



2023

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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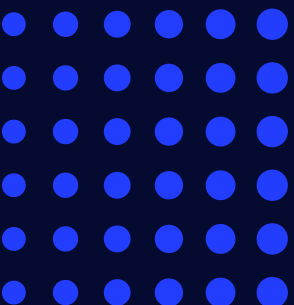
INTRODUCTION

The insight provided in this report should be used as a tool to educate HR and financial leadership on the top trends and uncertainties facing the tax hiring market.

TaxTalent's confidential tax hiring survey was sent to top tax leadership at corporate tax departments across the U.S. through the largest database of U.S. tax professionals. Survey participants were asked a series of questions surrounding hiring in 2023, the market outlook, work structure policies, diversity standards, interim staffing & outsourcing, and more. We analyzed the results and highlighted the most critical data points to be featured as our top five key takeaways.

While some of the responses we analyzed in this year's survey aligned with what we are witnessing at our client companies, we are troubled by the lack of concern most heads of tax seem to have when it comes to hiring under strenuous and uncertain market conditions. We are not in the clear yet, and the tax industry, especially, is facing tension in many facets.

**Keep in mind while you are reading that the responses to this annual assessment generally align with the previous year's budget. Keep this report and its findings in mind when looking to the future as you modify your budget and hiring plans for next year.





TOP FIVE KEY TAKEAWAYS FOR 2023

Every year, TaxTalent surveys top tax leadership in corporate tax departments to get an idea of the struggles they are experiencing firsthand. As we venture through 2023, the Year of Uncertainty, the data taken straight from top tax proves the uncertainty highlighted in our [2023 Global Tax Market Assessment](#) to be true.

Our teams at TaxSearch and TaxForce have selected the top five key takeaways to be the focus of the 13th Annual Tax Hiring Outlook, and in some way, each of them brings forth their own uncertainties.

1

HIRING IN 2023

Two-thirds of respondents are planning to hire 1-5 employees this year.

2

METHODS FOR RECRUITMENT

The usual methods for recruitment have declined overall since 2019, with 11% being uncertain about how they will recruit for their open roles. If two-thirds of respondents plan to hire, why is there a withdrawal from these top recruitment sources?

3

MARKET OUTLOOK

Salary and title inflation are here to stay with confidence in tax department compensation levels being at market dropping 21%. That said, these top tax leaders don't seem concerned about a potential recession on the horizon.

4

WORK STRUCTURE POLICIES

The data is pointing to hybrid work structures being the optimal working method once again.

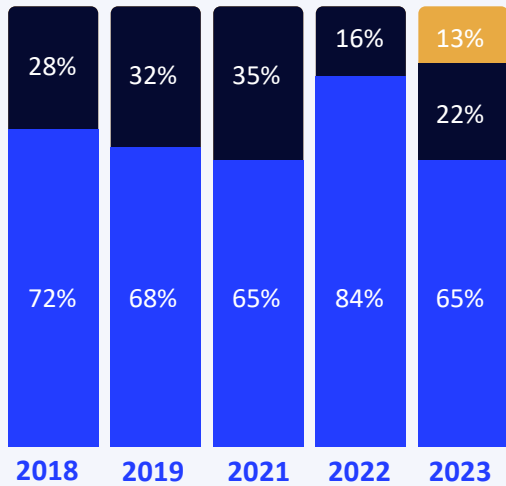
5

TAX TECHNOLOGY

Data is showing a lack of tax technology talent in the market overall.

HIRING IN 2023

Two-thirds of respondents are planning to hire 1-5 employees this year. While that's high, it's not surprising. On the other hand, 35% of respondents do not plan on hiring or are uncertain if they will be hiring at all. This is a pleasant surprise as the state of our current economic market would make us expect more hesitancy and uncertainty with those not hiring or uncertain.



