



2024

TAX HIRING OUTLOOK

WILL THIS BE THE YEAR OF SURPRISES FOR TAX LEADERS?

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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2024 TAX HIRING OUTLOOK

EXECUTIVE SUMMARY

Conducted through TaxTalent's confidential tax hiring survey, responses were gathered from approximately 250 members of top tax leadership within corporate tax departments across the U.S. utilizing the largest database of U.S. tax professionals. Participants were surveyed on various aspects, including hiring in 2024, market outlook, work structure policies, diversity standards, and interim staffing & outsourcing practices. The insights provided in this report serve as essential guidance to educate HR and financial leadership on the prevailing trends and uncertainties shaping the tax hiring market in 2024.

After reviewing the 2024 tax hiring survey data, we noticed an overarching theme. Tax leaders are underestimating hiring in 2024, but we predict that hiring will be even more challenging and more robust than tax leaders anticipate due to many known factors and some surprises that may not be accounted for.

Through meticulous analysis, we have distilled the findings into the top five key takeaways listed below, highlighting critical data points to be aware of.



Hiring in 2024

Tax leaders are telling us in their responses that they expect less hiring to take place in 2024. We believe this data is underrepresented as unexpected turnover and some additional surprises are not being accounted for. With the supply and demand issues we currently face in tax, we expect more hiring this year and expect it to be a challenge due to the various factors including but not limited to salary and title inflation, unexpected turnover, competition trying to hire the same top talent, the captive labor pool in tax, and more.



Confidence in Compensation

Compensation emerges as a critical concern for tax hiring authorities, with a significant proportion feeling their teams are under-compensated. Coupled with the anticipation of continued salary inflation, this underscores the importance of aligning compensation with market standards to retain top talent amidst supply challenges in the industry.



Top Three Functional Areas for 2024

In 2024, Tax Accounting claims the top spot post-tax reform, while finally, the demand for Tax Technology talent takes the #2 spot! Unsurprisingly, tax planning is rising, coming in third as the most in-demand functional area for hiring this year.

2024 TAX HIRING OUTLOOK

EXECUTIVE SUMMARY

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Permanent Hiring and Tax Budget Impacts in 2024

Tax leaders anticipate reductions in consulting budgets and potential hiring freezes in 2024. This market tension prompts concern about unforeseen turnover, and exposes a need for tax leaders to strategize workload management within budget limits.

5

Impact of Retirements on Tax Departments

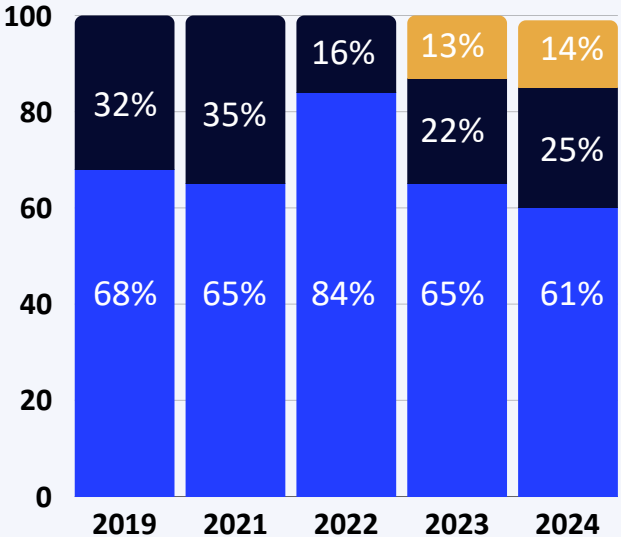
Despite a surprising number of respondents not expecting retirements to affect their tax function in 2024, data from the TaxTalent database reveals that baby boomers still hold a significant amount of corporate #1 tax positions, with over a third of them being 60 years old or older. This suggests an underestimation of the anticipated impact of retirements.

