



# 2022 Tax Hiring Outlook

Data and analysis from the only survey of its kind, providing the tax industry with a top tax perspective on current hiring and retention trends.

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# Introduction

What effects has the tax market had on your tax department? As predicted in our [Global Tax Market Assessment](#) earlier this year, many issues are impacting tax all at once, but the most significant are the supply and demand pressures. That said, tax has recovered remarkably well after the COVID-19 pandemic, thrusting us back into a hot candidate-driven hiring market with inescapable retention troubles. This year's Tax Hiring Outlook has important data that you will want to read and understand to better educate your financial and HR leadership.

This confidential Tax Hiring Survey was sent to hiring authorities within TaxTalent's proprietary database, built over the last 30+ years. Respondents were asked to evaluate trends in their tax department through a series of multiple-choice and open-ended questions. The compiled data is displayed in this report.

This year's responses do confirm the supply & demand concerns we suspected for this year, 2022 are real. Responses were consistent with what we are witnessing firsthand such as the increase in corporate tax department's overall hiring, the reality of the baby boomer exodus, salary and title inflation, and the growing need for outside assistance.

Important Note: These annual assessments are generally aligned with the budgets corporate tax hiring authorities set the previous year. In the future, you may want to modify certain hiring plans in your tax department due to the results of this survey; however, you should keep in mind that you may also have to change your budget requests as a result.

## Top Five 2022 Key Takeaways

1

The tax hiring market is booming with 84% of companies believing they will hire new employees in 2022, a jump from 65% in 2021.

2

Despite all the time and effort put into automating the compliance function, Heads of Tax are finding it to be the most critical area to hire for permanent and interim staff. However, you will note in the study, we do believe some areas like Transfer Pricing to be understated due to the lag time of annual budgets being created and the current market.

3

A whopping 83% believe that salary and title inflation will have a major impact on hiring and retention in 2022 and this is reflected in 64% of respondents **NOT** being confident their team is compensated at current market standards.

4

The hybrid model is paving the way for the winning return-to-work policy. 87% of respondents anticipated this is the policy their tax department will lean towards and to back that up, 84% of departments are already working via that structure.

5

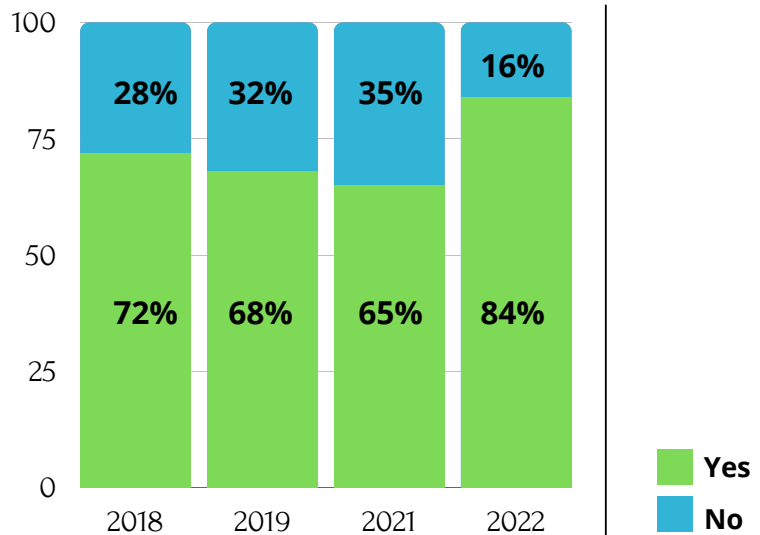
Only 8% of Heads of Tax do **NOT** believe they will use outside assistance this year, a reflection of the supply and demand tensions we are witnessing in tax and the increase in workload. Data is also showing a decrease in the use of Public Accounting firms and a significant increase in the contract staffing model, most likely due to the viability of remote work allowing companies access to more tax talent at a lower cost.

# 1 Hiring in 2022

As we discussed in last year's [Tax Hiring Outlook](#), the tax hiring market bounced back quickly and better than expected after the blur of 2020. Data from this year's survey shows that 84% are hiring in 2022 and only 16% do not expect to hire in 2022.

