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Legal parameters and guidance for the use of artificial intelligence in municipalities

On 2 February 2025, the first prohibition standards of the EU Regulation on the use of artificial intelligence (Regulation (EU) 2024/1689) came into force. The legally compliant use of AI poses major challenges for local communities in particular. At the same time, opportunities for added value through the use of AI should not remain untapped, especially in the smart city sector (where intelligent information and communication technology is used to increase participation and quality of life and to create an economically, ecologically and socially sustainable municipality or region).

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The EU AI Regulation

As one of its prime intentions the EU AI Regulation seeks to establish uniform rules for the use of AI within the European Union. It intends to protect the safety and fundamental rights of citizens while promoting innovation. The regulation distinguishes between different risk categories of AI systems:

Prohibited AI practices: Certain applications are prohibited because they pose an unacceptable risk, such as AI systems that use covert techniques to manipulate people.

High-risk AI systems: These systems are subject to strict requirements and controls as they pose significant risks to people's health, safety or fundamental rights.

Low risk: These systems are subject to less stringent requirements but must still fulfill certain obligations for transparency.

Which AI projects in the smart city sector could be covered by the EU AI Regulation?

Three areas - to name just a few - come to mind:

Traffic management systems: AI-based traffic control and monitoring systems designed to optimize traffic flow and reduce congestion.

Surveillance systems: AI-supported video surveillance to increase public safety.

Energy management systems: AI systems to optimize energy consumption in urban buildings and infrastructures.

Takeaway

Municipalities wishing to implement AI projects in the smart city sector must adapt to the new requirements of the EU AI Regulation. In particular, there is a need for action in the areas of awareness (if and to what extent does the Regulation affect us) and risk assessment, compliance and transparency, as well as the assessment of possible violations of fundamental rights in particularly sensitive areas.

The legal framework for the use of AI in municipalities is complex and requires careful planning and implementation. In case of further questions please do not hesitate to contact us.

Dr. Nicolas Sonder

Partner Stuttgart

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Tel.: +49 151 52516789

E-Mail: **nicolas.sonder@pwc.com**

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