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# Diving in: A strategic roadmap for AI adoption in Tax

*AI-enabled Tax Transformation*

# Contents



AI is reshaping the tax function, offering increased opportunities to move from reactive compliance to proactive value creation. Yet, the journey is complex and rarely linear. Tax leaders must navigate legacy systems, regulatory uncertainty, and organizational change while reimagining processes and building a digital workforce. Furthermore, many tax authorities globally are progressing their deployment of AI and advanced analytics as part of Tax Administration 3.0, which companies are expected to keep up with.

Successful AI implementation often depends on high-quality, accessible data; without it, even the most advanced AI solutions would struggle. Once tax leaders have gained familiarity with AI in general (see *Testing the water*), they can turn their attention to developing a roadmap for AI transformation of their departments, e.g., integrating AI technologies and methodologies into the core operations, processes, and functions of the tax department.

In essence, leaders should determine the outcomes they want from an AI transformation, ensure their data is suitable for AI application, and evaluate the options before deciding the way forward.

# 1. Identify tax processes and their potential for AI transformation

The market is flooded with AI solutions, each promising new features and efficiencies. However, the starting point for tax leaders should not be technology selection, but a clear definition of business objectives. With Finance and IT often controlling technology strategy and budgets, early engagement with these stakeholders may be advantageous. Cross-functional workshops can help tax teams re-evaluate existing processes, challenge assumptions, and identify opportunities for AI-driven transformation.

Workshops provide one opportunity for a critical re-evaluation of existing tax processes, but tax leaders can approach this from multiple strategic angles:

- **Automating existing processes:** This would be a reasonably basic reimagining, mapping out existing processes and identifying which could benefit from an overhaul. The current processes may well be functioning adequately, but the application of AI could unlock additional capabilities or insights previously not accessible. Using this approach, however, assumes that the process itself doesn't change, and that an AI would perhaps simply automate—quite a narrow use of such a transformative technology, albeit often a good introduction to its potential application for tax teams.
- **Targeting specific pain points (problem-driven):** As an extension to automation, the focus can be on identifying existing processes or parts of processes that are inefficient, prone to errors, or resource-intensive. AI can then be applied strategically or in combination with other technologies to address these specific problems, optimizing and improving what already exists.
- **Reimagining from the ground up (outcome-driven):** This is a more proactive approach to innovation that involves defining the desired future state and establishing tax objectives, then designing new workflows that leverage AI from the outset. This "clean slate" approach challenges assumptions about current processes, asking: Are they still needed? And if so, would an AI-enabled process, designed to meet existing objectives with efficiency and accuracy, still need to look the same? The focus is on transforming how the tax function delivers its core responsibilities.

As leaders work to find ways to incorporate AI into tax processes, they may also want to consider using nontraditional data sources and breaking down processes to identify where AI can effectively handle data gathering, preparation, and reconciliation. From there, identify which approach is sensible based on budget, appetite and alignment, to either automate or reimagine with an outcome-driven or problem-oriented approach.

> Many early successes with AI in Tax relate to using core AI functionalities such as document ingestion and data aggregation to streamline reasonably simple tax processes like tax notice tracking and responses.
>
> **Emily VanVleet**
> Tax Operations Transformation Leader, Deloitte Tax LLP

An example of nontraditional data sources is using GPS tracking for delivery trucks to determine the final location of goods for sales and use tax purposes, or software development data (e.g., code repositories, technical specifications, and project logs) to support R&D tax credits. These approaches can enhance tax accuracy and enable scenario planning by digitalizing and standardizing local returns and associating them with detailed work papers.

Based on the challenges or issues identified, consider also how agentic AI could support transformation goals. Agentic AI uses agents, or digital workers, and can leverage advanced reasoning models to enable tax teams to streamline their data analysis, decision-making, and implementation. One such example would be use of small, purpose-built agents (e.g., to open files, extract data and transform data) stitched together by an orchestrator or "super-agent". This would allow AI to mimic multi-step human processes (open → read → structure → populate), thereby enabling end-to-end workflow automation while still inserting human checks. For example, AI agents can automate the reconciliation of indirect tax returns across multiple jurisdictions, rapidly flagging anomalies and reducing manual effort. The (human) tax professionals can then focus on higher-value activities such as scenario planning and strategic advice, or supporting tax audit defense, a capability becoming increasingly necessary as many tax authorities also leverage AI to identify anomalies across vast datasets.

