[Digital Transformation, Sustainable Innovations and Development in the African Continent]

[Thursday 31st July and Friday 1st August 2025]

[KWUST 2025 Conference Proceedings]

ABSTRACT NO. 19

Ethical Artificial Intelligence in Taxation and Compliance: Insights from Kenya and Global Perspectives

Dr. Remmy Nyongesa

Kiriri Women University of Science and Technology, Kenya

ABSTRACT

Artificial Intelligence (AI) has rapidly emerged as a transformative force within the realms of taxation and compliance, fundamentally reshaping how governments and organizations manage their tax revenue collection and usage. In tax administration, AI technologies offer considerable potential to streamline operations, improve data accuracy, detect fraud, and enhance taxpayer compliance. However, while these inventions aaddress immense inefficiencies and combat tax evasion, there re underlying complex ethical concerns, particularly in developing economies such as Kenya, where institutional capacity, regulatory frameworks, and data governance structures are underdeveloped. This paper critically examines the ethical dimensions associated with AI integration in tax systems, focusing on issues such as algorithmic bias, data privacy, transparency, and accountability. Drawing from both contemporary literature and ethical frameworks developed by international bodies such as the OECD and the Inter-American Center for Tax Administrators (CIAT), the study contrasts Kenya's experience with global best practices to highlight context-specific challenges and opportunities. Through a conceptual and empirical lens, the paper explores how ethical considerations can be systematically integrated into AI-driven tax mechanisms. Ultimately, it provides actionable recommendations aimed at fostering responsible and equitable use of AI in public financial management, with broader implications for digital governance in emerging economies.

Keywords:

Artificial Intelligence, Taxation, Ai governance, Compliance, Ethics, Kenya, Responsible AI