# Group Discussion 2
# AI-driven analytics: From Risk Detection to Insightful Analytics

If you have used AI-driven analytics in your administration, how does it compare to traditional methods? What are your administration's views on the advantages and disadvantages? Has AI improved accuracy and efficiency and, if it has, can you give any examples/figures?

- (A) Use some AI driven analytics for 2 main areas in PT. One is risk evaluation and one is information to users (chatbot). Aim is to give quick and accurate responses to queries (chatbot). In risk assessment – mainly for fraud identification. Advantages: Increased efficiency, enhance fraud detection – identifying evasion. Improved compliance, some automated processes. High cost of implementation, data privacy concerns, where do you draw lines on privacy? Black box, bias issues. Used for decision making. Some human resources needed in AI but expensive and rare.
- (B) Mainly risk assessment for fraud. 30 different kinds of AI/ML in production in different areas. Also have copilot for developer, some masking for legal and personal integrity. Some classification of emails to route emails to the right area.
- (C) – Some single projects in different areas. Some about fraud and a risk assessment tool. ICT doing project about use of LLM. For small entities it is not easy as we don't have the right tools and the fit with our existing systems is difficult too.
- (D) Traditional methods are deterministic, eg nsql filters and query, very structured. ML allows for predictions even if data is missing – use what is observed and gaps. AI opens new possibilities. Advantage – can deal with large amounts of data that humans struggle with. Explainability. Intense computational effort for explaining the model's behaviour. ML can help humans make decisions with as much information as possible.
- (E) Project last year for profiling firms. Used classification models. Calculated 1 final measure composed from 26 expert criterias, covering different taxes, resulting in 1 measure from the classification model. Accuracy 85%. Used the law of Benfort. Ended up with low, med, high risk levels for the businesses.
- (F) Information gap is a problem. A lot of data, but when we have gaps the system does not work well. Now implementing an AI project to look at lifestyle and identify gaps in income declared (e.g. cars, property, neighbours' income, etc and compare with declarations). This has been quite successful, and we did not use specific personal information but comparisons with known information and public information. Effectively the AI is making an estimate of income needed to live where the individual lives, and identifying where there are differences from declared income.
- (G) We don't have an AI driven analytics in the administration. Only one example of AI is creating an assistance centre for taxpayers completing tax returns. Early stages of risk assessment, we are evaluating cooperation with university to help set up ML, LLM models. We have some estimation from academics, but need closer cooperation in order to improve the estimates, but this means they need access to information inside the administration's systems that may be sensitive. So needs care.
- (H) We have applied AI analytics in several areas. Administration supports implementation of AI, used for online case register identification.

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How do you think we can make AI-driven analytics more accessible to tax administrations? In what new areas could AI-driven analytics be used within your administration?

- (A) (1) simplify development and deployment. Pre-built solutions, maybe? Develop skills and training for tax professionals on AI. Improve data quality. Programs to check the impact and useability of what is deployed. Cooperation between organisations across borders (e.g. sharing good practices with other administrations and avoiding risks). (2) Proactive support, AI chatbots, real time responses with very specific and high demand areas that occur on a daily basis. Predictive analytics for compliance. We have AIX that gives a lot of guidelines. Intelligence documents – analysis – we have a lot of information across different documents and use AI to summarise across documents to provide rapid responses.
- (B) – I agree with HL. Plus Gen AI for helping administration when contacting taxpayers (use different cases to help deal with taxpayers in certain situations). Simplifying legislation and explaining rules.
- (C) Use AI to resolve problems and problem areas. To make AI more accessible, involve staff in creation and educate staff.
- (D) We are using it for chatbots. We have previously done projects for VAT returns when companies ask for repayments, and/or use false invoices to reduce their liability. We can use AI to learn from this and improve the way they worked.
- (E) Data quality is a big factor. An automated infrastructure for meta data would be useful so we know what data we have and where. Cooperation and exploit learning on LLMs, etc. We could use AI in our administration to look at e-invoices and improve tax analysis. Satellite images was interesting and we could probably use that too.
- (F) I agree with others, collaboration across borders and with academia would be really helpful. Better data quality and identification of data.
- (G) Also important to build awareness of AI within the business areas and with senior management to get support for what can be costly projects. AI can definitely be useful for compliance management, right from registration onwards.
- (H) Can provide 3 tools to improve things – User friendly tools, comprehensive staff training, plus improved data management.

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## Have there been situations where AI underperformed or introduced new risks?

- (A)

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What barriers currently limit the broader adoption of AI in your administration?

- (A)

What tools or resources would make AI easier to implement?

- (A)