By using agents, tax leaders could achieve operational efficiencies, scale the impact of existing teams without needing additional human resources, and allow their human workforce to focus on critical strategic tasks, problem solving, and innovation, which deliver greater value to the business.

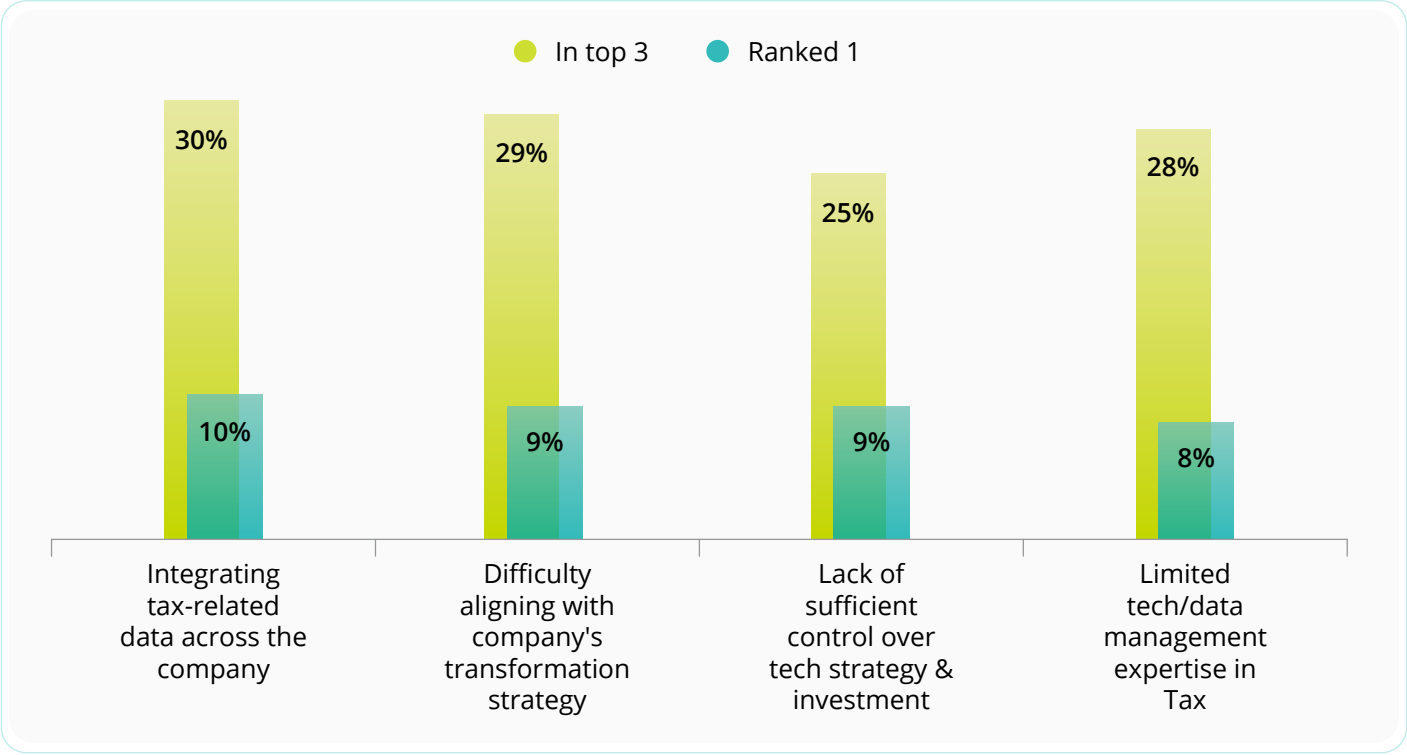
# 2. Tackle the data: Building a foundation for AI success

Many organizations are not yet fully ready to leverage AI agents effectively. Deloitte's *Finance Trends 2026* research showed that only 35% of respondents had implemented agents fully into a specific area of the finance function. This low level of implementation is often rooted in significant data fragmentation within organizations, particularly in regulated sectors, highly acquisitive organizations, and long-standing companies with decades of ad hoc systems development and customization, unstructured and disaggregated data.

