Institutionalising and Governing AI in Tax Administration

ENSURING ETHICAL AI USE FOR EFFICIENT TAX MANAGEMENT



Foundations of AI Governance in Revenue Authorities

Why AI Governance Matters in Tax Administration

AI's Critical Role in Tax

AI drives core tax functions like risk assessment, fraud detection, and audit selection impacting taxpayer rights and revenue.

Need for Institutional Governance

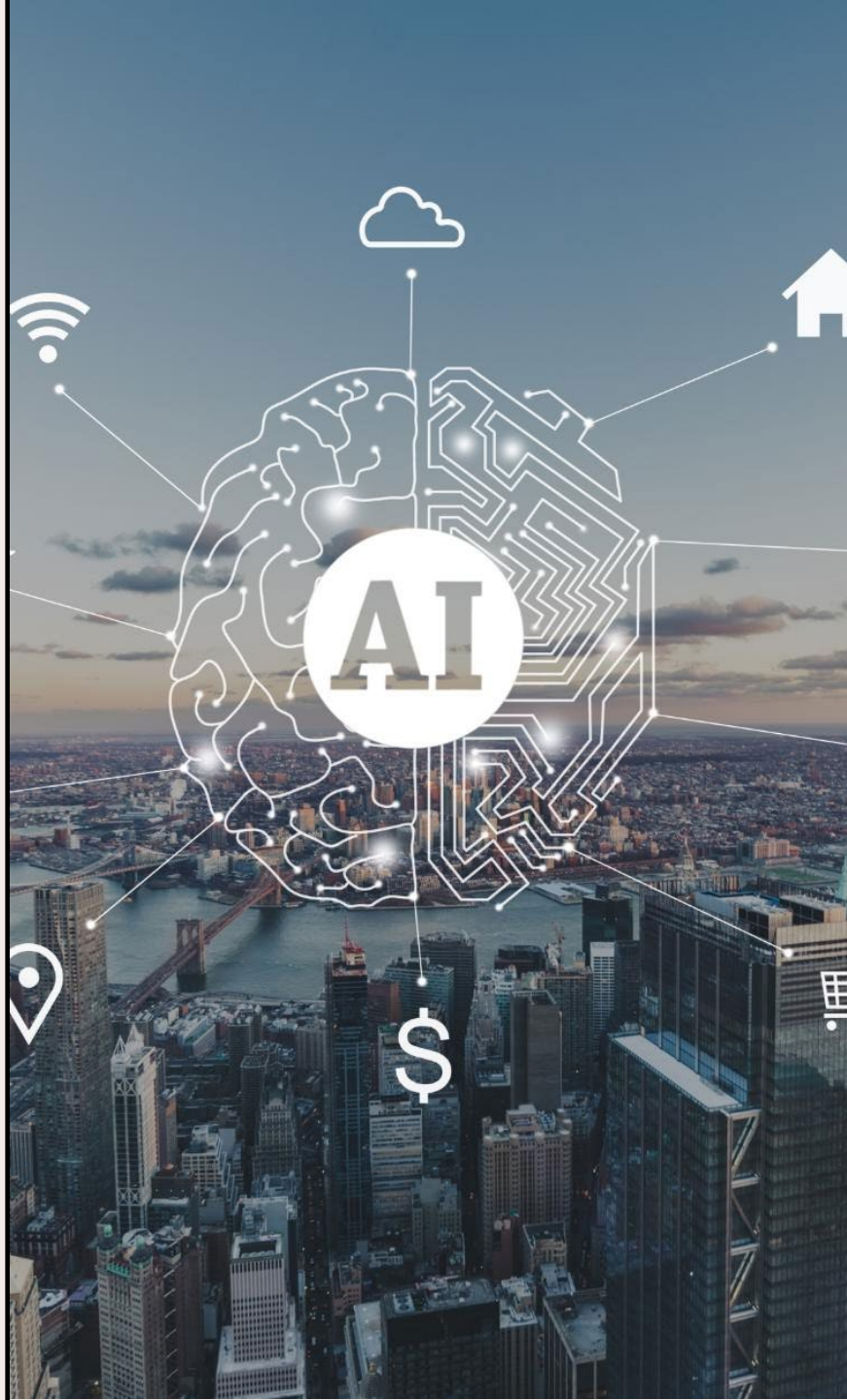
AI must be embedded within governance and legal frameworks, ensuring accountability and transparency in tax decisions.

Strategic Alignment Benefits

Senior management oversight aligns AI projects with organizational priorities like revenue and taxpayer service.

Sustainability and Monitoring

Continuous monitoring and calibration ensure AI stays lawful and effective amid evolving laws and fraud patterns.



Organising and Owning AI Within the Institution

Organisational Models for AI: From IT Projects to Enterprise Capability

Distributed AI Responsibility

Enterprise AI models distribute responsibility across business, technology, and oversight functions for better governance and trust.

Publican Operating Model

The Publican model combines operational management with technical support to manage AI decisions in real-world contexts.

