United Nations Committee of Experts on International Cooperation in Tax Matters

Secretariat Note on Artificial Intelligence

Agenda

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2. Proposed UNTC Outputs
3. Relationship with Other Workstreams & SDGs
4. Committee Decision Factors for Prioritization
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1. Previous work and Identified Gaps

Previous work by Committee

- Previous Subcommittee broadly identified some of the opportunities, risks and issues in the (forthcoming) 2025 Guide to Digitalization of Revenue Authorities.
- Detailed and practical guidance tailored to the needs of developing countries was not addressed and was left to the consideration of the new committee members.

Stakeholders' inputs

- **Guidance on practical implementation** calibrated to developing country contexts
- Potential role of AI in **modernizing tax administration**
- **Risk awareness and mitigation**

Work by other organizations

- Work on AI and tax administration by the OECD, the IMF, the World Bank, the UK Institute of Fiscal Studies' Tax Law Review Committee and regional tax organizations.
- However, there is a strong case for UN practical guidance to developing countries, including the least developed, based on SDG-oriented approaches and developing country perspectives, priorities and examples.

There is a need for practical and pragmatic guidance that reflects UN approaches to tax cooperation with a focus on developing countries' context and priorities.

2. Proposed UNTC Output: A Practical Guide to AI for Tax Administrations

Opportunities and Risks

- AI applications in tax administration (fraud detection, risk assessment, taxpayer services).
- Safeguards against risks of AI being used to facilitate tax avoidance and evasion.

Use cases

- Practical AI implementation scenarios adapted to developing country contexts.

Enabling Environments and Governance

- Policy-making issues involved in establishing an enabling environment for AI based tax administration, and combatting AI-facilitated tax avoidance. But focus is fundamentally on administration.

Note: work on taxation of AI seems better addressed in the workstream on the digitalized economy.

3. Relationship with Other Workstreams & SDGs

The proposed workstream is interlinked with other potential workstreams and may require close coordination & collaboration:

1. Transfer Pricing
2. Indirect Taxation
3. Dispute Avoidance and Resolution

Strengthening fair and effective tax systems advances the Sustainable Development Goals ("SDGs"). The proposed work would contribute to, for example:

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

SDG 16 by helping develop effective, accountable and transparent institutions

17 PARTNERSHIPS FOR THE GOALS

SDG 17 by strengthening domestic resource mobilization, including through international support to developing countries, to improve domestic capacity for tax

4. Committee Decision Factors for Prioritization

Committee's mandate

ECOSOC resolution 2004/69: The Committee shall consider "[…] how new and emerging issues could affect international cooperation in tax matters" and "[…]Give special attention to developing countries"

Committee's expertise

Committee's expertise in tax administration and capacity building, combined with collaboration with subject matter experts.

Committee's value added

Non-prescriptive practical implementation advice calibrated to realities of developing country contexts, written simply with real-world examples and realistic suggestions.

5. Summary of Options for Committee Consideration

Options	Proposal	Timeframe	Advantage	Disadvantage
Option A	**Comprehensive Practical Guide**	3 to 3.5 years	Integrated product	Might take longer for the essential guidance to be finalized than is necessary
Option B	Phased approach: **Practical Guide focusing on the highest priority issues** with a review at the 35th Session	2 years initially with decision on second phase at the 35th session	An initial focus on the priority issues, and possible earlier completion of the most helpful guidance	Might be difficult to integrate the Phase 2 work with the initial Phase 1 work
Option C	The Committee does not undertake any tax administration related AI work.			

DESA Department of Economic and Social Affairs

Financing for Sustainable Development