Insights: Publications

Ethics and AI for Tax Professionals

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Kilpatrick's Jordan Goodman recently presented “State and Local Tax Ethics in the AI Age” at the IPT Sales Tax Symposium in Orlando, Florida, on September 29.

Key takeaways from his presentation include:

1. **AI Is a Tool, Not a Replacement for Professional Judgment** Artificial intelligence can help lawyers and accountants research legal issues, draft documents, review tax returns, identify errors, and organize information. However, the licensed professional remains personally responsible for the final work product, even if AI produced most of the first draft or analysis. The professional must read, understand, and approve the final document before it is given to a client, filed with a tax agency, or submitted to a court.
2. **Client Information Must Be Kept Confidential** Lawyers and tax professionals have a duty to protect information relating to their clients' matters. This is especially important with public or unsecured AI programs, because information entered into those systems may be stored, accessed, or used in ways the professional does not fully control. Before entering client facts, tax records, contracts, or other sensitive information into an AI tool, a professional should determine whether the tool is secure, whether the firm permits its use, and whether the client has restrictions on AI use.
3. **AI Output Must Be Checked Carefully for Accuracy** AI can produce convincing answers that are wrong. It may misstate a rule, overlook important facts, make calculation errors, or cite court cases and other authorities that do not actually exist. A lawyer or CPA should independently confirm AI-generated citations, research conclusions, tax calculations, and factual statements using reliable sources. Submitting fake cases to a court can lead to sanctions, even if the fake cases state a correct legal principle.
4. **Professionals Must Learn Enough About AI to Use It Safely** Professional ethics rules require lawyers to provide competent representation, which includes keeping up with the benefits and risks of relevant technology. A lawyer does not need to become a computer programmer or AI expert. But the lawyer should understand how the AI tool works well enough to recognize its limits, protect confidential information, supervise its use, and decide whether it is appropriate for a particular task.
5. **AI Should Not Lead to Improper Billing or Poor Client Communication** Clients should understand how they will be charged for legal or tax services, including significant AI-related expenses where applicable. A firm may be able to charge for certain AI-tool costs, but the charge must be reasonable and properly disclosed to the client. A lawyer may bill for the actual time spent entering information into AI and reviewing or revising the result. But a lawyer should not bill a client for hours the lawyer did not actually work merely because the task would have taken longer without AI.

Related People



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