AI Centre of Excellence

AI Centres of Excellence serve as model custodians and support units but business units retain decision ownership and accountability.

Scalable Organisational Design

Clear AI organisational frameworks support scalability, reduce duplication, and promote reuse of data and models.



Ownership and Accountability for AI-Enabled Decisions

Defining AI Ownership

Ownership focuses on decision-making responsibility, ensuring AI supports but does not replace legal accountability.

Business and Data Ownership

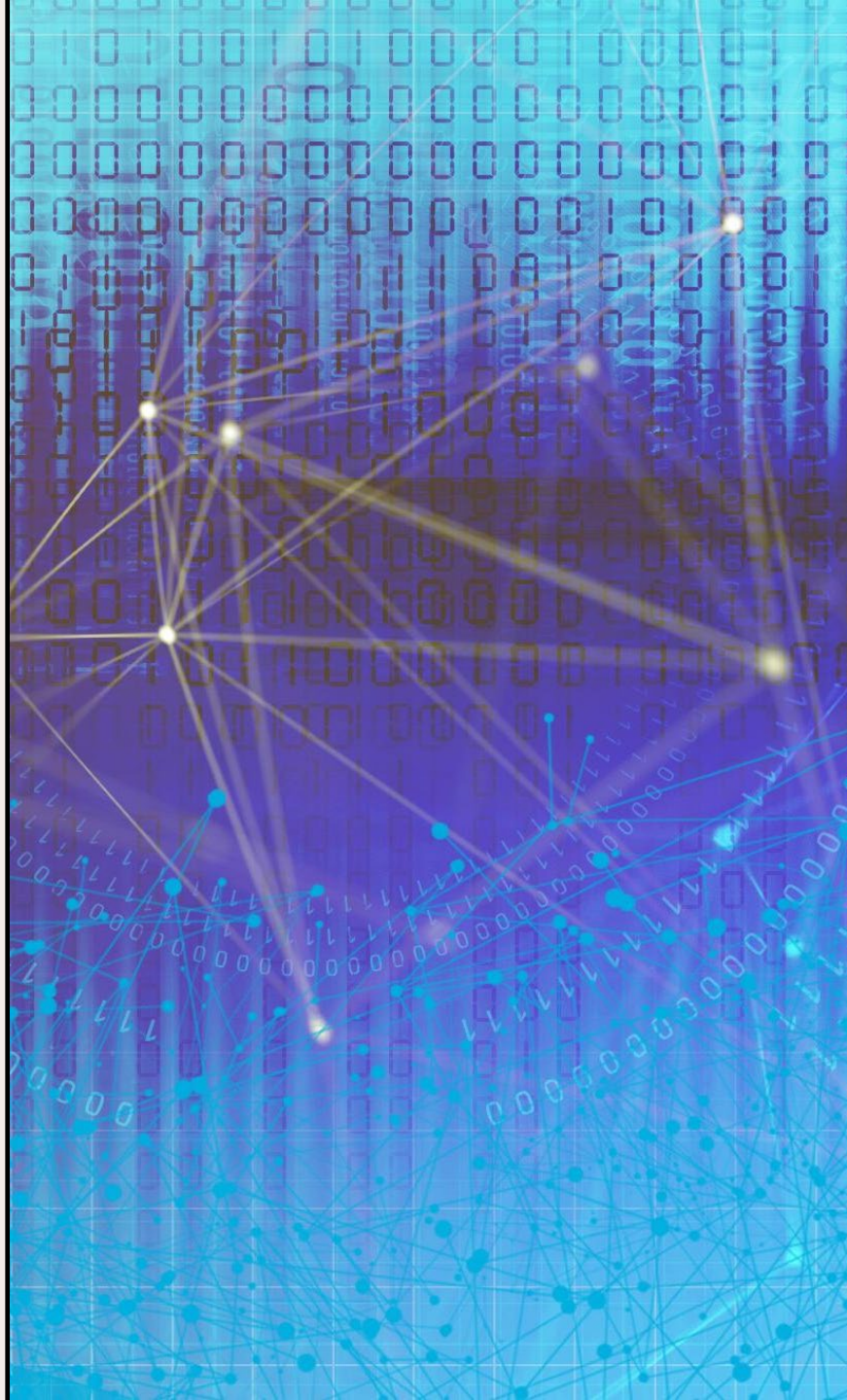
Business units define AI purpose and outcomes, while data owners ensure data quality and lawful use for fairness.

Technical and Operational Accountability

IT functions handle AI model lifecycle, while operational managers oversee AI output use and human intervention.

Transparency and Risk Reduction

Multi-layer ownership avoids power concentration, supports transparency, and strengthens legal defensibility.



Governance, Controls, and Accountability Mechanisms

Governance Frameworks, Controls, and Human Oversight



Governance Framework Components

Governance frameworks combine legal compliance, operational controls, and technical safeguards for AI deployment.

Human Oversight and Accountability

Human oversight is essential for high-risk AI decisions to ensure accountability alongside efficiency.

Change Management Processes

Controlled change processes with testing and review reduce risks from AI model updates.

