



Demystifying generative AI: **An opportunity for the** **accounting industry**

WHITE PAPER

Artificial intelligence (AI) is transforming the way accounting professionals work. In recent months, generative AI has exploded onto the scene generating major buzz and creating new opportunities for efficiency, accuracy, and client service across nearly all sectors — not to mention the doors it opens to help professionals at any level to work more strategically.

From a tax and accounting perspective, the integration of generative AI offers a compelling opportunity for auditors, accountants, and tax professionals, particularly when it comes to boosting operational efficiency. While many are understandably concerned about AI displacing jobs, the reality is that you can use it to your advantage — and the sooner you do, the better.

By automating routine tasks, tax professionals can use AI to redirect efforts toward more client-focused work that they find more fulfilling, and that is more profitable for the firm. Couple that with the ability to conduct tax research quickly and generative AI is a potential game-changer for tax firms and corporate tax departments.

While harnessing the power of AI is exciting, most tax and accounting professionals are unsure of where to start. Let's take a look at what generative AI is and how it can optimize workflows, enhance client relationships, and help you stay ahead of the curve.

“Through the application of AI to perform more mundane tasks, professionals have the unique opportunity to address human capital issues such as job satisfaction, well-being, and work-life balance. This will, in turn, unlock time for professionals to focus on complex work that adds value to their clients’ needs.”

**- Steve Hasker, CEO and President, Thomson Reuters
[Future of Professionals Report](#)**

What is generative AI?

AI refers to the simulation of human intelligence in machines that are programmed to think and learn like humans. The goal of AI is to create systems that can perform tasks that would normally require human intelligence.

Generative AI refers to a specific type of artificial intelligence system that is capable of generating new content or data that is similar to, but not an exact copy of, existing data. This type of AI is often used in creative tasks, such as generating images, music, text, or other forms of content.

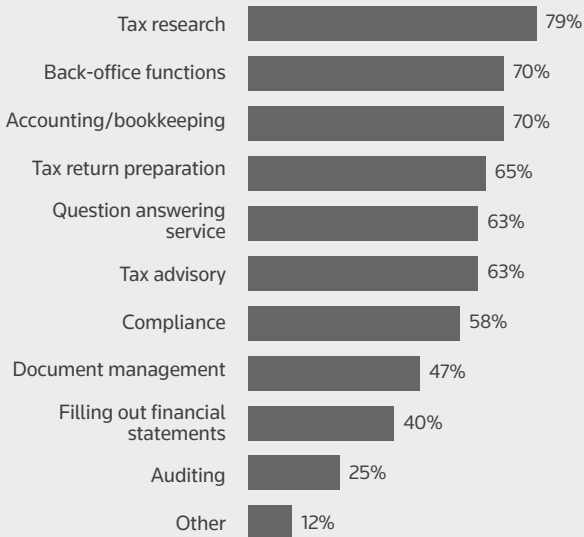
It's important to remember that AI is not a single technology. It is multiple technologies applied in different functions through various applications, including generative AI, machine learning, natural language processing, and robotics.

Machine learning, in particular, involves training algorithms on large data sets to make predictions or decisions without being explicitly programmed.

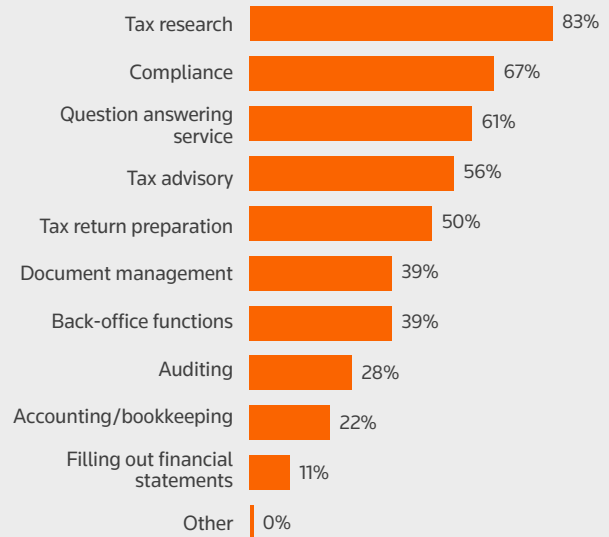
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These examples only scratch the surface of the capabilities of AI. Check out the areas of interest below for both tax firm professionals and corporate tax departments.