As we dive into the anticipated hiring landscape for 2024, it is increasingly evident that tax departments are navigating a multifaceted terrain full of challenges and opportunities related to economic, demographic, and organizational dynamics, which are shaping the strategies and priorities of tax departments across industries. The tensions within the tax industry indicate a need for proactive approaches to navigate the complexities of the current environment. It has become increasingly clear that collaborative efforts across financial, HR, and tax leadership domains are essential to navigate the complexities of the hiring landscape in 2024. By fostering strategic partnerships and leveraging data-driven insights, tax departments can position themselves to adapt, innovate, and thrive amidst the evolving conditions of the tax industry.

We will host a public webinar surrounding this data, how it relates to the hiring trends we are seeing firsthand, and how you can prepare for what is likely to happen as predicted in this year's report on March 26th at 1:00 pm EST. [Register here.](#)

HIRING IN 2024

Results from this year's tax hiring survey show that 61% of tax departments plan to hire in 2024, the lowest number of hiring we have seen since 2019, while a quarter expect they will not be hiring at all. 14% are uncertain if they will or will not be hiring, representing the highest number of uncertainties in hiring since 2019. Several factors lead us to believe we are underestimating the amount of hiring that will happen.



HIRING NEW EMPLOYEES IN 2024

- Out of the 61% hiring this year, 9% are hiring 5 or more employees
- 14% say they are uncertain if they will be hiring



The responses from this year’s survey illustrate that tax leaders are not in alignment with what the fundamentals are telling us and potential surprises that may occur. As you read through this year’s Tax Hiring Outlook, you will see data points like the ones below that reinforce the necessity of more hiring in 2024 as we highlight issues like compensation standards, budget constraints, and retirements.

1. Tax leaders are **not** confident in current compensation standards and, at the same time, expect continued salary and title inflation in 2024.
2. When asked the top three most important functional areas to hire for in 2024, tax leaders voted Tax Technology as #2, **but where will those people come from?** This talent pool is already so small that demand will be at an all-time high.
3. New data from this survey shows that tax leaders expect budgets to be impacted with potential hiring freezes in the mix, typically leading to *longer hours and a drop in employee satisfaction*.
4. The demographic crisis is poised to significantly influence hiring needs, mainly as essential *institutional knowledge exits with retiring employees, prompting a rush to fill crucial roles with one or multiple individuals*. Data from TaxTalent's database of corporate tax professionals shows that retirements are still ongoing, and we can expect turnover at all levels within tax departments. You can view the latest data surrounding this topic in a later section when we discuss the impact of retirements on tax departments in 2024.

HIRING IN 2024 CONTINUED

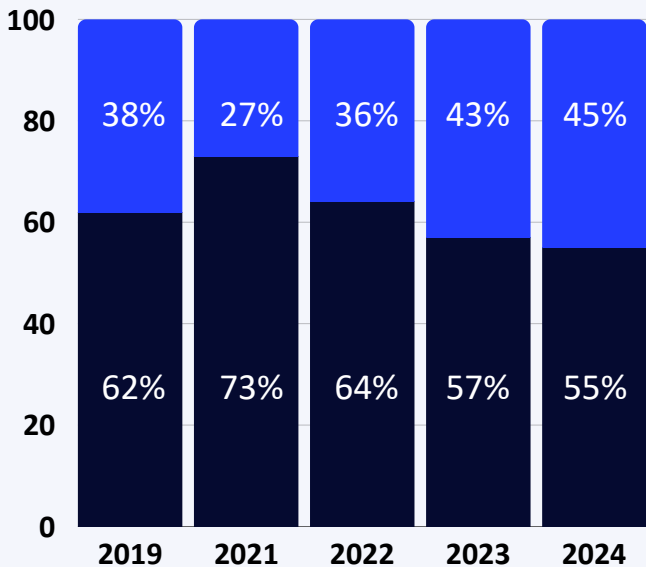
What do all of these factors, expected and unexpected, lead to? **Unexpected turnover! Which often results in more hiring!**

A potential uptick in hiring rates could exacerbate the challenge of candidate sourcing, intensifying competition for top-tier talent. That, compounded by an already diminished supply of top-tier talent (due to our captive labor pool in tax and historically low accounting graduates), means the current tax hiring landscape is set to become increasingly demanding, particularly for critical roles, with no relief in sight.