Cybersecurity and Data Protection

Encryption and secure connectivity protect sensitive data within AI governance frameworks.

Accountability, Transparency, and Building Trust in AI Use

Importance of Explainability

Explainability ensures AI decisions in tax administration are clear and understandable to taxpayers and authorities.

Transparency through Documentation

Documented override processes and approvals enhance transparency and allow retrospective reviews for integrity.

Role of Independent Oversight

Oversight units monitor AI operations using logs and metrics to ensure accountability and identify anomalies.

Building Trust through Accountability

Clear accountability frameworks protect staff and assure stakeholders that AI is governed and fair.



Institutionalising AI: A Practical Roadmap for Revenue Authorities

Foundational Steps

Develop AI strategy, policy framework, and legal assessment to set purpose and ethical boundaries.

Governance and Ownership

Establish AI governance board, define roles, and integrate AI into risk and performance frameworks.

Technical and Operational Support

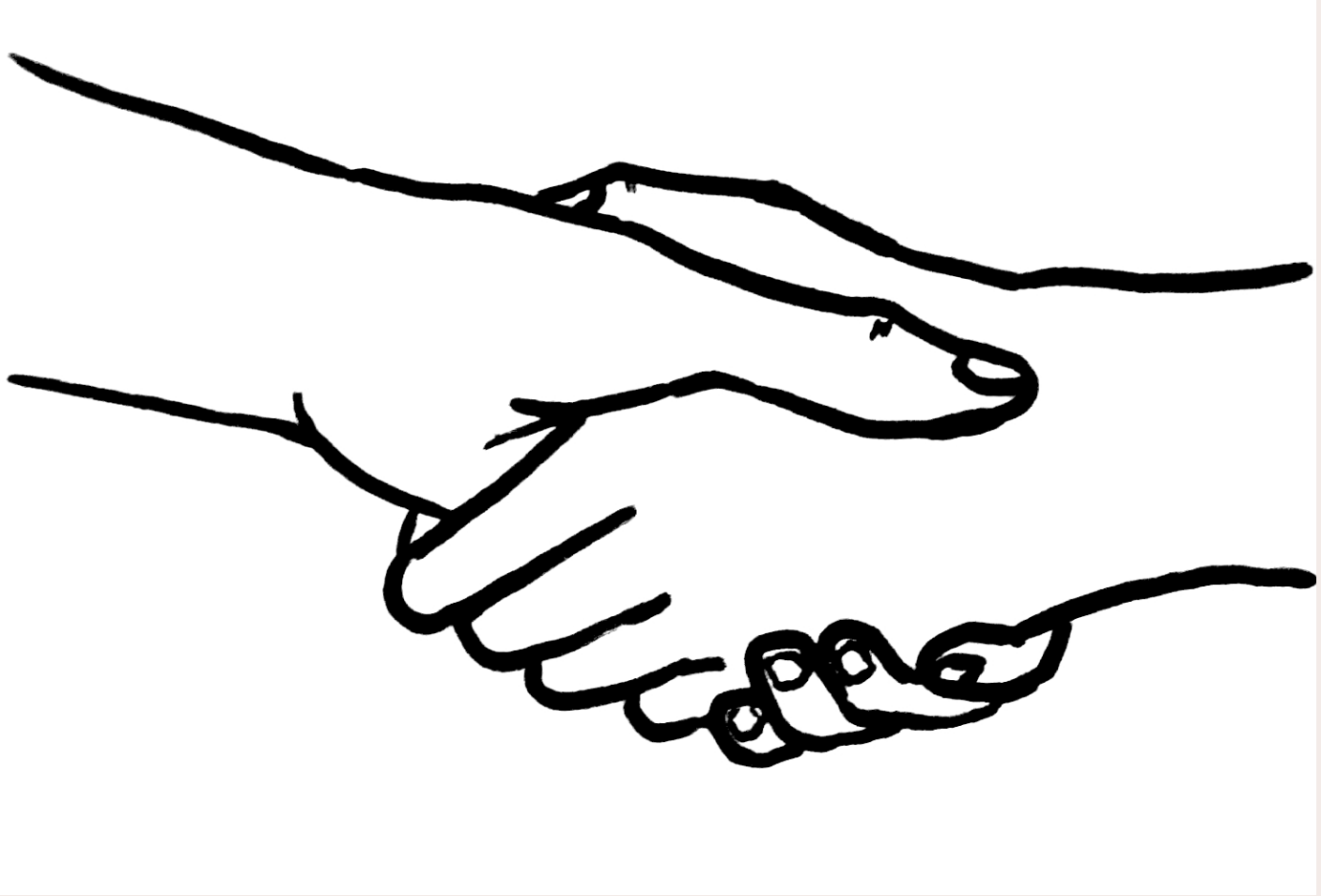
Build MLOps ((Machine Learning Operations), cybersecurity, and monitoring capabilities to ensure secure and reliable AI operations.

Scaling and Continuous Assurance

Onboard new use cases with validation processes and maintain AI effectiveness through audits and dashboards.



THANK YOU



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