With the supply and demand tensions and the candidate-driven market we are currently experiencing, it's no wonder that companies are trying to fill the gaps this year.

HIRING NEW EMPLOYEES DURING 2022



The tax hiring market is booming with 84% of companies believing they will hire new employees in 2022, a jump from 65% in 2021.

Companies will likely struggle to recruit and retain top talent as their competition fights for that same talent. Additionally, the companies who do not plan on hiring at all in 2022 will have unexpected turnover due to the mass exodus of Baby Boomers and unexpected retirements, increased workloads, demand for U.S. tax talent due to SPACs and Spin-off transactions, candidates fighting to sustain work/life balance, salary and title inflation, etc. Learn more about the impacts to the tax hiring market in "[Tax Hiring Outlook 2022](#)."

# 2 Compliance Needs

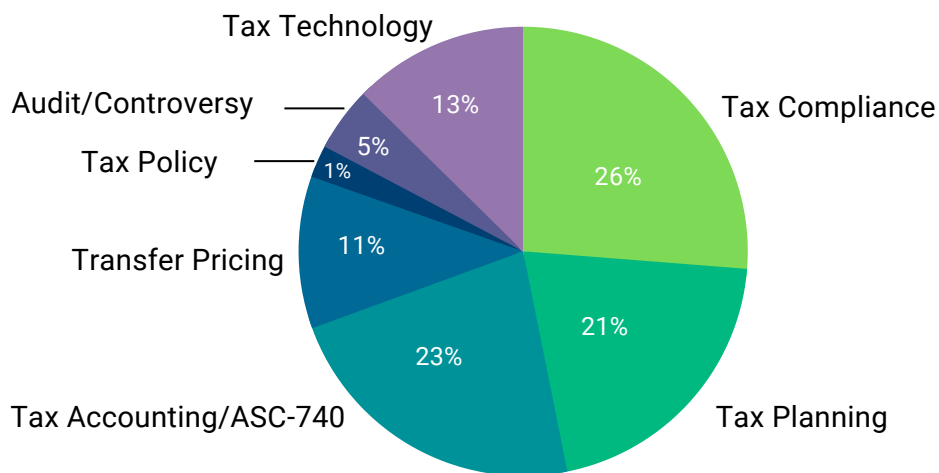
In all that we have done to simplify and automate, compliance is the biggest demand area in terms of hiring needs this year. While we know there may be some increase in need for compliance, we are guessing that a lot of the compliance in-sourcing and co-sourcing arrangements that were thought to pan out simply did not based upon the data we are seeing.

## 2 Compliance Needs Continued

This perspective may be out of context with the current market conditions as these determinations are usually based upon the previous year's budget. We anticipate more emphasis on Transfer Pricing, Tax Audit, Policy, and Tax Technology than what this study is leading us to believe.

As you will read in the upcoming section surrounding the utilization of outside assistance, compliance is a top need in the interim staffing world as well.

**THE MOST CRITICAL FUNCTIONAL AREAS YOU ARE PLACING THE MOST EMPHASIS ON HIRING FOR THIS YEAR**



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Despite all the time and effort put into automating the compliance function, Heads of Tax are finding it to be the most critical area to hire for permanent and interim staff. However, we do believe some areas like Transfer Pricing to be understated due to the lag time of annual budgets being created and the current market.

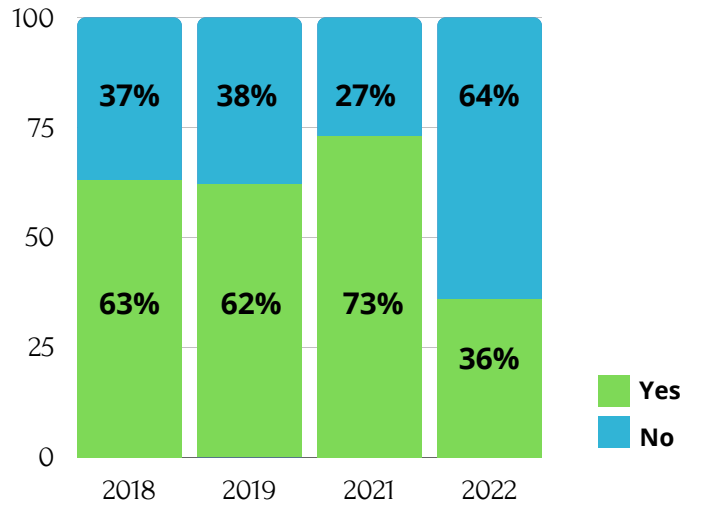
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### 3 Compensation and Inflation

When asked if they were highly confident their tax department team is being compensated at current market standards, we were not surprised tax leaders do not believe so.