Fixing the data is not merely a prerequisite to AI transformation but an ongoing imperative. In the same *Finance Trends 2026* research, it was clear that some companies are already working to identify data stewards for each relevant AI use case. Many organizations are also focused on implementing cloud data management platforms to address enterprise-wide data challenges, which tax functions can leverage. According to a recent Deloitte research article *Four data and model quality challenges tied to generative AI*, many companies are moving toward more integrated, governed, and quality-focused data management platforms to build a reliable foundation for their AI engineering efforts, recognizing that the integrity of AI outputs is directly dependent on the integrity of the underlying data.

Deloitte's *Tax Transformation Trends 2025* research also underscores the importance of data, revealing that *integrating tax-related data across the company* is a top three challenge for almost a third (30%) of tax departments surveyed (Fig. 1). This highlights the pervasive difficulty in achieving a unified, reliable data foundation necessary for advanced analytics and AI. The research also showed a significant barrier to effective AI adoption is the *limited tech/data management expertise in Tax*, cited as a top three challenge by 28% of survey respondents. This lack of internal capability can directly impact a department's ability to improve, structure, and leverage data effectively.

**Figure 1. Greatest challenges to achieving the tax department's priorities in the next three to five years**




*Source: Deloitte's Tax Transformation Trends 2025 research*

To build confidence in deploying AI, it's important to start by improving data quality and consistency. This may include upskilling teams in basic data management and ensuring everyone understands how clean, well-structured data underpins successful AI projects. AI should, however, be able to assist with data cleansing and diagnostics too, automating the identification of gaps and inconsistencies. For organizations with limited human resources, piloting AI-driven data management could be a practical first step.

> Beyond enabling internal AI applications, high-quality, accessible data is also a key component for effective audit defense, particularly as tax authorities increasingly employ AI to analyze large, disparate datasets. Companies with fragmented or poor-quality data will find it challenging to respond adequately to AI-driven inquiries from tax administrations.
>
> **Jan De Clercq**
> Deloitte Global Tax Transformation Consulting Leader

# 3. Evaluate the strategic options

Once processes are mapped and data foundations are addressed, tax leaders should evaluate the options for developing their AI roadmap. Their strategic choices could be primarily guided by the potential for value realization, positioning the tax function as a key driver of business value. Alongside this, decisions will also need to account for practical considerations such as the availability of budget and expertise, the sophistication of existing technology, and stakeholders' risk appetite.

Before diving into specific implementation pathways, it is important for tax leaders to understand their company's overarching technology and platform strategy, including their reference architecture (the conceptual blueprint for a standardized, best-practice structure for designing and implementing solutions within a specific domain). This involves understanding the existing technology stack, current workflows, and data source integrations in relation to tax requirements and opportunities to effectively evaluate how new AI tools will integrate and be used.

Within this strategic framework, tax leaders should consider various approaches and the fundamental decision of how to acquire or develop the necessary AI capabilities (build, buy, or co-invest). Key options and considerations include leveraging existing AI tools from Finance, building, buying or co-investing, running pilots with third parties, and outsourcing.

> Decisions on appropriate strategies for AI implementation should consider the value realization case. Tax leaders have an opportunity to think about how they are arbiters of value for the organization and use Tax as a pioneer to drive AI in their organization.
>
> **Hayley McKelvey**
> Digital Innovation Leader, Tax & Legal, Deloitte UK

## 3.1. Leverage existing Finance AI tools

One of the main reasons respondents to Deloitte's *Tax Transformation Trends 2025* survey listed for not fully embracing AI yet was the lack of tax-specific AI tools on the market (28%). But this does not need to hold tax leaders back. Many organizations already leverage sophisticated finance tools for reporting, analytics, and automation. According to Deloitte's *Finance Trends 2026* report, 63% of finance leaders surveyed have already implemented some form of AI. Some finance leaders interviewed also suggested they are targeting traditional finance tasks, like accounts receivable and invoice processing, as initial piloting grounds for using AI to automate their work.

