

# Digitalization, AI and the Future of Tax Administrations



**UNU**  
**WIDER**

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# Introduction



- What do we do at UNU-WIDER?
- Digitization: The reality of using tax data for research
- Potential use of AI
- Challenges & opportunities

# What do we do at UNU-WIDER?



POLICY RESEARCH



THINK TANK

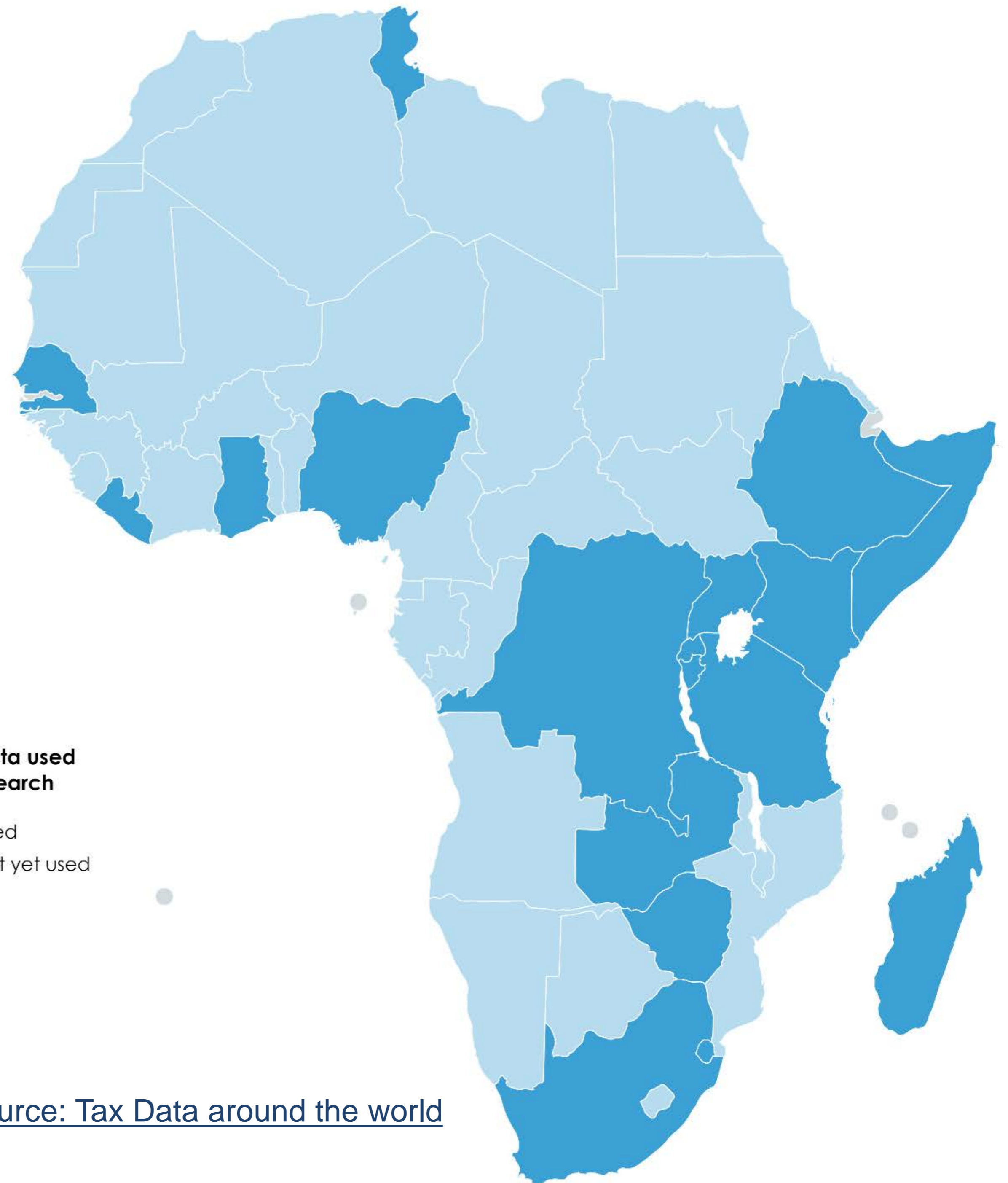


MORE THAN 20 DIFFERENT  
RESEARCH PROGRAMMES!