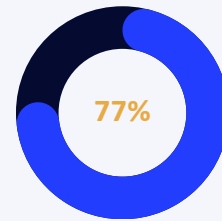
HIRING NEW EMPLOYEES IN 2023

- 65% OF RESPONDENTS SAY THEY ARE HIRING THIS YEAR
- 13% SAY THEY ARE UNCERTAIN IF THEY WILL BE HIRING
- 9% ARE HIRING FIVE OR MORE NEW EMPLOYEES



This year's survey asked several questions geared towards a potential recession, and we were surprised to observe confidence among heads of tax that their hiring, retention, and development practices would not be challenged under those circumstances. What's more optimistic than the 65% of tax leaders who are hiring in 2023? The **77% of top tax leaders who said they would not put hiring on hold** should a potential recession occur. The future looks bright for hiring in tax.

WHEN ASKED IF THEY WOULD PUT HIRING ON HOLD SHOULD A POTENTIAL RECESSION OCCUR, 77% STATED THEY WOULD NOT.



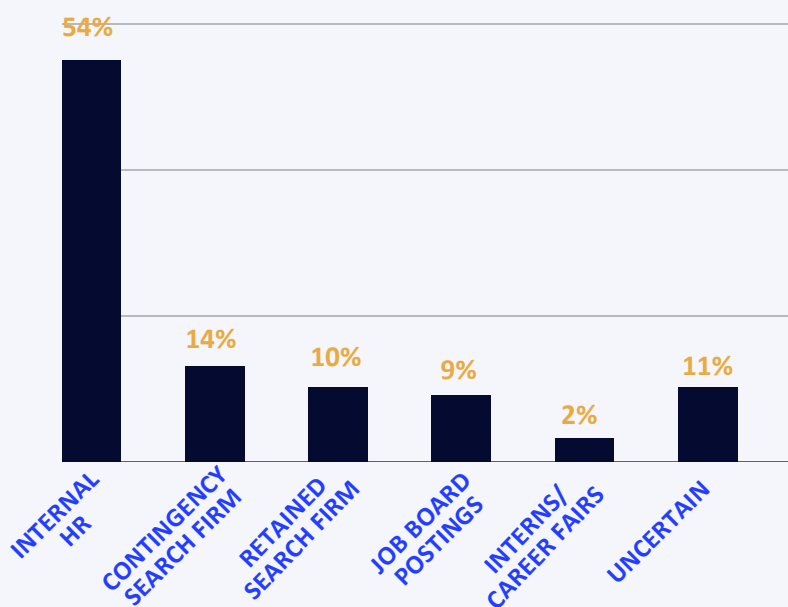
METHODS FOR RECRUITMENT

We were not surprised to see such low numbers across most of the typical methods of recruitment and we certainly were not surprised to learn that 11% of respondents are uncertain how they will recruit for open positions this year. We typically see this type of withdrawal when the perception is that the market may cycle down.

But if 65% of companies plan to hire at least one person in 2023 and all of these sources' percentages are down, how do they expect to hire them? Are they using fewer resources? Are they lacking the budget to get the help they really need?

Or are they simply uncertain? Is it safe to say that the data previously presented of 13% uncertain if they will hire at all in 2023 are likely those who are unsure of how they would source for the talent should they need it?

TOP SOURCES FOR RECRUITMENT OF OPEN POSITIONS

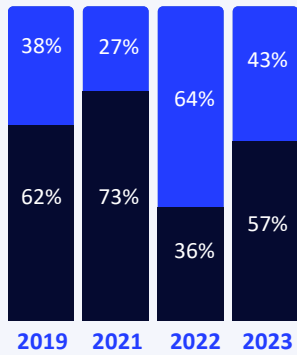


In an environment where hiring authorities probably need to get their searches done faster, the data shows that tax departments intend to rely on methods of recruiting that have historically been more time-consuming. Because of this, tax leaders need to keep this in mind when constructing an overall tax recruitment strategy. Having firm timeframes to see results while considering additional options to offset a potentially lengthy search (contract assistance, backup recruiting plan, etc.) will be critical to ensuring searches are both effective and efficient, as we expect more surprises than folks are preparing for.