2024 may be the year of surprises for tax departments as many data points do not show concern for unexpected turnover. The report reinforces this point with the overarching theme of an increased need for hiring (and retention) in 2024. There are many steps that can be taken to prepare for some of these surprises, which we will break down later in this report.

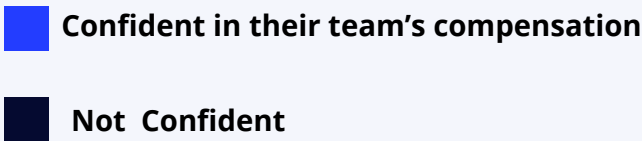
CONFIDENCE IN COMPENSATION

Compensation is a major consideration for tax hiring authorities when attracting talent for critical roles. A significant 55% of tax leaders believe their current tax team is not being compensated according to current market trends.



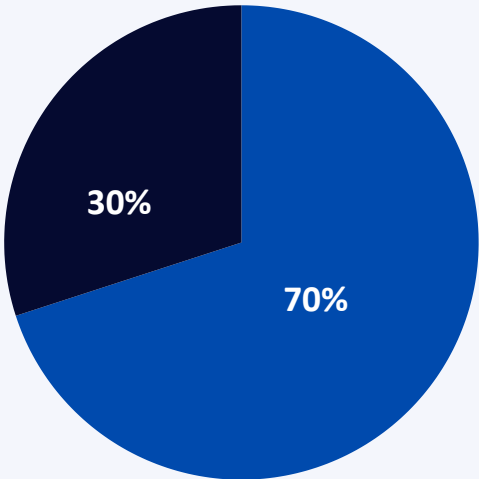
CONFIDENCE IN COMPENSATION

In 2024, 55% of tax leaders are not confident their team is being compensated at market standards



CONFIDENCE IN COMPENSATION CONTINUED

This fact, coupled with an overwhelming 70% of tax leaders foreseeing continued salary and title inflation in the present economic climate, creates a cloud of uncertainty that still looms large.



SALARY AND TITLE INFLATION

70% of tax leaders are still concerned about salary and title inflation in 2024.

- Believe salary and title inflation will continue
- Believe salary and title inflation will not continue

This situation presents a double challenge: if tax leaders perceive their current tax department as not meeting market compensation standards, and there's a widespread expectation of salary and title inflation, it's highly probable that top employees within these departments could be enticed by higher-level positions offering better compensation packages. The supply issues confronting the tax sector, particularly due to the retirement of baby boomers and the demographic shift towards Gen Xers, further emphasize the necessity of aligning compensation with market standards.

It is imperative that departments collaborate with financial leadership and HR to ensure their tax teams are compensated at market value. Given the intense competition for quality talent, particularly within the confined labor pool of tax, and the widespread pursuit of top talent, there's no way to sidestep this issue. More often than not, tax leaders may find themselves having to offer a new employee the market salary anyway if they lose a current employee.

Our advice for tax leaders?




While this report will dive into additional solutions to combat compensation issues, **both you and your employees must be fairly compensated for the value you provide.**



TOP THREE FUNCTIONAL AREAS FOR 2024

When asked to name the top three most important functional areas for tax department hiring and development in 2024, tax accounting is number one this year. Surprisingly, this category has ascended the ranks from number three in 2021 to number two in the following years and has now claimed the top spot at number one. Contrary to expectations that tax accounting would decline, the complexities introduced post-tax reform have increased its prominence. This is further amplified by accounting firms adopting more stringent and thorough financial audits.

