Randy Johnston • Nov. 29, 2023

AI has been the hot topic of the year, from the AICPA's AI initiative, announced by CPA.com on October 24, 2023, and supported by the Generative AI Toolkit document to OpenAI's ChatGPT and Microsoft Copilot 365.

Shortly after the AICPA announcement, President Biden issued an Executive Order on Safe, Secure, and Trustworthy Artificial Intelligence on October 30, classifying AI as a munition and restricting exports. The G7 sponsored an AI Safety Summit November 1-2 with 29 countries represented at Bletchley. The group agreed to The Bletchley Declaration and plans to meet again in 2024.

At the CCH User Conference, there was a demonstration of the integration of AI into

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As a reminder, colleague Brian Tankersley and I have recorded podcasts on the topics of AI with ChatGPT4, Microsoft AI, DALL-E & AI Competitors, AI Truthiness & Hallucinations, and Large Language Model (LLM) considerations. Please ensure you have checked out these AI podcasts and our podcast discussions of various other products at The Technology Lab.

As you prepare your firm for another tax season, various products have added AI to the tax platforms. Let's learn about a few options.

So, What Solutions Have Added AI to Their Products?

First, remember that we want to keep client data confidential, that privacy is paramount, and hallucinations in AI can be an issue in tax matters. Suppliers to the profession are sensitive to this. However, if a product like OpenAI's ChatGPT or APIs are used, you must be aware of the Service Terms, most recently updated on November 6, 2023.

Second, publishers of new and old products alike are trying to jump on the AI bandwagon. For the moment, I'm categorizing AI capabilities in two significant

ways. Generative AI, or the type of AI using large language models (LLMs), is a

anonymization. Further, generative AI doesn't do much very well, so for accountants who like financial or numerical accuracy, depending on accurate financial modeling predictions is risky today.

For many accounting tasks, AI uses machine learning to enable predictive models. These models are much better at handling numbers correctly and can be used in FP&A, financial reporting, and other financial statement applications. We have discussed these in prior columns with Digits and 4ImpactData as examples.

But this column is about tax. And fortunately for the profession, on November 7, Black Ore introduced Tax AutoPilot. This product uses AI models to accurately extract and classify personal tax information, feeding it into common tax compliance platforms like CCH Axcess Tax. The platform's goal is to produce returns ready for partner-level review without using 1040 workpaper products or outsourced labor. All technologies are onshore, so 7216 disclosures are also not needed. You can read about this product in press releases and on their website at the Global Newswire Press Release, Bloomberg, CPA Practice Advisor, or on Black Ore's Website.

Key things that you need to know include:

- Black Ore's Tax Autopilot platform is the first AI Tax Platform built for CPAs. Black Ore has been building proprietary AI/ML and automation technology for the past two years, working with firms and leaders in the profession.
- Black Ore's Tax Autopilot automates the entire 1040 tax preparation process end-to-end. The steps included are data classification, binder creation, extraction, calculations, integration into tax software, tie-out generation, and review. Black Ore scales with complexity handling K1s, schedules, and more.
- Before going public, I had the good fortune to be personally involved in suggesting strategies for success. I've gotten to know the management and technical team

through the process. Overall, I have been impressed with the company and

experience. Innovations from products like SmartVault, Suralink, Truss, HubSync, SafeSend, and Corvee have been innovative. Each of these organizations has been working on applying AI to their platforms.

Further, progress in organizer products is also being driven by AI innovation. A small startup, StanfordTax, has created a product that is an intelligent organizer that displays last year's tax amounts and requests supporting documentation in the same category. Having last year's information makes the organizers far more logical for clients. As soon as a client submits a document, you can see it on the practitioner side of the portal.

However, the most radical advance in technology for single portals and organizers this year is in the Liscio platform. Intelligent use of design and AI has changed the game for practitioners. You should still have time to innovate by adopting Liscio Pro. You can start with their website: www.liscio.me.

The new features in 2023 are:

- **Requests** allow firms to build any workflow from a single authoring tool. It solves core information gathering for just about everything a firm needs from a client. Typical use cases:
    - Onboarding
    - Questionnaires
    - Monthly close checklists
    - Family Office tax checklist

A key feature to requests is the Progress Bar. Firms can see what clients have entered in real-time. Firms no longer need to wait until the client clicks send. The progress bar is a game changer for productivity, as work can begin when clients reach a reasonable threshold (say 80%).

- **Business Texting** assists with two-way texting in a single platform which solves

- **Mobile apps and mobile web apps.** It doesn't get easier for clients to answer questions from any device.

Firms know they can't force clients to change their habits. With Liscio, they don't have to. The team can work within a single system and see everything that is client-facing. I understand that there will be configurable Tax Organizers in Liscio's next release. Liscio is now reading Organizers in real-time and creating bespoke organizers for each client from various tax platforms after the 2023 organizers are released. Integration into the tax software organizers should make Liscio's Tax Organizers the most sophisticated in the profession for this season. The short-term road map will expand, including signatures, payments, and to cover audit PBC. Reflect on the cost of paper organizers compared to Liscio Organizers:

Paper Organizers		Liscio Organizers	
Paper	$0.50	Tailored Questions	Included
Toner	$1.00	Easy to Use	Included
Envelopes	$0.20	Mobile App	Included
Mailing	$3.00	Mobile Web	Included
Return Postage	$3.00	Mobile Scanner	Included
Direct Cost	$7.70	See progress in real-time	Included
Labor	$2.00-$4.00	Collaborate with client	Included
		Highest response rate	Included

| Cost per organizer | $9.70-$11.00 | | $4.00 |

delivery of a final work product, and payment. You may discover that inefficiencies in your processes are driving your staff crazy and that you have chosen to outsource because you don't know how to solve the problem any other way.

While many pundits in the profession claim that tax returns (read compliance) are going away, I don't think that will be true anytime soon if you look at how our federal legislative process has gone for the last 10, 20, or 30 years. However, your intelligent management decisions can make life better for your team members, clients, and your firm's bottom line.

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