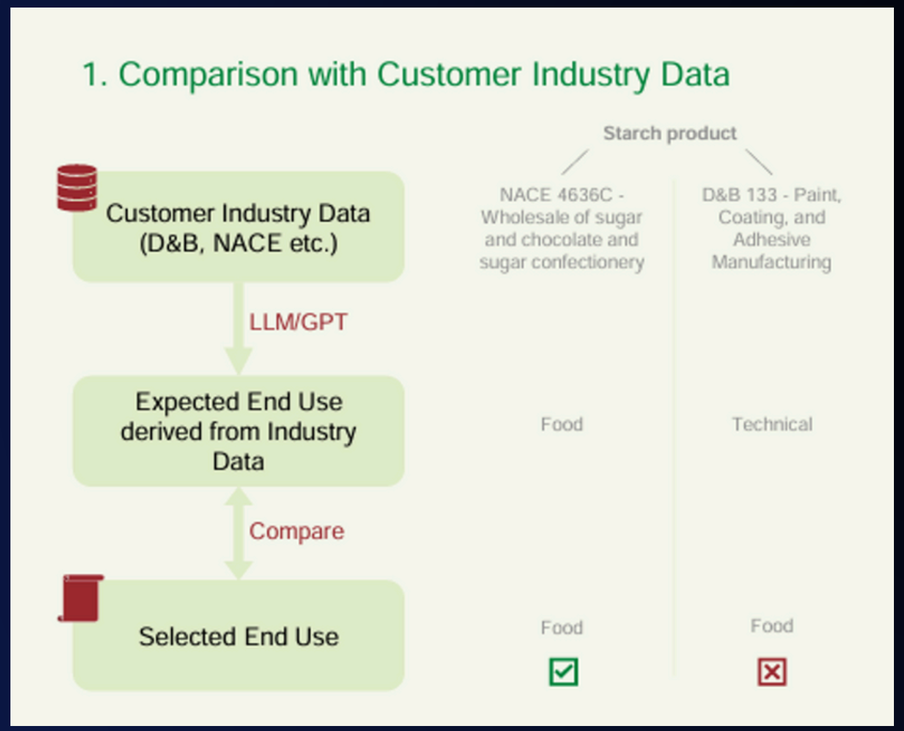
Blockchain-enabled withholding tax determination

