

Taxing Robots

Caspian Week

WEF, Davos

January 2019

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Summary

- I. Development of Artificial Intelligence (AI)
- II. Impact on jobs
- III. Recent trends towards a recognition of robots as a “legal entity”
- IV. Towards a “tax capacity” of robots or the use of robots ?
- V. Potential solutions
- VI. The need for an international framework

I. Development of Artificial Intelligence (AI)

- Industrial robots;
- Robots in the service economy (doctors, bankers, entertainers, lawyers, administrations, agriculture, etc.).

II. Impact on jobs

- The impact of artificial intelligence on jobs is controversial. Two schools of thoughts : (i) innovation will create new jobs; (ii) AI will destroy more jobs than it will create.
- Potential triple negative effects : (i) loss of income (salaries, etc.); (ii) increase of additional financial needs (social security); (iii) diminution of consumption.

III. Recent trends towards a recognition of robots as a “legal entity”

- EU Parliament Report on February 2017;
- Legal discussion among scholars.

III. Recent trends towards a recognition of robots as a “legal entity”

- Estonia is currently studying the issue of creating a legal personality for some types of robots;
- The introduction of a legal personality for robots requires a clear and practicable definition of robots or smart robots.

IV. Towards a “tax capacity” of robots or the use of robots ?

- Economic perspective (neutrality between robots and humans ?) ;
- Constitutional perspective (the introduction of a new tax should be just objectively justified in accordance with the principle of ability to pay and with the principle of equality of treatment).

IV. Towards a “tax capacity” of robots or the use of robots ?

- Ability to pay of the robots or of the use of robots?
- Issues :
 - (i) Definition of the taxpayer
 - (ii) Tax base
 - (iii) Rate

V. Potential solutions

- Corporate tax :
 - Profits emerging from the use of robots;
 - Taxation of an imputed salary of robots activities;
 - South Korea is studying an indirect method (limitation of deduction).

- Income tax :
 - The theoretical imputed income of robots

V. Potential solutions

- VAT :
 - At a first stage : the supply from robots would be integrated within the enterprise;
 - At a second stage, the robots as a taxable person ?
- Social security;
- An object tax on robots.

VI. The need for an international framework

- An international framework is necessary (OECD, UN, EU);
- The issues are closely related to the more general issues of the taxation of digital economy;
- The taxation of robots or of the use of robots raises new and delicate questions (characterization, permanent establishment, transfer pricing, etc.).

Sources :

- X. Oberson, Taxer les robots ? Pratique juridique actuelle, AJP/PJA, February 2017, p.232 ff;
- X. Oberson, Taxing Robots ? World Tax Journal, Volume 9, Issue 2, May 2017, p. 247 ff.