We were surprised at how much this flipped since last year. As you can see from the comparison graph, confidence has dropped significantly and is at the lowest in five years. With the salary and title inflation we are seeing from supply and demand issues, we expect this weighting to be more skewed by the end of the year.

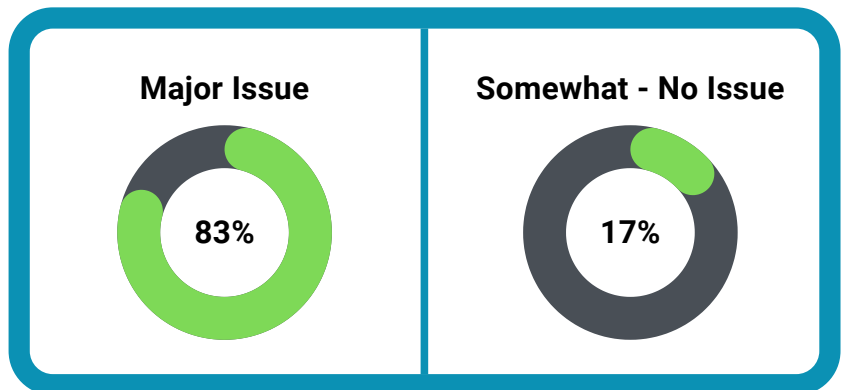
**ARE YOU CONFIDENT YOUR TAX DEPARTMENT TEAM IS BEING COMPENSATED AT CURRENT MARKET STANDARDS?**



A whopping 83% believe that salary and title inflation will have a major impact on hiring and retention in 2022 and this is reflected in 64% of respondents NOT being confident their team is compensated at current market standards.

**HOW BIG OF AN ISSUE DO YOU THINK SALARY AND TITLE INFLATION ARE GOING TO BE?**

Even though 83% of respondents expect salary and title inflation to be a major issue for recruitment and retention this year, only 64% (from the graph above) said they were not confident in their team’s compensation.

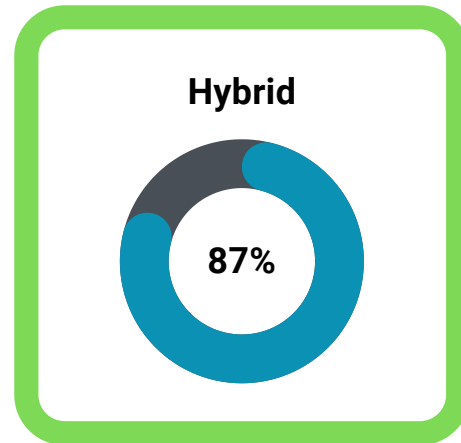


## 4 Return-to-Work Model

Of all of the challenges COVID-19 brought into the tax hiring market, office work structures is one that has been most top of mind for hiring authorities and candidates alike, although their opinions on the right move may differ.

In a TaxTalent survey to Heads of Tax conducted in October 2021, 72% of respondents stated that they PREFER the Hybrid model. Fast forward just a few months and 87% say that their work structure is following this model.