Tax departments can explore how these "finance" tools—enhanced with tax-specific logic—can be extended to support tax operations, streamlining validation and reconciliations, flagging anomalies, and supporting regulatory compliance at scale. The *Finance Trends 2026* report also showed 37% of finance leaders surveyed believed a VAT agent would have the most potential of AI agents to make an impact. For tax leaders intending to lobby Finance for inclusion of their tax needs into the overall technology strategy, indirect taxes may therefore offer a good entry point for AI pilots. The "build, buy, or co-invest" decision will also be relevant to how tax-specific enhancements or integrations are developed.

## 3.2. Build, buy, or co-invest for dedicated solutions

Beyond leveraging existing finance tools, tax leaders will face the fundamental "build, buy, or co-invest" decision for any new, dedicated tax AI solutions. The decision to build or buy is not based merely on cost. Before thinking about how tools will fit, tax leaders should consider their department's (or wider finance function's) reference/technology architecture and platform strategy.

Building in-house offers customization and control, often with an option for integration into ERP system(s). However, it may require investment in talent and ongoing maintenance. A recent Carnegie Mellon University research study* tested baseline agents and found even the most competitive agent could complete only 30% of tasks autonomously. Keeping the AI tools and agents up to date, interacting with other technology seamlessly, and referencing the correct data sources may be time-consuming and costly, but often necessary.

Buying a solution from a third party may also allow for integration into ERP systems; many ERP vendors are currently developing AI solutions to license, and are embedded within the ERP without additional integration efforts. In the not-too-distant future, it is likely tax leaders will also have Tax AI SaaS models at their disposal, which could result in immediate value creation for the business, with the added benefit of being able to spread the cost and therefore reducing the upfront build cost.

Co-investing with a third party can offer a hybrid approach, sharing development costs and risks while gaining some customization. A common approach is to assess organizational readiness and start with pilot projects. Waiting for a perfect solution may risk falling behind in a rapidly evolving landscape.

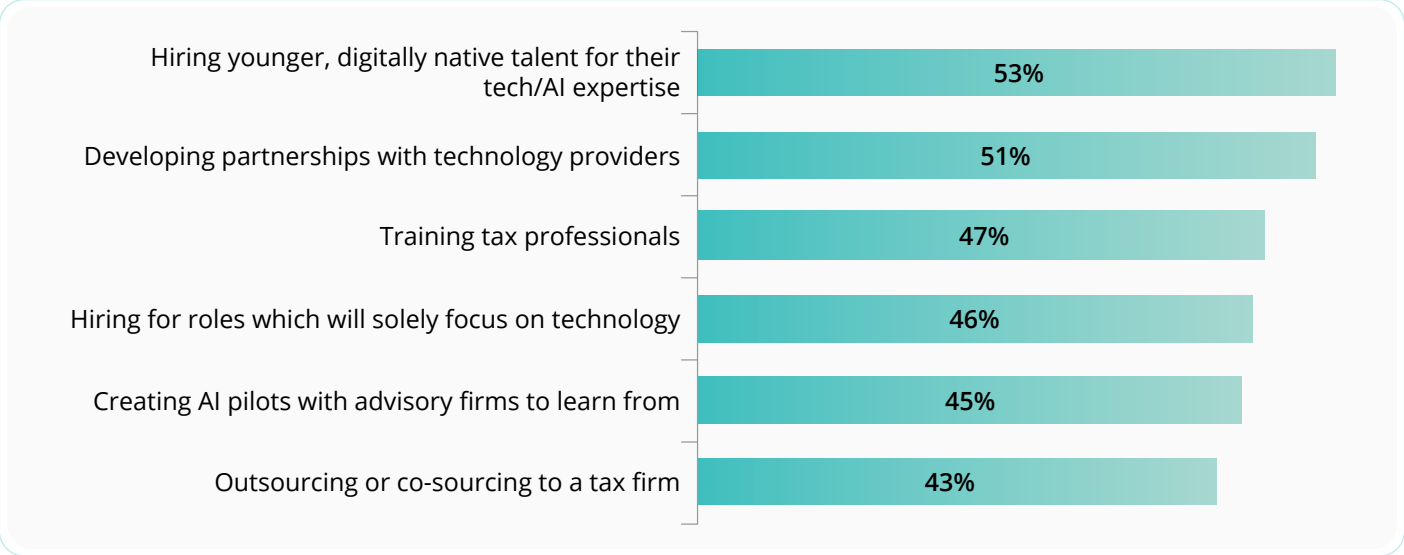
** TheAgentCompany: Benchmarking LLM Agents on Consequential Real World Tasks, September 2025*