MOST CRITICAL FUNCTIONAL AREAS IN TAX FOR HIRING THIS YEAR

	2024	2023
	TAX ACCOUNTING	TAX COMPLIANCE
	TAX TECHNOLOGY	TAX ACCOUNTING
	TAX PLANNING	TAX TECHNOLOGY

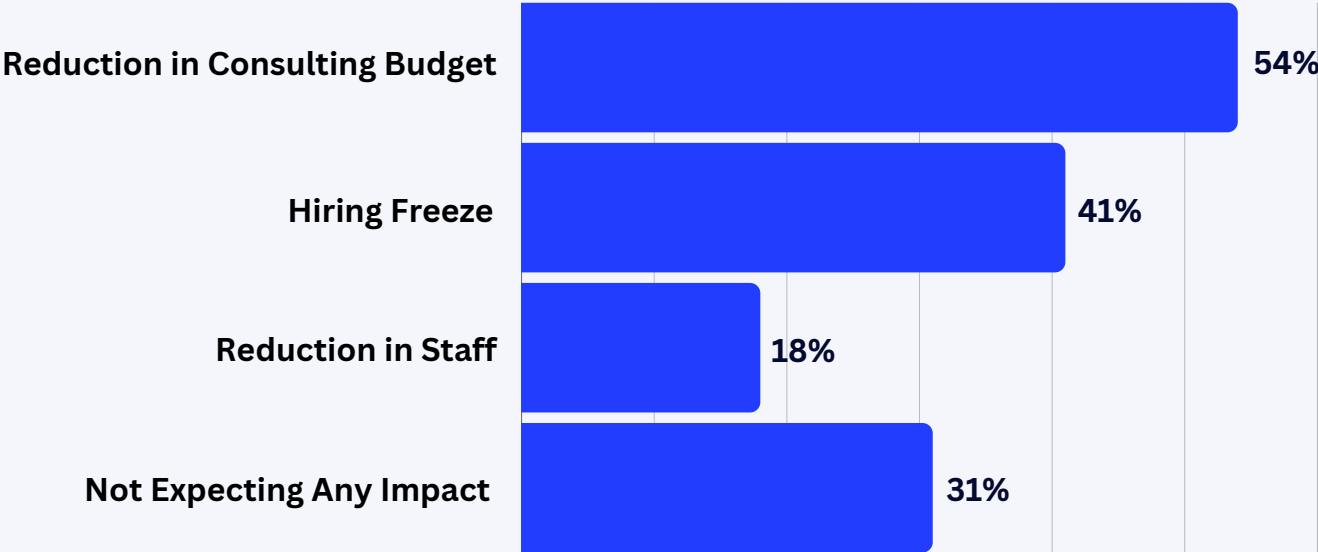
Meanwhile, the rise of tax technology to the number two position is also a notable development. Over the past three years, demand for tax technology has grown, climbing from fourth to second place. As mentioned in the previous section surrounding hiring in 2024, while the demand for this functional area is at an all-time high, where do tax leaders plan to hire these individuals with such a low supply? Could this add to the unexpected hiring/turnover trend we are anticipating?

Planning and transfer pricing are closely aligned in importance with compliance, ranking third and fourth, respectively. In the future, audit/controversy and tax policy are expected to rise in significance as financial re-engineering opportunities in tax diminish and influencing skills in tax policy and controversy gain value. Policy will become a key area for managing tax rates in the long term, and the anticipated increase in audits, particularly around transfer pricing issues, will also impact this area. Currently, tax policy is less prominent, but it is expected to gain more attention and staffing focus, similar to the growth observed in tax technology.

PERMANENT HIRING AND TAX BUDGET IMPACTS IN 2024

One of the key takeaways from this year's Tax Hiring Survey was the fact that top tax leaders expect reductions in consulting budgets and the possibility of hiring freezes to impact their tax departments in 2024. As shown below, a whopping 54% of tax leaders expect consulting budgets to be affected this year, with potential hiring freezes a concern for 41%.