MARKET OUTLOOK

A massive 82% of respondents believe that we will continue to see salary and title inflation throughout 2023, so it's no surprise that market conditions are making tax leaders question their department's compensation levels.

Yet even we were surprised to see such a dramatic increase to 57% of those who are NOT confident their tax department is compensated at current market standards. That's up 21% since 2022! (see graph)

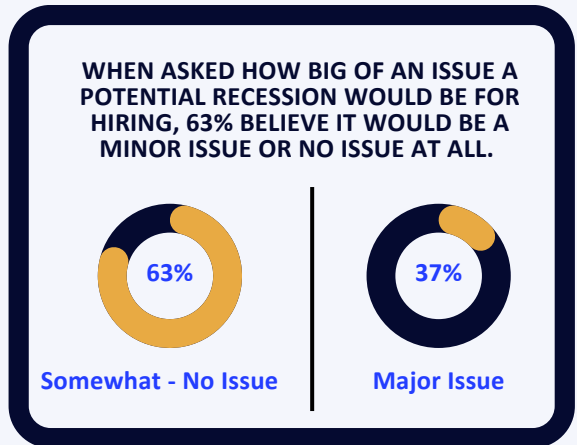


CONFIDENCE IN COMPENSATION

MORE RESPONDENTS HAVE LOST CONFIDENCE IN WHETHER OR NOT THEIR TEAM IS BEING COMPENSATED AT CURRENT MARKET STANDARDS.

- Confident their Team is Being Compensated at Market Standards
- Not Confident

On a brighter note, it was comforting to see that so many heads of tax (see chart to the right) do not believe a potential recession would have a major impact on their hiring and retention practices, and as we stated in the previous section, 77% say they will not put hiring on hold for any such reason. Based on that data, we do not expect a potential mild recession to greatly impact hiring in tax. If it becomes a hard landing recession, then of course tax will be impacted to a larger degree such as other professions.

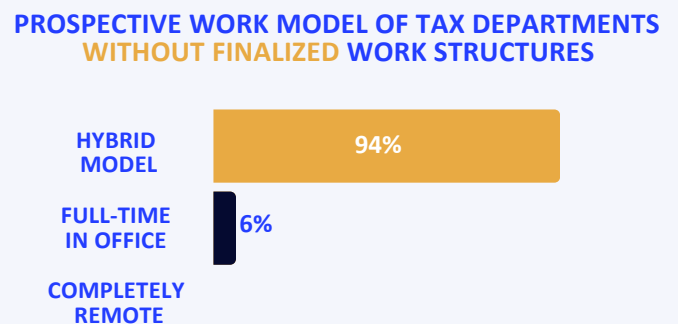
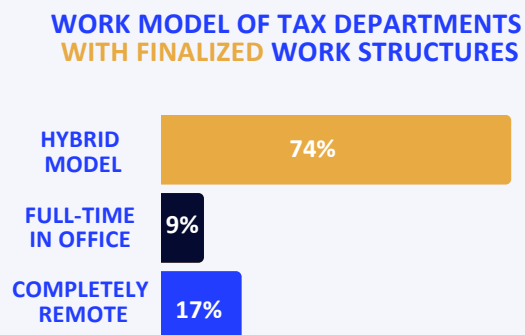


That said, *no matter which way the market goes, we believe these tax leaders have low expectations for what's to come.* So, do they have their heads in the sand, or are they just confident in how much work is coming, their resources, and how they can balance everything? We do not anticipate any relief to salary and title inflation this year and beyond, causing more pressure not only on hiring at market standards but also retaining (incentivizing) current team members at those same standards. Hopefully budgets and jobs don't get pulled or hit with layoffs, as we could see a potential downturn affecting tax differently than in the past.

