Preface

Digitalization has been a long-standing phenomenon, having profoundly impacted numerous business sectors. The tax industry is in the nascent stages of a digital transformation. It has been approximately four years since the WU Tax Law Technology Center initiated its intensive focus on digitalization in tax law. The initial academic approaches predate the advent of ChatGPT. Since November 2022, the field of tax technology (TaxTech) has undergone significant transformations in the wake of Large Language Models (LLMs) and ChatGPT. The digital transformation has gained significant traction since that time. In the contemporary business landscape, TaxTech services are now being offered by a multitude of providers in a highly competitive environment. Moreover, tax advisors and the tax administration have embraced the novel opportunities afforded by artificial intelligence to enhance their processes, with several already having been implemented. The objective in this regard is to establish comprehensive transparency in tax processes. In this context, digitalization encompasses more than merely the utilization of software. Instead, it pertains to the concept of workflows, process analyses, information flows, training, collaboration, and an overall paradigm shift in management with regard to tax compliance. Digitalization will therefore lead to better integrative processing of tax compliance. These developments are increasingly being incorporated and introduced in tax law. This will facilitate a more progressive and consistent digital transformation in the future. A notable shift in this landscape is the increasing transformation of service providers in the tax sector into product providers, a transition facilitated by Generative AI. In the future, the range of services will extend beyond mere tax preparation to encompass tax solutions for compliance requirements and process management. The predicted phrase "from tax services to tax products" is, therefore, becoming a reality.

The objective of this book is to elucidate the principles of digitalization as they pertain to tax law. The various practical examples are intended to provide an initial overview of the use of digital tools and possible applications and to stimulate discussions on the use of digital options in tax law. In light of the rapid advancements in Generative AI, this book offers a preliminary introduction to the future of this technology, complemented by an exposition of TaxTech principles. The field of tax law finds particular aptitude in the domains of process enhancement and automation, along with a substantial enhancement in tax compliance. The implementation of GenAI has the potential to reduce compliance costs for all stakeholders.

The objective of the book is to provide a comprehensive overview of the topic. The evolution of tax legislation is anticipated to persist at a rapid pace. We are eager to observe the innovations that LLMs and ChatGPT 6.0 in future may present, and we aspire to address these in a subsequent edition of this book.

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