ATT Welcome: The rise of AI

Welcomes



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Given how quickly they have worked themselves into everyday usage, it is surprising to remember that leading generative artificial intelligence (AI) tools, such as ChatGPT and DeepSeek, were only launched in November 2022 and January this year.

However, while the concepts of AI and machine learning have been around for decades, their practical application to everyday life was in the realms of science fiction, not everyday reality. But now the use of generative AI has exploded, and it is promising huge benefits in increased efficiency by automating administrative activities, such as Know Your Client checks, document verification, customer support, client self service solutions, report generation and technical research. A recent City of London and KPMG report forecast that the adoption ofAI by the financial and professional services sector could lead to growth of £35 billion in the next five years.

The technology is developing quickly and with no universal regulatory framework, so there is potentially something of a wild west environment with risks as well as

opportunities. The forthcoming ATT and CIOT Tax Technology Conference at ICC Birmingham on 4 June will give you an insight into the issues (see www.tax.org.uk/tax-technology-conference-2025).

So how is AI going to impact on the work of ATT members? Clearly, it has the potential to make life considerably easier for practitioners by taking on a lot of basic admin functions. It is also a powerful research tool, being able to rapidly search legislation, case law, etc. on a specific issue and collate the results. However, it is well known that generative AI can 'hallucinate' and give incorrect results. And it is reported that an AI generated list of cases used in a legal hearing had all been made up by the AI tool used.

From a risk management perspective, anything created by AI must be reviewed by a competent tax professional. The knowledge of qualified ATT members is going to continue to be needed and, in fact, will become even more important. The focus of our work is going to change, though, to reviewing AI generated material, rather than doing the detailed research and preparation.

The way in which work is charged for will also have to change. The traditional time and materials method is unlikely to be sustainable in the long term if AI dramatically reduces the time taken. Anoutcome based perceived value to the client model will be required. Increased efficiency through using AI may also mean opportunities that were previously not viable on a time and materials basis will be profitable in future.

But what of the threats? Clearly, if we can use AI to do our current work so can our clients, albeit using generic systems rather than the bespoke tax AI versions being developed by some firms. This could see clients take a DIY approach. And what about the ethics of using AI? Do you tell clients you will be using AI to produce your advice? To manage risk, you will certainly need to put it in your engagement letter.

One thing is for certain. High quality, experienced, qualified tax professionals will continue to be needed. Whether produced by AI or real people, work will still need reviewing. In a client meeting, I seriously doubt if you would get away with putting every question into an AI chatbot before answering – if you want to keep the client, that is!

A final thought: where does this leave your ATT qualification? As I have already pointed out, professional services in the brave new world of generative AI needs people who can critically review AI produced material, not simply accept it. This

needs the wide ranging, robust tax knowledge that passing the ATT exams gives you.

Sadly, in common with other educational organisations, we are faced with having to defend the integrity of our qualifications from those seeking to gain an unfair advantage by using AI to write their exam answers. Unfortunately, in the November 2024 exam session, evidence was found of candidates doing this, despite the exam regulations specifically prohibiting it. It is cheating and does not demonstrate the ethical standards expected of a potential ATT member. Candidates who broke the examination regulations in this way were disqualified from the exam session and referred to the Taxation Disciplinary Board, who will consider any further action.

This column was written without the assistance of AI. Until next month.