

Tax Hiring and Retention Oversights

Three Key Trends Most Employers Overlook

Three key trends will make attracting, retaining and developing tax talent harder than ever.

1. Demographic Shifts

Conservatively, over two-thirds of existing heads of tax are likely to retire in the next eight years, with the majority in the next four years. Compounding that, 52% of all current #2s are expected to follow suit in the same time-frame. This will quickly result in a significant shortfall of qualified tax leaders.

2. Technological Impacts

As rudimentary number-crunching and compliance tasks are automated, the decreased need for low or entry-level tax staff may discourage many up-and-coming accounting professionals from entering or remaining in tax.

3. Tax Reforms and Regulatory Changes

Along with the inherent challenges of understanding and implementing these new requirements, young talent may be discouraged from pursuing a career in tax; fearful their skills will soon become obsolete. Additionally, the global stimulus packages caused by COVID-19 will need to be paid for, creating even more pressure on regulations.

There's more to it than compensation and advancement opportunities. Read on to understand how these trends will impact your staffing efforts. [See the effects of COVID-19 has on on these trends.](#)

As a CFO or financial leader overseeing a tax function, time is money. When hiring and retaining tax talent, the focus is often on salaries and development, but three pivotal trends threaten to consume bandwidth and complicate these endeavors.

1. Demographic Shifts

Conservatively, over two-thirds of current U.S. tax leaders are likely to retire in the next eight years, with the majority expected to do so in the next four. Compounding that, 52% of all current #2s are likely to depart in the same time-frame.

Of the 48% of #2s remaining, many are unprepared for -- or unwilling to assume -- tough head of tax positions. As a result, the tax profession will soon face a significant leadership deficit. What's more, those #2s prepared to take the helm will be highly sought after and pursued by companies and competitors across the country. The nuances of this are explored in our in-depth white paper, [Keys to Avoiding Crisis as Corporate In-House Tax Leadership Prepares to Retire.](#)



TaxTalent, Inc. 3850 Bessemer Road . Suite 110 . Mount Pleasant . SC 29466 843.216.7444

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Meanwhile, the impending demographic shift will challenge both new and existing tax leaders to effectively motivate and manage the four unique generational groups now working in their tax departments. This doubtless people management/human capital headache will likely drive even more Baby Boomers into retirement. Our white paper, [Four Generations, One Tax Team](#), provides a deeper understanding of this significant upcoming shift.

2. Technological Impacts

Tax functions across the country are grappling with demands to quickly and efficiently integrate technological solutions into their functions. A January 2017 McKinsey Global Institute study suggests that at least a third of the tasks performed by 60% of the world's workforce can be automated. Tax and financial leaders are or will soon find themselves attempting to discern and select the best software solutions for automating their redundant compliance or number-crunching processes. However, doing so will likely further the impending people management/human capital crisis.

Specifically, fears that technology could render their newly acquired skills obsolete, we predict that fewer up-and-coming accounting students will gravitate toward or remain in tax. For a deeper understanding of these likely staffing challenges, see TaxTalent's [Your Next Big Tax Headache: It's Not What You Think](#).

3. Tax Reforms and Regulatory Changes

Tax functions across the country are wrestling with the unprecedented rate of legislative tax reforms and related regulatory pressures.

Along with the inherent challenges of understanding and implementing these new requirements, we believe potential tax professionals view these shifts as a potential threat.

As NGOs (Non-Governmental Organizations) work to streamline taxes and the global tax environment moves toward more straightforward, agreeable solutions, a widespread fear of skill obsolescence may arise amongst young people entering -- or even considering -- the tax profession.



All tax functions strive to attract, retain and develop exceptional talent. While already challenging, it's important to be aware of the influencing factors beyond salary, benefits and opportunities for advancement. Specifically, legislative and regulatory pressures, along with the push to integrate emerging technologies will complicate matters. Furthermore, the imminent retirement of the Baby Boomer generation will lead to significant demographic shifts that will further complicate the hiring and retention landscapes.

Seeking a macro-overview or targeted insight into your tax function planning needs? Contact Stephanie Conley at 843-216-6664 to arrange a mutually convenient phone appointment with TaxTalent president, Tony Santiago.

Pay it forward. Share this insight with another CFO or financial leader.



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3850 Bessemer Rd. Suite 110
Mount Pleasant, SC 29466
1-843-216-7444



843.216.7444

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