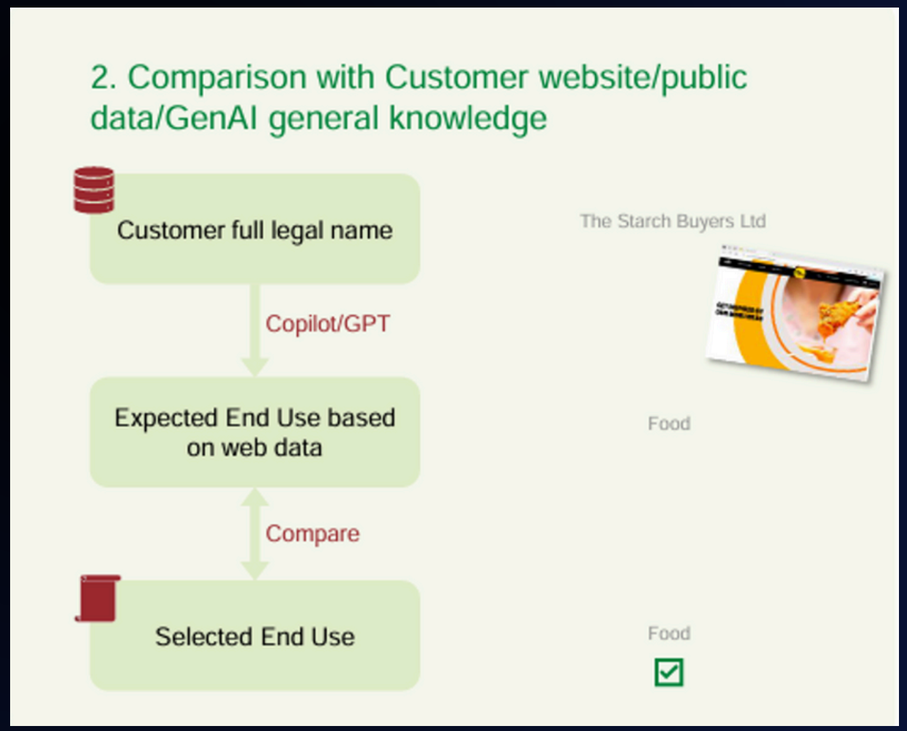


Indirect tax

AI Enabled Cases - Starch Example

End Use Analytics - AI Supported Analytics for for better data

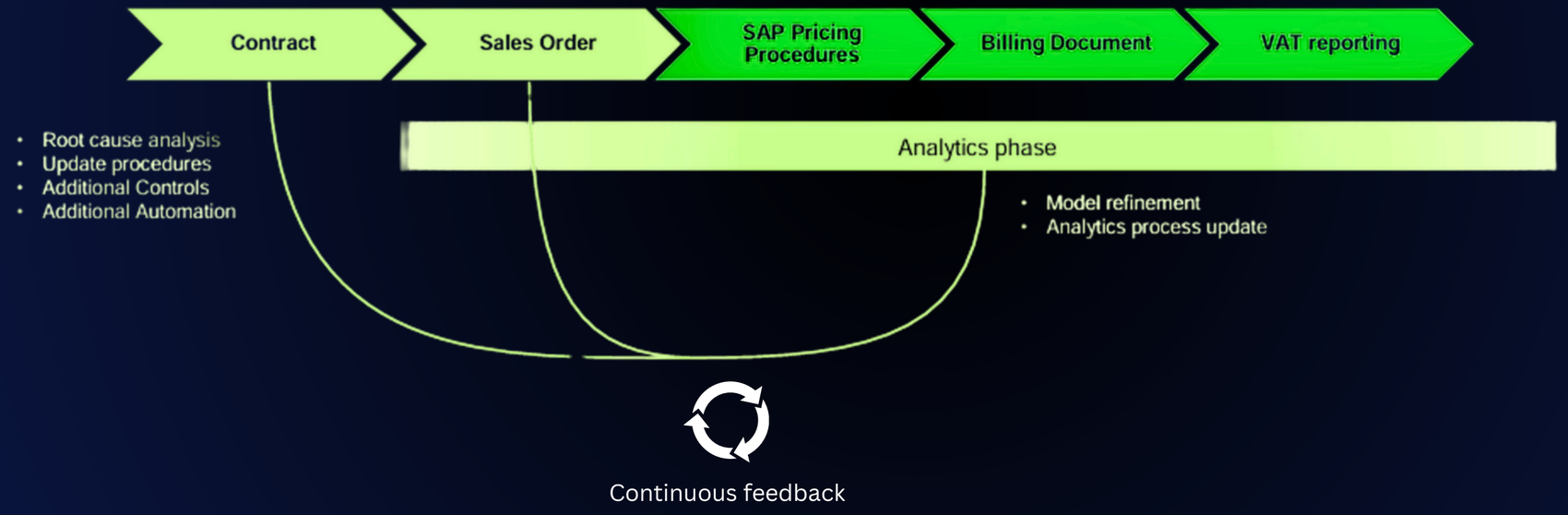




Indirect tax

AI Enabled Cases - Starch Example

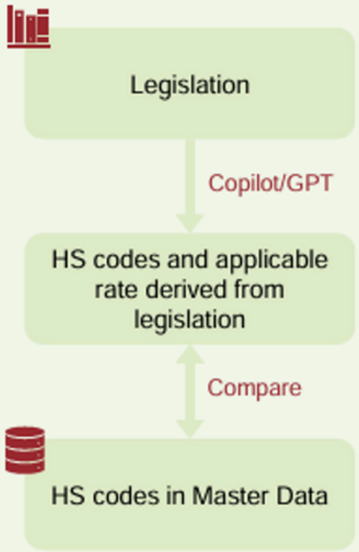
Tax Classified Analytics - Feedback



Indirect tax

AI Enabled Cases - Material Tax Classifier Example

Material Tax Classifier - AI Supported Analytics



Subject to reduced VAT rate: "*4. Equipment for self-diagnosis - Tools for self-diagnosis of blood sugar levels include blood sugar/urine glucose strips used by diabetics to monitor their blood sugar levels. Additionally, this category includes blood sampling equipment and blood glucose meters used for self-diagnosis.*"
- Dutch Decree Toelichting Tabel I par. a-36-4