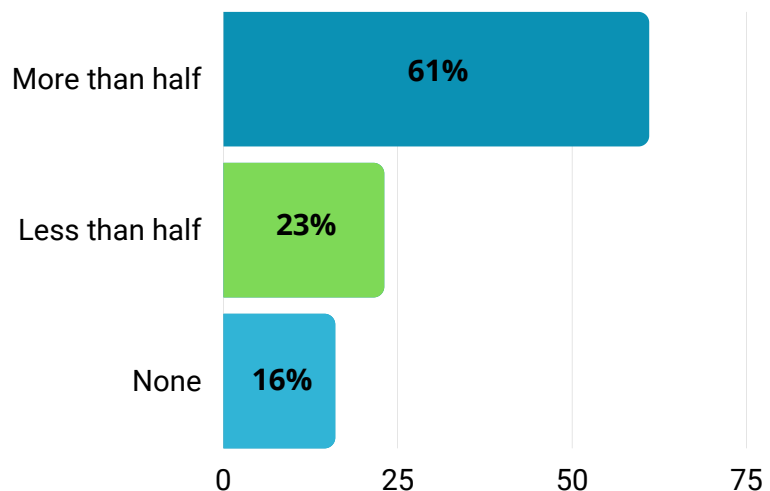
### WHICH WORK MODEL DO YOU PROJECT YOUR COMPANY'S STRUCTURE TO LEAN TOWARDS?



The hybrid model is paving the way for the winning return-to-work policy. 87% of respondents anticipated this is the policy their tax department will lean towards and to back that up, 84% of departments are already working via that structure.

### PERCENTAGE OF EMPLOYEES WORKING A HYBRID SCHEDULE

To back up the hybrid schedule preference from above, data from our survey of individuals who do not have the flexibility to offer remote, shows that 61% of respondents are working in a tax department following this structure. Only 16% of companies have no one working on a hybrid schedule.



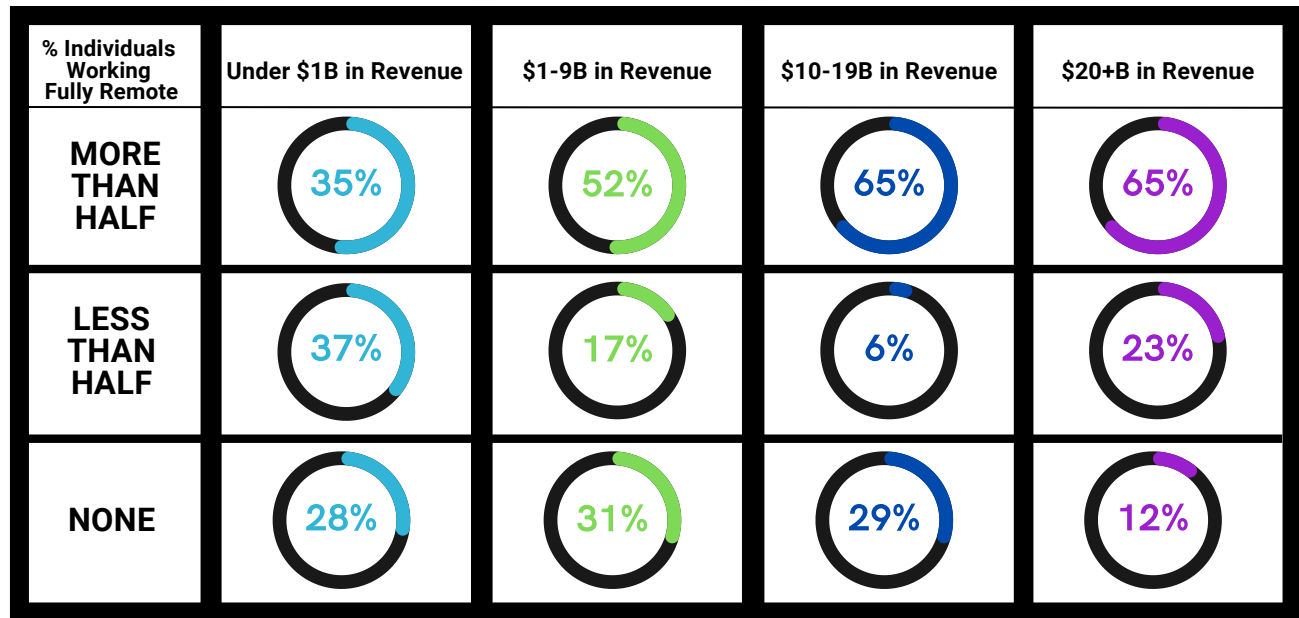


## 4 Return-to-Work Model Continued

Out of curiosity, we wanted to see this breakdown by company revenue to see if there was a trend based on size. The higher the revenue, the more individuals working on a hybrid schedule.

