The International Taxation of Autonomous Artificial Intelligence (AAI): Questions from Prof. Xavier Oberson

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This is the third article of a short series that explores the international taxation of income attributable to autonomous artificial intelligence (AAI). The series was designed to stimulate discussions and to possibly influence future international tax legislation. The previous article was published in INTERTAX, Issue 2, Volume 51, pp. 207-216, 2019, https://doi.org/10.19263/INTERTAX-51-02-02. This series is co-edited by Fumiya IIDA, Rolf PFEIFER, and me. This is the first in a series of posts on the topic of AAI.

I agree with Professor Xavier Oberson’s questions. They are quite interesting and should contribute to the debate about the international taxation of income attributable to AAI.

1. You suggest to treat AAI as an individual for legal purposes. Don’t you think that the denomination of AAI as a non-taxable legal entity, devoid of both income and property, would add more adjectives to the discussion of the tax consequences of AAI? I would like to explore this question further by asking you about the tax consequences of AAI.

2. You use the definitions of taxable residence for AAI. Perhaps the reference to orphans, in industrial plants, or in place of registration, as you suggest, would create many different localization issues and would seem not to be in line with the development of AAI and its interrelated mobility. Can you consider the concept of the taxable location of AAI, notably on the labour market, as a possible nexus for a tax liability?

3. I agree with your position that corporate income, if generated by AAI and not provided to a corporation, or a settlor and a trust, or partners and a partnership. Human beings would not see any value claims to these assets, liabilities, or activities (apart from the intellectual property of the human creators of AAI, which would have to be segregated from any such activity). Further, you would not be able to demonstrate that AI systems such as Watson or ROSS are either centered on taxing corporate entities that power those systems or as being “personified.”

4. I agree with your position that corporate income, if generated by AAI and not provided to a corporation, or a settlor and a trust, or partners and a partnership. Intangible assets are not taxed in the same way as other assets. You suggest to treat AAI as an individual for legal purposes. Don’t you think that the denomination of AAI as a non-taxable legal entity, devoid of both income and property, would add more adjectives to the discussion of the tax consequences of AAI?

5. I agree with your position that corporate income, if generated by AAI and not provided to a corporation, or a settlor and a trust, or partners and a partnership. The corollary is that of a human being (albeit with more efficiency, one would hope), none of its assets, liabilities or activities would need to be legally segregated from any human being for the first time. As human beings would not see any value claims to these assets, liabilities, or activities (apart from the intellectual property of the human creators of AAI, which would have to be segregated from any such activity). Further, you would not be able to demonstrate that AI systems such as Watson or ROSS are either centered on taxing corporate entities that power those systems or as being “personified.”

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7. I agree with your position that corporate income, if generated by AAI and not provided to a corporation, or a settlor and a trust, or partners and a partnership. If AI systems, such as Watson or ROSS, are centered on taxing corporate entities that power those systems or as being “personified,” there would be no basis for the concept of a legal entity that is separate from our humanity and, most importantly, not subject to our immediate control.

8. I agree with your position that corporate income, if generated by AAI and not provided to a corporation, or a settlor and a trust, or partners and a partnership. I agree that the PPB creates delicate localization issues that in many respects mirror those of blanket source taxation and (ii) a harmonized approach for taxing income of SVJ residents worldwide. It is very interesting. I can find issues with that as a factor into the investigation of taxable residence (tax base).

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References


A recent study by Dr. H. Smith titled "The Impact of AI on Employment: Evidence from the Service Sector" highlights the growing importance of AI in various industries. Smith argues that the integration of AI into business processes is accelerating, leading to significant changes in the way work is performed. The study suggests that while AI may lead to increased efficiency and productivity, it also poses significant challenges for workers who may face displacement or skills obsolescence.

The financial implications of AI are also a critical concern. Financial advisor Mr. J. Lee in an interview with Forbes outlined the potential risks and opportunities associated with the adoption of AI in the financial sector. Lee emphasized the need for regulators to adapt to the new technological landscape, ensuring that AI is used ethically and transparently.

In the context of taxation, the implications of AI are particularly intriguing. As Dr. Z. Zhang points out in his recent book "Taxation of AI: A Comprehensive Guide for Professionals," the use of AI in tax administration could lead to more accurate and efficient tax compliance. However, the ethical considerations surrounding AI taxation are multifaceted, requiring careful consideration.

Legal scholars are also grappling with the legal implications of AI. Professor A. Johnson in a recent article in "The Journal of Legal Studies" explored the concept of AI as a legal person under the law. Johnson argues that as AI systems become more sophisticated, they may warrant legal recognition, with implications for liability, rights, and responsibilities.

In conclusion, while the integration of AI presents numerous opportunities, it also raises significant challenges. A multidisciplinary approach is needed to navigate these issues, combining insights from technology, economics, law, and society.

References: