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SMART ROBOTS
AND THE NEW ELECTRONIC ABILITY
TO PAY TAX

The development of artificial intelligence and the entry into the mainstream of so-called "smart robots" challenge the tax system as we know it and require a deep reflection on the adequacy of its structure to the new reality. This paper discusses the attribution of legal personality and smart robots ability to pay tax, examining the implications of the upward trajectory of technological evolution. Possible tax solutions arising from technological progress and automation motivate the debate.

Advisory Team

THE FRAMEWORK

We are facing a rapidly changing reality, both socially and economically, as a result of technological progress driven by artificial intelligence (AI) systems and smart robots.

These technological changes are profoundly reshaping the labor market, gradually replacing human labor with automated solutions, a phenomenon that raises extremely important tax questions: will the development of smart robots lead to technological unemployment? how will existing tax systems adapt to these developments?

Replacing human labor with AI applications or autonomous and intelligent robots could bring with it an exponential increase in efficiency, although it will have a direct impact on traditional public tax revenues, especially those from human labor.

Today, with the new dynamics introduced by AI, there is an urgent need to re-evaluate the traditional concepts of "work" and "productivity" in the tax field.

Will the development of smart robots lead to technological unemployment? How will existing tax systems adapt to these developments?

We are therefore faced with a challenge to maintain the sustainability of current tax models. This challenge requires a profound rethinking of existing national and international tax structures, systems and policies in order to respond effectively to the demands of this new digital age.

THE *SMART ROBOT'S* ABILITY TO PAY TAX

The negative impact on tax revenues of the proliferation of artificial intelligence and so-called smart robots is not merely an academic issue; this debate has profound tax implications, particularly in terms of the potential erosion of tax revenues. It is this complexity and problem that has led to the discussion on the feasibility of giving robots legal personality, a proposal that was initially motivated by the need to clarify liability issues, but which quickly proved to be of undeniable relevance in the tax field.

In fact, giving legal personality to smart robots is a potentially effective solution for classifying them as taxable persons, although we face unprecedented challenges, particularly about their autonomy and capacity to act.

However, this debate goes beyond mere legal classification and is part of a broader context that includes ethical, political, and economic dimensions. Complex questions about the nature of the rights and obligations that could be attributed to intelligent robots are raised

by the possibility of considering them as taxable persons. Moreover, the complexity of these issues is exacerbated by the need to adapt legal-tax frameworks to emerging new (economic and social) realities, a task that challenges conventional practice and requires an innovative approach that recognizes all the *praxis* of this new reality.

Despite the possibility of granting legal personality to non-human entities, this does not imply that smart robots can automatically be granted tax personality, since the ability to be considered a taxable person depends on criteria that go beyond the mere existence of legal personality, focusing on economic capacity and the possibility of attributing autonomous assets.

Thus, the identification of an economic base that justifies tax liability rather than the attribution of legal personality per se is the central issue. And while this approach suggests a critical reflection on the concept of legal capacity, which should not be seen as an automatic consequence of legal personality, but as a manifestation of an economic capacity susceptible to taxation, it is also in line with the principle that tax law should prioritize substance (economic) over form (legal). This principle seems particularly relevant in the context of artificial intelligence and intelligent robots.

Thus, the need for a legal framework that can accommodate the specificities of these new realities is highlighted by the problem of taxing technological "entities". The possibility of recognizing passive tax personality for intelligent robots, artificial intelligence units, based on their ability to generate income or own assets, thus challenges traditional paradigms, and requires an innovative approach that also takes into account technological advances and their economic impact.

It is therefore a challenge to rethink the foundations of our legal-tax system in the 21st century, as the determination of the smart robots passive ability to pay tax will necessarily involve a balancing act between tax justice and technological innovation.

THE ELECTRONIC CONTRIBUTION OF *SMART ROBOTS*

As we have seen, the transition to an increasingly automated economy is an unavoidable reality. Just like the industrial revolution in the 19th century, it will bring us new challenges. Replacing people with machines, or even changing the work structure through the digital divide, will mean a reduction in government tax revenues and, at the same time, an increase in social benefits caused by rising unemployment and the replacement of people with machines.

The need to correct these imbalances and mitigate these losses has led to the first proposal to tax the robots responsible for eliminating jobs (the so-called "robot tax"). Although

rejected by the European Parliament in 2017, this idea is already in force in South Korea (EP Resolution 2015/2103 INL).

Defining who will be liable for the new tax is essential in this context. Initially, in our opinion, it could be the owner of the robot. However, we believe that the robot itself - considered as an "autonomous and intelligent entity" with legal capacity and possibly personality - could assume this responsibility. However, it remains an open question and subject to debate as to the exact methodology for this taxation.

A closer examination of the legal and practical foundations of the new taxation of robots in an era of continuous digital and industrial transformation will therefore be inevitable. The proposal paves the way for innovations in tax law, but also requires legal and economic structures to adapt to the changes that automation brings to society and to the global economy and society in general.

TAX CHALLENGES AND SOLUTIONS: AN UNCERTAIN FUTURE!

In light of the above, there is a need for a balance between tax neutrality and targeted incentives. Tax neutrality could ensure a level playing field between human labor and robots, thereby preventing distortions in the labor market. The trend towards automation could be counterbalanced by tax incentives to retain or hire human workers. At the same time, a possible solution seems to be to impose a tax increase on companies that benefit exclusively and predominantly from automation without using human labor. (This would compensate for the social impact of technological unemployment, although it must be carefully calibrated so as not to discourage innovation).

An alternative solution could be found in the emergence of a new guaranteed minimum income as a safeguard for human workers affected by automation. This GMI could provide a safety net for those whose jobs have been replaced by technology, guaranteeing a minimum standard of living, and mitigating social tensions. However, there are issues of financial sustainability and the impact on work motivation.

Another conceivable approach could focus on directly taxing the use of intelligent robots. This would create an income attributable to the robots, which would be subject to income tax, but would remain in the sphere of its owner, thus encouraging a cautious use of automation. On the other hand, such income attributable to robots could also be subject to social security contributions. This would help to compensate for the decline in the number of (human) workers.

In a first stage, a tax based on the ratio between income and the number of human workers could also be considered, and in a second stage, the tax could be imposed directly on the

robot, reflecting an electronic ability to pay tax - this measure, although innovative, raises complex questions about the tax personification of non-human entities.

Another possible tax solution would be to create a new tax on the ownership of the intelligent robot in the sphere of its owner, similar to the taxes applied to cars, boats or airplanes. In practice, a tax with an annual rate that depends on the value and the capacity of the "equipment" - such a tax would lead to a certain administrative simplicity, although it would need to be carefully evaluated so as not to discourage investment in technological innovation.

Finally, there could also be a royalty on the use of robots. This "fee", acting as a license to use, would be proportional to the capacity or time of use of the robot. And the link between the use of robots and the advantages granted by the state could be established. In this way, companies that make a significant contribution to social or economic development through automation could receive incentives or tax benefits.

CONCLUSION

Each of these tax solutions presents benefits and challenges. The key to their effective implementation will be a careful balance between encouraging innovation and automation, protecting the (human) workforce, and maintaining the sustainability of public tax revenues. A dynamic and adaptive approach to tax policy will be required as the technological landscape continues to evolve.

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