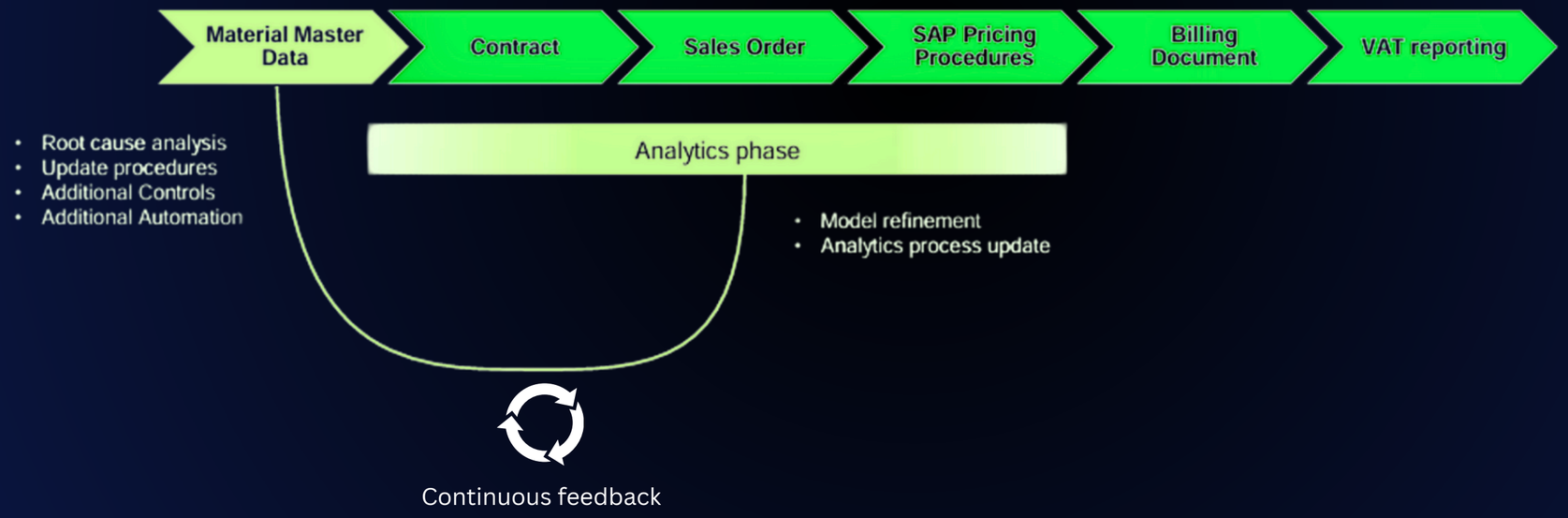
HS Code	Description	Material Tax Classifier
38220000	Diagnostic or laboratory reagents on a backing, prepared diagnostic (…)	3 – Reduced rate
90278017	Other instruments for physical or chemical analysis (for example, polarimeters, (…)	3 – Reduced rate

Material ID	Material Name	HS code	Material Tax Classifier
12345678	GlucoTrack Pro 525	38220000	1 – Standard rate

Indirect tax

AI Enabled Cases - Material Tax Classifier Example

Material Tax Classified - Feedback



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How Do You Evaluate AI’s Effectiveness

Learn how to define ROI metrics and quick wins to get leadership buy-in and scale AI-driven initiatives over the next 12-36 months

ROI Metric of AI in Tax

1. **Time Savings**: Reduction in manual tax processing hours.
2. **Error Reduction**: Fewer compliance mistakes and audit penalties.
3. **Cost Efficiency**: Lower operational costs by automating repetitive tasks.
4. **Improved Compliance**: Faster response to regulatory changes and reporting accuracy.
5. **Data Utilization**: Increased use of real-time analytics for decision-making.

Quick Wins for Leadership Buy-In

1. Automate invoice processing with OCR to cut down VAT compliance time.
2. Implement AI-driven risk assessment for early detection of tax discrepancies.
3. Leverage AI dashboards for real-time tax monitoring and audit preparedness.
4. Use predictive tax analytics to forecast tax liabilities and avoid compliance gaps.

THANK YOU

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