Let's compare this to how many are working fully remote....

**PERCENTAGE OF EMPLOYEES WORKING A HYBRID SCHEDULE - COMPANY REVENUE BREAKDOWN**



More than two-thirds of respondents report they have fully remote employees within their tax department. Only 31% answered that 0 individuals are working fully remote. This data shows that remote is still valued in the current market despite the significant number of departments following the hybrid schedule.

## 4 Return-to-Work Model Continued

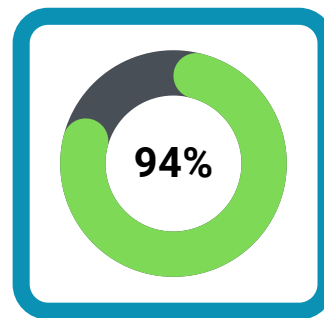
After drilling the data down further to see if there was a link between company revenue and the percentage of individuals who were working fully remote smaller revenue companies (Under \$1B) had a higher number of individuals working fully remote as opposed to the hybrid breakdown we previously discussed.

**PERCENTAGE OF EMPLOYEES WORKING FULLY REMOTE - COMPANY REVENUE BREAKDOWN**

% Individuals Working Fully Remote	Under \$1B in Revenue	\$1-9B in Revenue	\$10-19B in Revenue	\$20+B in Revenue
<b>MORE THAN HALF</b>	53%	39%	35%	26%
<b>LESS THAN HALF</b>	18%	30%	34%	48%
<b>NONE</b>	29%	31%	31%	26%

When asked how beneficial tax leaders believe it would be for recruitment and retention to offer fully-remote roles, 94% of respondents believe there is benefit in offering remote roles for recruitment and retention purposes. 5% responded there was some benefit, and only 1% said there would be no benefit.

**HOW BENEFICIAL DO YOU THINK IT WOULD BE FROM A RECRUITMENT AND RETENTION POINT OF VIEW IF YOU HAD FLEXIBILITY TO OFFER REMOTE ROLES?**

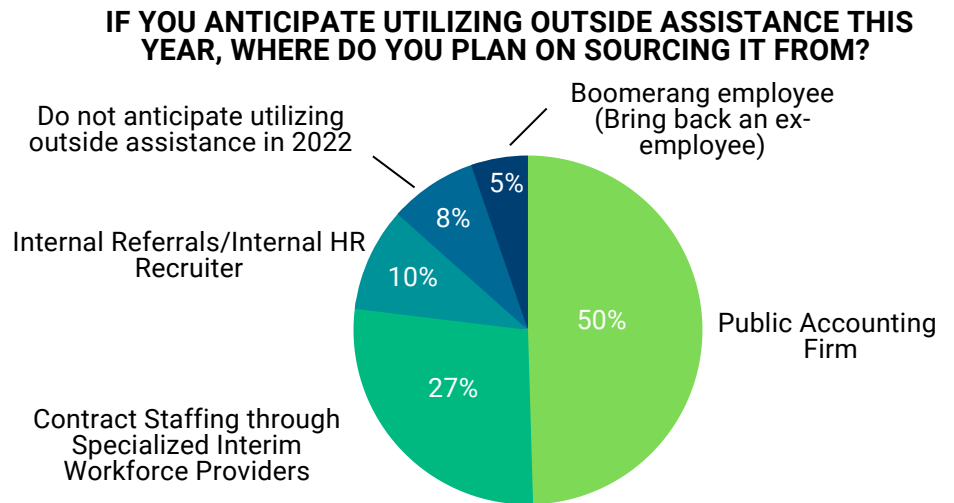


Surprisingly, 86% of Heads of Tax admit they would be at risk of turnover due to competitors who have flexibility to offer remote positions potentially recruiting from them.

