WILHELM AUTOMATION GROUP

AI in the Tax and Accounting Firm

A practitioner's view

THREE BETS

Most firms deciding how to approach AI are really choosing among three bets, whether they have named them or not.

The platform bet	Adopt a vendor's AI platform and trust it to handle the work. Fastest to start, least internal capability required. The tradeoff is dependence: the firm relies on the vendor's choices about how the work is done, where the data goes, and how much the practitioner can see and control.
The native bet	Build AI capability in house, with custom software, engineers, and a development operation inside the firm. The most control and customization. The tradeoff is cost and commitment: real capital, technical talent, and ongoing maintenance that few firms below the largest can sustain.
The hybrid bet	Experienced practitioners deploy controlled, configured AI workflows on tools the firm already has, keeping judgment with the people who sign the returns. Most of the practical value at a fraction of the cost and complexity, with the firm in control of its data and its work.

Each bet is legitimate for some firms. For most small and mid-size firms, the hybrid path is the durable one: it delivers the benefit without the dependence of the platform bet or the expense of the native bet. The rest of this page is about how that hybrid path actually works.

WHY SECURITY COMES FIRST

Before any productivity question, there is a gating concern every firm should resolve first: client data. Firms hold some of the most sensitive financial information their clients possess, and any use of AI has to begin with knowing where that data goes and who can see it. A firm should be able to answer these before adopting any AI tool:

- Does client data leave the firm's controlled environment?
- Is it used to train external models?
- Who, inside the vendor, can access it?
- Is it retained, and for how long?
- Does the arrangement satisfy the firm's confidentiality obligations and its clients' expectations?

The workflows we build run inside the firm's own Microsoft 365 environment, so client data stays within the firm's controlled tenant rather than being handed to an outside platform. Data is not used to train external models, and access stays governed by the firm's existing Microsoft security and permissions, the same controls already protecting the firm's other client data.

The point is not that AI is unsafe. It is that AI must be deployed in an architecture where the firm keeps control of its data, which a practitioner who has worked this through can build deliberately rather than hoping a vendor has handled it.

WHAT THIS LOOKS LIKE IN REAL PRACTICE

Principles matter less than examples. Here are three from actual tax work.

Document intake and routing. Documents arrive, are read and classified as they come in, and route to the correct folder for review. The mechanical work of sorting and placing each file is handled automatically, so the practitioner opens an organized workspace rather than a pile of uploads.

Pre-prep assessment and open items. Working from the prior year return, the system builds the expected set of documents for a return and tracks what arrives against it. It surfaces what is still outstanding and drafts the open-items request to the client, so that communication opens early, while there is still time, rather than at the end against the deadline. The practitioner confirms the list before it goes out.

First-pass review. In review, figures are cross-checked against their source documents, with each line read independently. Agreement is low-risk; disagreements and hard-to-read, low-confidence items are flagged for attention. Every figure links to its supporting workpaper, so the signer decides how much to verify, line by line. The review is faster and more focused, while the judgment and the signature stay with the practitioner.

In every one of these, the pattern is identical. The AI handles the mechanical, repetitive, error-prone layer; the practitioner keeps the judgment and the signature. The firm's people spend less time on the tedious parts and more on the work that requires expertise.

WHERE AI FITS, AND WHERE IT DOES NOT

If you take one practical thing from this page, take this: AI is reliable for some categories of work and not others, and the line is about whether the task requires judgment.

AI is reliable for

- Reading and classifying documents
- Extracting figures from source records
- Organizing and routing files
- Tracking what has come in and what is missing
- Drafting routine client communication
- Cross-checking entries against source

Judgment stays with the practitioner

- Deciding whether a position is defensible
- Weighing a client's specific facts
- Choosing how to handle a close call
- Determining whether a form applies
- Final review and the signature
- Anything a regulator would question you on

Let AI do the reading, sorting, extracting, and drafting, and keep the deciding, weighing, and signing with the practitioner. A tool asked only to do the first kind of work is an asset. A tool trusted to do the second is a liability.

IT ALSO PROTECTS THE NEXT GENERATION

Every firm leader is quietly asking where the next generation of senior people comes from if AI does the entry-level work. Juniors have always learned judgment by doing that work, and a model where AI does everything end to end removes the very thing that develops them. The hybrid approach does the opposite: keeping people in the loop on the judgment, reviewing output and deciding the exceptions, keeps junior staff doing the work where expertise is built. Used this way, AI does not hollow out the pipeline. It strengthens it.

If this is useful

If any of this is useful, I am happy to talk it through, no charge. Not a pitch, and no obligation. Just let me know.

WHO THIS IS FROM

James Wilhelm, CPA, is a tax director with two decades in public accounting, including complex multi-state, cross-border, and partnership work, and has built AI-assisted workflows inside an active tax practice. Wilhelm Automation Group builds document and deadline systems for firms that want the benefits of AI without giving up control of their data or their judgment.

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