POTENTIAL IMPACTS ON PERMANENT HIRING OR CONSULTING BUDGET PRESSURES IN 2024



****For this question, we allowed multiple choice, so calculations are based on multiple selections. Due to this, the total will equal more than 100%****

While on the surface, this expectation is not surprising given some of the economic and political challenges facing the U.S., other data points in the survey lead us to believe that some severe tension is being created in the market.

First, we anticipate that unexpected turnover is likely to occur. As previously mentioned, two-thirds of respondents expect to hire between 1 and 5 people at some point during 2024, but how those positions are backfilled remains a question if hiring freezes and budget reductions are indeed enacted. We suspect that many tax leaders do not believe their department will be impacted by poaching talent from their teams. Due to the captive labor pool, the likelihood that these tax leaders' current tax team will be a target remains just as high in 2024 as in previous years.

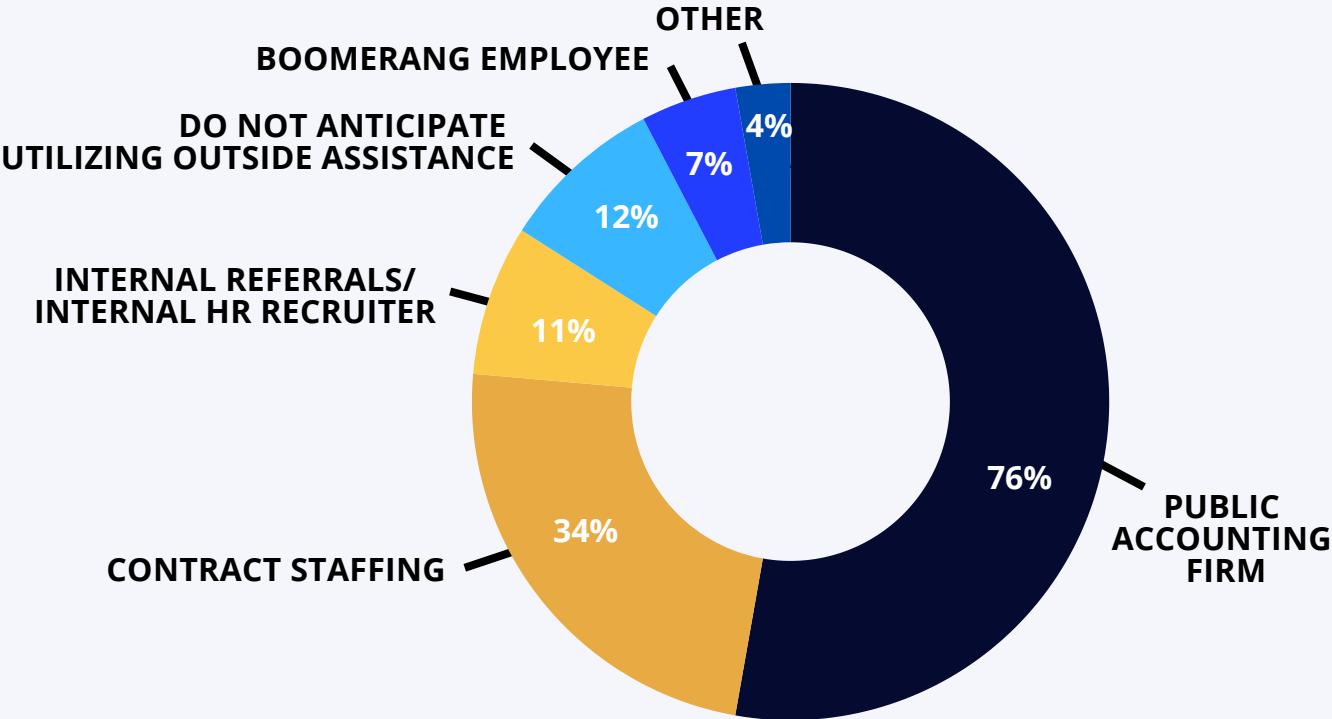
PERMANENT HIRING AND TAX BUDGET IMPACTS IN 2024 CONTINUED

This means tax leaders must continue to meet regularly with their internal staff to determine where the risks of departures lie, and they meet with Financial and HR leadership regularly to educate them on the supply and demand constraints still facing the profession.