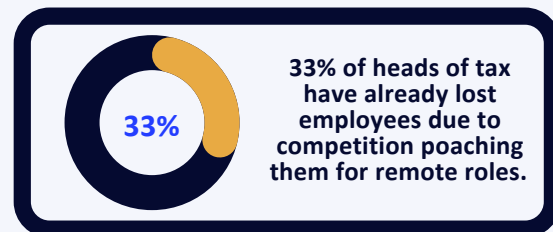
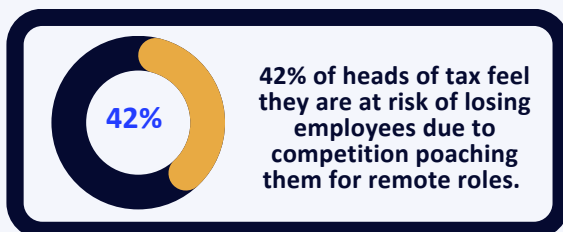
The good news is that there is a very positive outlook on hiring despite current market conditions and looming uncertainties. The bad news is that if there is a recession, everyone gets hit, including tax, and we seem to be in a little bit of denial.

WORK STRUCTURE POLICIES

Overall, data from the back-to-office section suggests that fully in-office and fully remote options are dwindling with **hybrid taking the win again this year**. The graphs below show the breakdown for those with finalized and unfinalized work structure policies. There were zero tax leaders without finalized structures that expected their work structure to move to remote and of those with finalized work structures, only 17% are working remotely.



What's more intriguing is when you consider these current or potential work structure policies and couple them with the data of those who have lost employees due to remote roles. **42% of respondents feel they are at risk of losing employees to companies offering remote positions, and 33% have already seen turnover in their departments due to competition poaching their employees while offering remote roles.** That is an astonishing number and should be presented to tax and HR leadership when educating on the uncertainties tax faces.

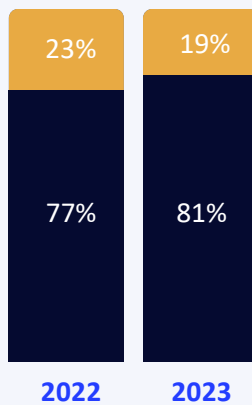


Was the turnover just the shakeout from the initial surge of remote roles and is it leveling off? Is it possible that since so few heads of tax from our survey are actually offering remote roles that this risk of employees being poached for remote roles will diminish? Or is it something like what we are seeing with our clients where they have intended jobs to be in office or hybrid but due to location or compensation, they are not able to hire? This is leaving them with no choice but to establish and offer remote roles so that they can keep up with competition and hire the talent they need.

TAX TECHNOLOGY

We were alarmed to see the data out of the tax technology section when taking into account how dependent tax is on it, especially given the context of supply and demand. The need to hire a primary technology individual tends to be a premium.

*If over 80% do not have dedicated tax technology leaders and half of those do not have anyone holding the primary responsibility, **that means nobody owns it.** That seems a bit odd and dangerous in this day and age when everyone is trying to do more with less.*



TAX TECHNOLOGY

81% OF TAX DEPARTMENTS STILL DO NOT HAVE A DEDICATED TAX TECHNOLOGY LEADER. HALF OF THOSE DEPARTMENTS DO NOT HAVE ANYONE HOLDING THE PRIMARY RESPONSIBILITY.

- Has a Dedicated Tax Technology Leader
- Do not have a Dedicated Tax Technology Leader

With so much demand for compliance and provision in permanent and interim staffing, leaders need to be thinking about adding technology and someone to lead it not just to get the work done but to help streamline it. The value of investing in a primary tax technology individual is great now but will only grow in importance as the years go on. Hire the talent now, before you have to pay a premium on it to get the help you need in the future.



SO, HOW CAN WE GET AHEAD?

So how can tax leaders get ahead of all of this uncertainty they are clearly experiencing in their tax departments? This information should be utilized in the current market to educate HR and financial leadership to support resources needed to retain and develop current team members and add headcount in critical areas.



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