# BACKGROUND NOTE

## IOTA Digital Workshop
## "Using AI Solutions to Detect Tax Evasion"

3-4 December 2025
Digital Event via Microsoft Teams

## BACKGROUND

Tax evasion remains one of the most persistent challenges for tax authorities, resulting in significant revenue losses and undermining public trust in fiscal systems. Traditional tax audit and compliance methods struggle to keep pace with the growing complexity and volume of financial/transactions data. To address this, many tax administrations are now exploring artificial intelligence (AI) as a strategic tool to strengthen tax enforcement and improve operational efficiency.

AI solutions, particularly those based on machine learning (ML) and data analytics, enable tax officials to analyse vast amounts of taxpayer data and detect patterns that may indicate underreporting, false invoicing, or the concealment of income. These technologies can automatically flag anomalies, generate risk scores, and prioritise cases that merit closer examination, thereby allowing tax auditors to focus on high-value or high-risk taxpayers. Over time, AI models can learn from past tax investigations to enhance the accuracy and reliability of their predictions.

For tax administrations, the benefits of using AI tools extend beyond detection. Combined with automation and data integration from multiple sources—such as banking records, corporate and private networks, digital platforms, and cross-border trade data—AI not only accelerates detection but also promotes proactive compliance, helping to uncover systemic risks and emerging trends before they escalate. It can also improve resource allocation, reduce compliance costs, and promote a more data-driven, transparent approach to tax enforcement. Nevertheless, as these technologies are integrated into tax operations, it is vital to maintain safeguards for data privacy, ethical use, and accountability, ensuring that AI serves as a complement to human judgment rather than a replacement.

## OBJECTIVES

This IOTA workshop aims to share practical examples of how AI solutions can be applied to the detection of tax evasion.

It will also explore current initiatives, projects, and tools supporting the implementation of AI in tax administrations for detecting tax evasion, examining the role of external experts, and discussing the main challenges and opportunities associated with adopting these technologies.

The workshop will focus on:

- Identifying best practices adopted by IOTA tax administrations in implementing AI solutions to detect tax evasion;
- Examining the challenges and benefits of using AI solutions in tax investigation;
- Sharing lessons learned from the implementation of AI initiatives.

## EXPECTED OUTCOMES

This IOTA workshop aims to enhance participants' understanding of how AI solutions can be applied for the detection of tax evasion at the national level, and to identify ideas and challenges for new projects supporting the implementation of these AI solutions.

## METHODOLOGIES

The event will be delivered through a combination of presentations, Q&A and group discussions. The presentations will cover various approaches from IOTA tax administrations in the implementation of AI solutions to detect tax evasion. The attendees will have the opportunity to raise questions and explore the topic further during the Q&A sessions.

The Group Discussion Sessions will offer an opportunity for the participants to share their approaches on:

Day 1 – How to plan, implement and evaluate AI solutions for detecting tax evasion; and

Day 2 – Challenges and future developments in using AI solutions to detect tax evasion.

There is no limit to the number of participants who can attend this Digital Workshop.

The participation in the Group Discussion Sessions is reserved to those participants that wish to engage actively in the discussion. If any participants are willing to assume the role of Moderator/Chairperson or Note-Taker in one of the group discussion sessions, they can indicate this in the registration form. A full briefing will be provided to moderators and note-takers prior to the start of the IOTA event.

All sessions of the Digital Workshop will be conducted via the Microsoft Teams platform. Instructions are available on how to join and participate in the event using the Microsoft Teams platform. There will also be an opportunity for delegates to test their connection 30 minutes prior to the start of the event's sessions.

The Digital Workshop will be recorded and will be available after the event on the IOTA website (only for registered users) to watch on demand.

## TARGET AUDIENCE

The target audience is IOTA member Tax Administration data scientists, analysts, and experts specialising in the development of analytical models and/or use of AI to detect tax evasion, and officials who are interested in learning more about the experiences of other administrations in this area.

## REQUIRED INPUT

Please note that it is not possible to provide any interpretation facilities at this event and IOTA expects that all participants will have sufficient language skills for active participation in English.