## 5 Utilizing Outside Assistance

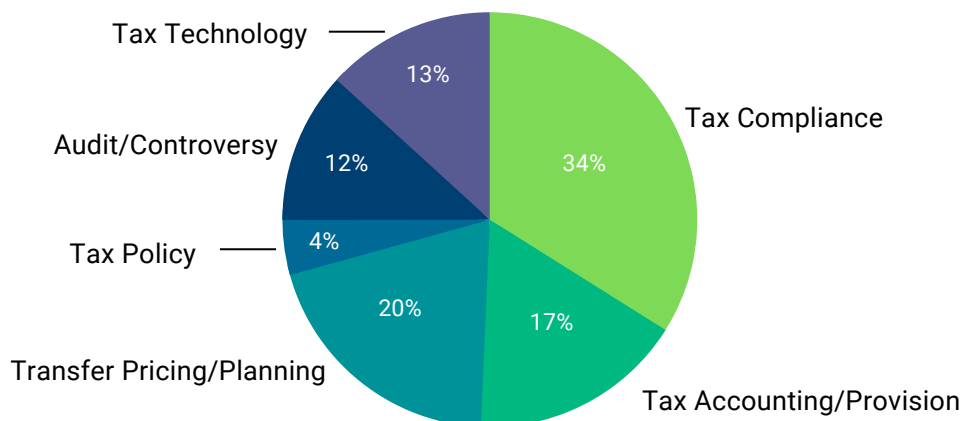
New data from this year's survey is showing a significant increase in the use of outside services. What's shocking about the data below is that **only 8%** of Heads of Tax do NOT anticipate utilizing outside assistance this year. That means 92% of companies will need help beyond their current team.

Last year, 74% of respondents were planning to utilize Public Accounting firms but this year, we are seeing a significant drop as the contract staffing and talent economy is booming with the increase in remote project work capability.



Similar to our question surrounding hiring needs for this year, Tax Compliance is leading the way in the area that departments are needing the most and added support for. That said, Transfer Pricing, Tax Planning, Tax Technology, and Tax Audit are areas we anticipate departments will need added support in.

### WHAT AREA(S) OF TAX ARE YOU FINDING THAT YOU NEED OUTSIDE ASSISTANCE IN?



## 5 Utilizing Outside Assistance Continued

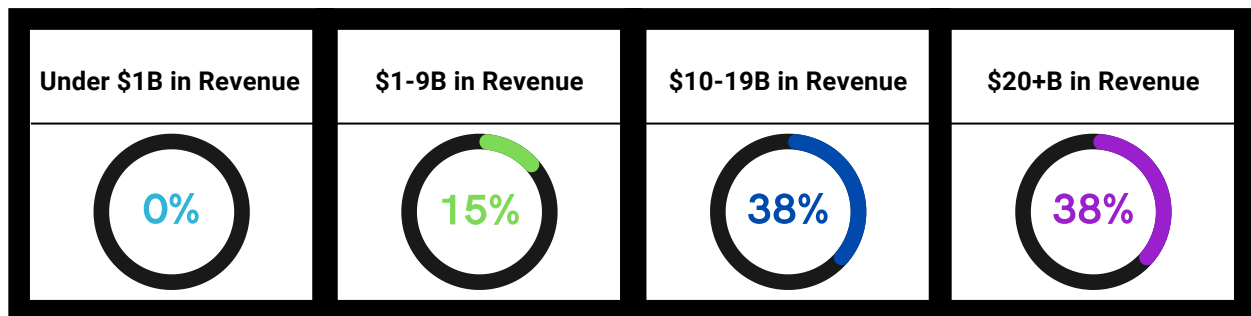


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With all of the advancements in tax technology, it makes sense that Tax Technology projects are popping up left and right. We asked our respondents whether or not they have a full-time dedicated tax technology leader in their departments to get a better idea. Out of those who do NOT have a dedicated tax technology individual (77%), half of them stated they do have a primary person who holds that responsibility. Out of that pool, only 7% spend more than half their time dedicated to tax technology.

We broke down the data from our respondents by revenue size and we were not surprised by the findings. The lower the revenue, the less likely the company was to have a dedicated tax technology individual. Heads of Tax surveyed at companies under \$1B did not have a dedicated tax technology individual at all. The chart below breaks this down further only proving the skill-gap in this area.