Use cases of interest (tax firm professionals)



Use cases of interest (corporate tax dept professionals)



How can the tax and accounting industry use generative AI?



Data entry automation. Generative AI systems can automate data entry tasks by extracting information from various documents, such as invoices and receipts. This can reduce the manual effort required for data input while minimizing errors.



Document generation and summarization. Generative AI models have the potential to automatically generate financial reports, invoices, or other accounting documents. They could also assist in summarizing lengthy financial statements or reports for quick insights.



Fraud detection. AI, including generative models, can be used to identify patterns and anomalies in financial data that may indicate fraudulent activities. By analyzing large datasets, AI systems can help auditors and accountants detect irregularities.



Forecasting and predictive analytics. Generative AI models can be applied for predictive analysis by analyzing historical financial data. This can help accountants forecast future trends and make more informed decisions.



Natural language processing (NLP) for client communication. NLP, a subset of AI, can be integrated into communication tools to enhance interactions with clients, create automated responses to common queries, or even assist in drafting emails and reports.



Tax research and compliance. Generative AI can assist in keeping track of evolving regulatory requirements and ensuring that financial practices comply with the latest standards. This helps in reducing the risk of non-compliance.

7 considerations for implementing AI in the tax and accounting space

As we move toward an AI-enabled future, here are seven key lessons for tax and accounting professionals to make the most of this transformative technology.

1. AI is not one thing.

There's no big bang or single "killer" app in tax and accounting AI. As the examples above show, AI has applications in many corners of the industry, and each application might use a different AI-related technology.

It's important to understand which tool is right for your problem, and the best first step is to define what those problems are rather than chasing after the next big thing promoted by vendors or competitors.

Tax and accounting firms execute numerous business processes such as billing, pricing, and marketing, and most of those processes involve numbers and data, such as prices, margins, and expenses — all of which can be analyzed and managed with the help of AI technologies. It is likely that most of the gains that tax and accounting firms and in-house accounting departments will see from AI in the near term will come from optimizing these operational functions.



2. Data first, AI software second.

Every organization — whether it's a tax and accounting firm, government agency, or corporation — generates data. But many do not know where that data is, or what shape it's in.

From there, you can determine whether AI can play a role in solving them.

Many AI applications begin simply with the process of getting data sets in order, whether it's electronic billing data or client data. To effectively utilize AI, or any software for that matter, start with the problem you are trying to solve, then identify the relevant data sets where the answers might be. This might require some "data hygiene" to clean up existing data, and you may need new processes to ensure that future data-generation activities yield clean and reliable data.

At the end of the day, understanding your data is the first and most important step in successfully utilizing AI.

3. Put AI to work for you.

Much of the hype surrounding AI focuses on the extent to which it will take over our jobs. Instead of wasting time on that thought, put the AI to work for you.

Use AI to reduce your time spent on mundane, repetitive tasks like data entry. AI algorithms can swiftly analyze extensive datasets and detect patterns, anomalies, and potential risks at an unprecedented speed. This allows you to shift your attention to more complex and strategic work, like interpreting results and offering experience-based insights to clients.

In addition, AI opens the door to predictive analytics, enabling tax professionals to anticipate risks and trends based on historical data. This proactive approach enhances the process of risk identification and decision-making, providing you with a more comprehensive understanding of the financial landscape.

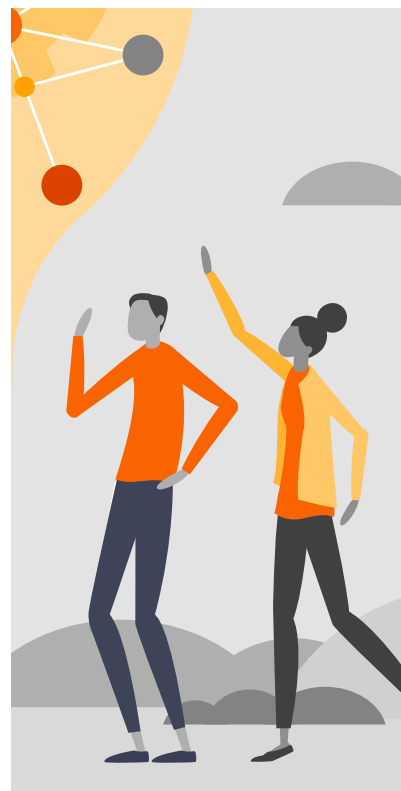
From a regulatory standpoint, AI has the capability to continuously learn from your tax workflow and adapt to changing industry regulations. This adaptability makes AI and machine learning tools progressively sophisticated over time, a powerful ability for a profession that is constantly evolving.