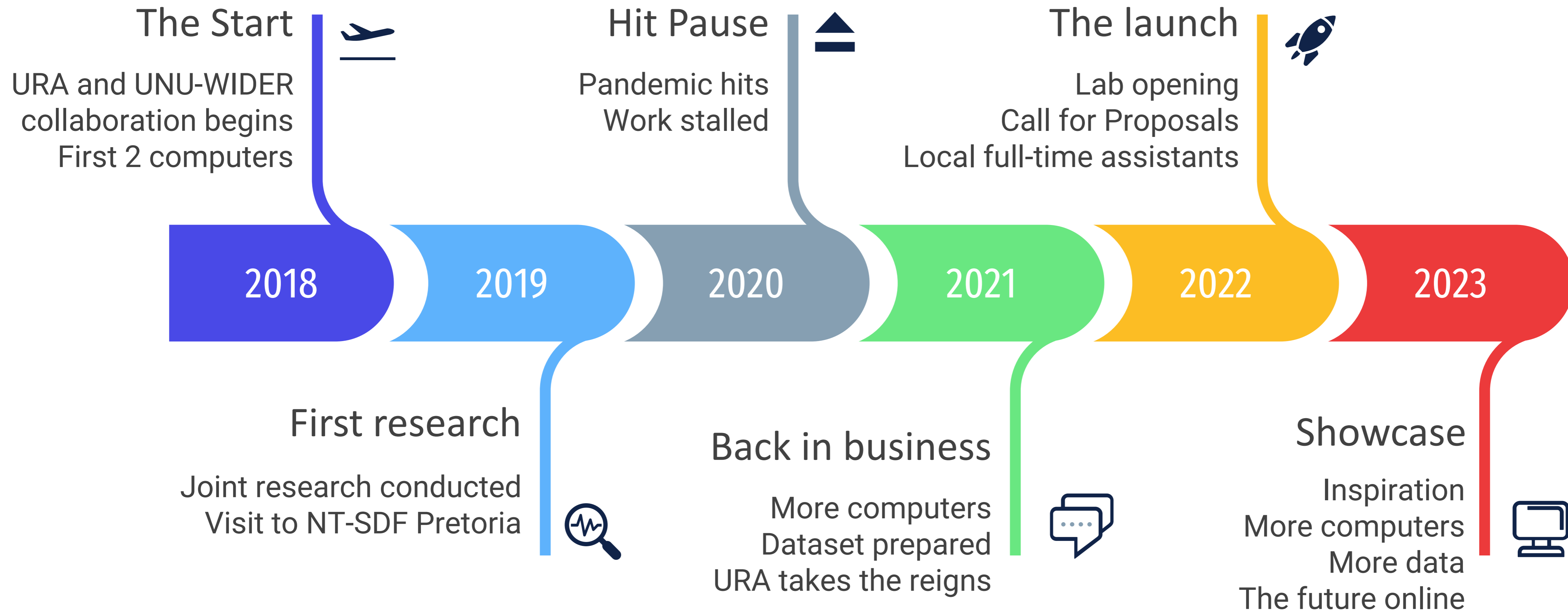
# Is the use of tax data a reality (in Africa)?