**COMPANIES WITH A FULL-TIME 100% DEDICATED TAX TECHNOLOGY LEADER IN THE DEPARTMENT?  
BY REVENUE**

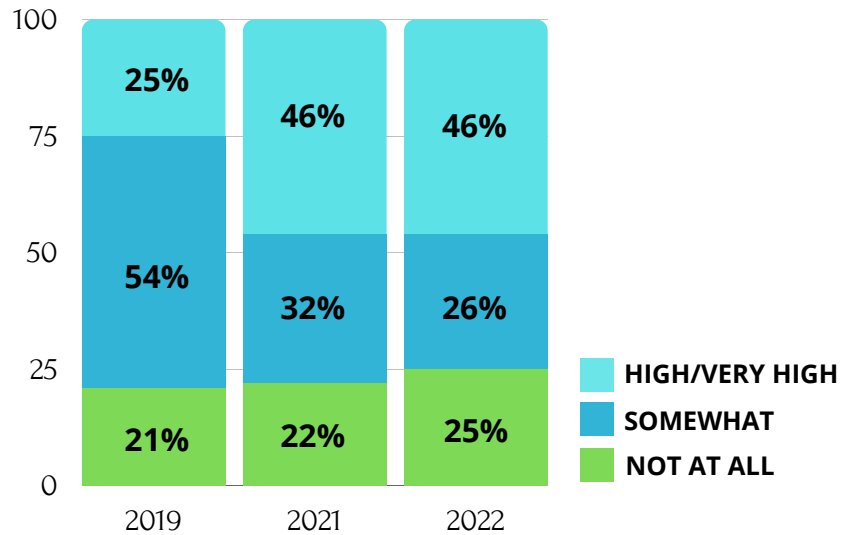




## Diversity Data

While this did not fall under our key takeaways for 2022, ESG and diversity in tax is an ongoing and open-ended topic. As data continues to show, ESG standards and diversity hiring puts added pressure on the already existing hiring and retention challenges in this industry. As seen in the chart below, the high/very high emphasis on diversity hiring is holding steady at 46% showing that the pressure is still on.

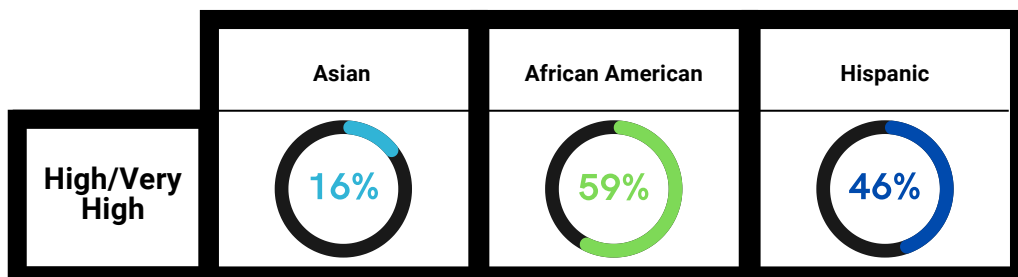
**THE DEGREE ESG STANDARDS HAVE PUT AN EMPHASIS ON DIVERSITY HIRING WITHIN TAX DEPARTMENTS**



75% of Heads of Tax answered that their company has diversity initiatives in place and when asked what specific steps their company was taking to ensure they have a diverse tax team, many of the responses were similar. The most common answers were the company’s internal interview panel must consist of diverse individuals prior to interviewing, and at the same time, the pool of candidates must be equally diverse, whether gender, racial, or both. That said, many respondents stated that they already have a diverse tax team.

When asked to rate the degree of difficulty hiring from the Asian, African American, and Hispanic diversity pools, African American and Hispanic came up as the most difficult. You can see the percentage of Heads of Tax who rated the difficulty of hiring from these pools as high/very high below.

**RATE THE DEGREE OF DIFFICULTY HIRING FROM THE FOLLOWING RACIAL DIVERSITY POOLS**



Staffing for in-house corporate tax departments is at an all-time high, and the sooner you understand this information, the sooner you can make educated decisions surrounding staffing and retention. As previously stated, we firmly believe some of this data to be dramatically understated as typically budgets for hiring are planned based on the previous year's needs.

Use the data from this report gathered straight from corporate Heads of Tax not only to educate your tax team, but also your HR and financial leadership on the current market's hiring and retention trends.

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