In short, it's not a question of whether the AI is more accurate than humans, but whether humans assisted by AI are more accurate than humans alone.

4. Develop your AI "muscle."

Successfully adopting a technology requires changes to routines and workflows. This can be disruptive and is likely to be met with some resistance.

Remember: AI is not turnkey technology that can simply be installed. Humans are required to instruct the technology, and human processes will need to be adjusted to incorporate AI into the daily workflow. The capacity for change management doesn't just happen; it is a "muscle" that organizations must develop.



Aside from changes to established workflows, the implementation of advanced technology will also likely entail working with new types of professionals: data analysts, process engineers, pricing specialists, and other allied professionals. The ability of organizations to integrate those new professional roles into tax and accounting practices — and to recognize and compensate them properly — can result in a competitive advantage.

5. Follow your client's lead.

By transforming processes, AI can nurture greater collaboration between clients and accounting firms. Client needs will drive adoption of many AI applications. Often, clients possess the data needed to effectively build out good AI solutions, and they certainly will have ideas about the optimal outcomes.

AI technologies produce the best results when they are not developed in a vacuum. Instead, it's a chance for tax professionals, their clients, and the organizations they work for to integrate operations for mutual benefit. Like any technology, the greatest benefits are realized when AI addresses client needs and unleashes human expertise.

6. Partner with a trusted AI technology provider.

Although many tax professionals recognize and welcome the arrival of generative AI, many are also skeptical of the technology at its current stage of development and do not believe it is dependable enough to be answering anything but the most basic tax-related questions.

Consequently, most firms and departments are cautious about embracing the technology too soon — before it has matured and can be rigorously tested on more complex tax matters. Data privacy and security are enormous risk concerns as well; not surprisingly, because tax professionals deal with extremely sensitive personal information that cannot — and should not — be publicly shared.

That's why it is so important to find an experienced technology provider, like Thomson Reuters®, who can leverage decades of rich domain expertise in public tax data that drives many AI applications and is committed to safety, security, and privacy in the design, development, and deployment of AI products and services.

7. Build trust.

Implementing new AI-based tech solutions involves two layers of trust. The initial layer revolves around organizations being confident that the technology stack they employ adheres to industry standards. This confidence ensures the second layer of trust: that clients and system users can trust the new work processes. This second layer involves the assurance that comes from sharing user experiences with the wider world.

The development of AI systems and machine-learning technologies is ongoing, showing little evidence of slowing down in the foreseeable future. These dynamic times present exciting opportunities for businesses across various sectors.

Most importantly, however, trust forms the core foundation for the success of these emerging workflows. At Thomson Reuters, we've consciously designed AI-enabled products with this fundamental principle in mind, earning us the trust of tax and accounting firms worldwide.



AI in action: Checkpoint Edge

Checkpoint® Edge boasts a fluid and intuitive user experience that offers unmatched editorial expertise and the latest in AI, cognitive computing, and machine-learning technologies. By aggregating patterns in search habits, this game-changing tax research platform can more accurately predict the exact information you look for over time, enabling you to find the right answers faster.

And as more and more users research specific topics on Checkpoint Edge, the program can see what information users are referencing the most to find answers, and then put that page higher up in the search query for other users to benefit from in the future.

Checkpoint Edge can also provide specific answers to common, well-defined types of tax questions — about tax reform, for instance. And it supports those answers with links to authoritative tax law explanations and sources.

If you're ready to use AI to your advantage, [learn more about Checkpoint Edge](#) today.

Want to learn more about how to elevate your firm with AI? Check out our [webcast, "How to utilize generative AI to excel your tax and accounting services."](#) Get practical insights on implementation and discover the answers to all your questions about generative AI.