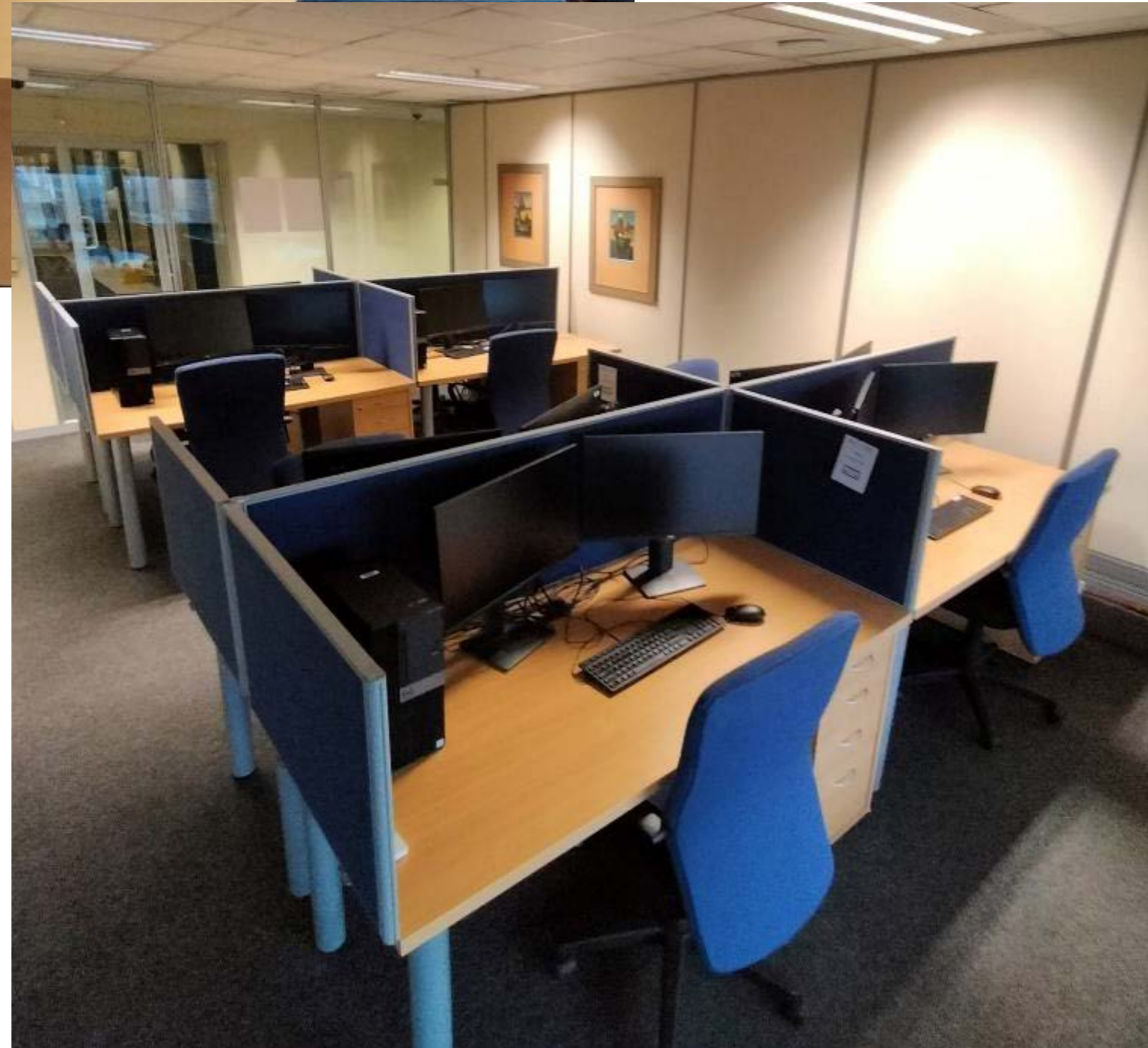
Tax data used for research

- Used
- Not yet used



# Digitalization: making tax data available for research





# Potential use of AI in African Revenue Authorities

## 1. Enhancing Tax Compliance

- Valuable insights into taxpayer behaviour by using **machine learning** and **AI algorithms**
- Identify high-risk areas & perform risk profiling to make efficient use of tax enforcement capacity

## 2. Uncovering Tax Evasion Patterns

- Large volumes of data can be analyzed to detect patterns of tax evasion.
- Used to identify discrepancies and close tax evasion loopholes.

## 3. Streamlining Operations

- Use AI to automate regular reporting such as tax gaps.
- Interact with taxpayers efficiently online, chatbots, Whatsapp, etc.

DATA



SORTED



ARRANGED



PRESENTED VISUALLY



EXPLAINED WITH A STORY



# Challenges and opportunities

- Not all tax authorities have **digital records**
  - Paper-based tax filling
- **Fear** what the data may reveal
  - Can't solve the problem without evidence  
“ Working in the dark” – Catherine Macleod
- **Skepticism** towards AI
  - Fake news/information
  - Lack of understanding
- Technical Assistance programmes working to **modernize**
- **Training & Capacity Development** needed to understand AI as a tool for good.
- Move towards **evidence-based tax policy making**



More information available online

**wider.unu.edu**

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