> Look at your technology stack, your workflows, and non-negotiables first. Then consider the vendor landscape on build, buy, or co-invest decisions, while keeping in mind the way the tools will be used—the user experience—so that you can mitigate the challenges in adoption and change management.
>
> **Kaveeta Chandrani**
> Deloitte Global Digital Innovation Program Leader, Tax & Legal

## 3.3. Run pilots with third parties

Engaging third-party providers for pilot programs can be an effective way to test AI solutions without significant upfront investment and allows tax departments to assess the efficacy of new technologies, evaluate vendor capabilities, and gain practical experience with AI in a controlled environment. Deloitte's *Tax Transformation Trends 2025* survey shows that 51% of tax departments surveyed develop partnerships with technology providers, and 45% create AI pilots with advisory firms to improve technology skills in their team (Fig. 2). Doing this in a multidisciplinary fashion (i.e., including all tax types) may have a positive impact when running proofs of concepts. Building a structured program around it, and showing the value to drive engagement, means data sources can be referenced for multiple use cases, avoiding duplication, providing program efficiencies, and more.

**Figure 2. Strategies for improving technology skills in the tax team**




*Source: Deloitte's Tax Transformation Trends 2025 research*

> Use cases do not always capture the full transformational potential of AI. High value implementations often start from the process or data: For process, multiple use cases can be strung together to transform the process or role with an AI agent, like gathering and analyzing data and writing that into a report. For data, the value is coming from looking at who acts on a single data point (e.g., a tax professional or an insurance professional). An example is Incoterms* where, during the sales cycle, an AI agent can make real-time recommendations on the value of negotiating specific Incoterms based on internal legal, tax, customs, treasury, and insurance positions maintained by the respective internal function, taking into account several parameters like the characteristics of the goods, and location of the supplier or seller.
>
> **Sasja Vandendriessche**
> Deloitte Global AI Program Director, Tax & Legal
>
> ** Incoterms (International Commercial Terms) are standardized trade terms set by the International Chamber of Commerce*

Working with third parties can help mitigate risks, allow businesses to gather valuable feedback, and build internal confidence before committing to broader implementation. It can also provide an opportunity to understand the integration challenges and data requirements in a real-world scenario.

This is something the Deloitte organization does internally with some frequency: Tax teams run "blue sky" experiments in R&D AI labs. These lead to proof of concept AI tools, which are then piloted with target users before scaling to thousands of users. Rapid experimentation can be good for sparking creativity, but scaling may raise additional considerations such as licensing, security, maintenance, cost/ROI, and operational challenges.

## 3.4. Outsource

A cost-benefit analysis leads many organizations to outsource various functions and tax is no exception. In Deloitte's *Tax Transformation Trends 2025* research, 81% of respondents said outsourcing would most help their tax department achieve lower-cost resourcing. Placing responsibility for managing and executing certain tax processes or functions with outsourcing providers, particularly processes characterized by high-volume, routine activities, can be a viable strategic option for AI adoption.

Many third-party service providers already possess AI capabilities and are actively investing in them at scale. Those wishing to outsource temporarily to transform processes may also want to consider the build-operate-transform-transfer (BOTT) model, where a third party builds and runs/operates a solution, transforms the process with AI, and then transfers the refined operation back to the organization.

# Making waves: Preparing tax functions for an AI-driven future

AI is developing rapidly, and those who act now to pilot AI solutions, invest in data quality, and build cross-functional teams may be better positioned to drive business value and maintain compliance in an increasingly digital world. This transformation requires a proactive approach to the people side of AI, equipping tax professionals to shift from process execution to overseeing and critically interpreting AI-driven outcomes.

By proactively planning and strategically adopting AI early, tax leaders can ride the wave of AI development—the time to start developing an AI roadmap is now.

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