On the budget front, preparations for mid-year budget increases or overages are even more likely if hiring freezes indeed impact permanent hiring as expected. If hiring permanent employees is paused in some companies, how else will the work get completed if additional consulting resources are not provided? Tax leaders will be faced with a tough choice: continue to ask their employees to do more with less and risk losing more team members due to burnout OR fight the battle head-on, but do so by looking at how the consulting budget can be maximized.

In this scenario, using the gig economy via independent contractors has been a savior for progressive tax leaders who want to get more work done to increase consulting budget spending. As shown in the chart below, **34% of departments planning to utilize outside assistance in 2024 anticipate using this route to fill the gaps.**

SOURCES OF OUTSIDE ASSISTANCE BEING UTILIZED IN 2024

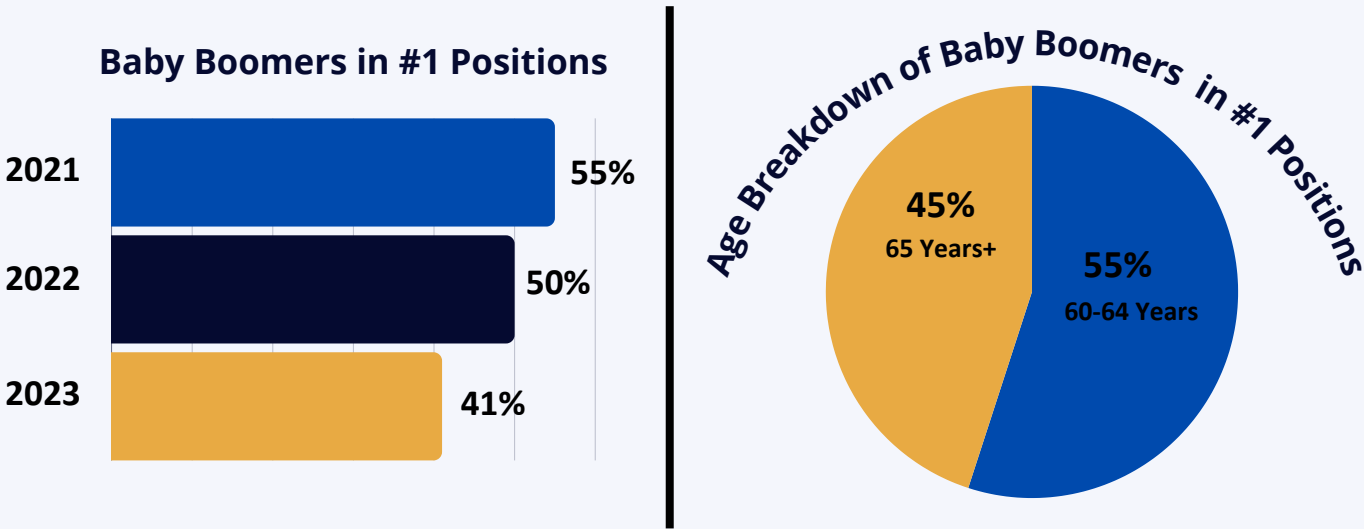


For this question, we allowed multiple choice, so calculations are based on multiple selections. Due to this, the total will equal more than 100%

IMPACT OF RETIREMENTS ON TAX DEPARTMENTS

Somewhat surprisingly, 77% of respondents do not anticipate retirements to affect their tax function in 2024.

However, as stated in our [Global Tax Market Assessment](#) released in January 2024, baby boomers still comprise 41% of the corporate #1 tax positions nationwide. Furthermore, over one-third of the boomers still left in the market are 60 years old (40% of that pool are 65 and older)!



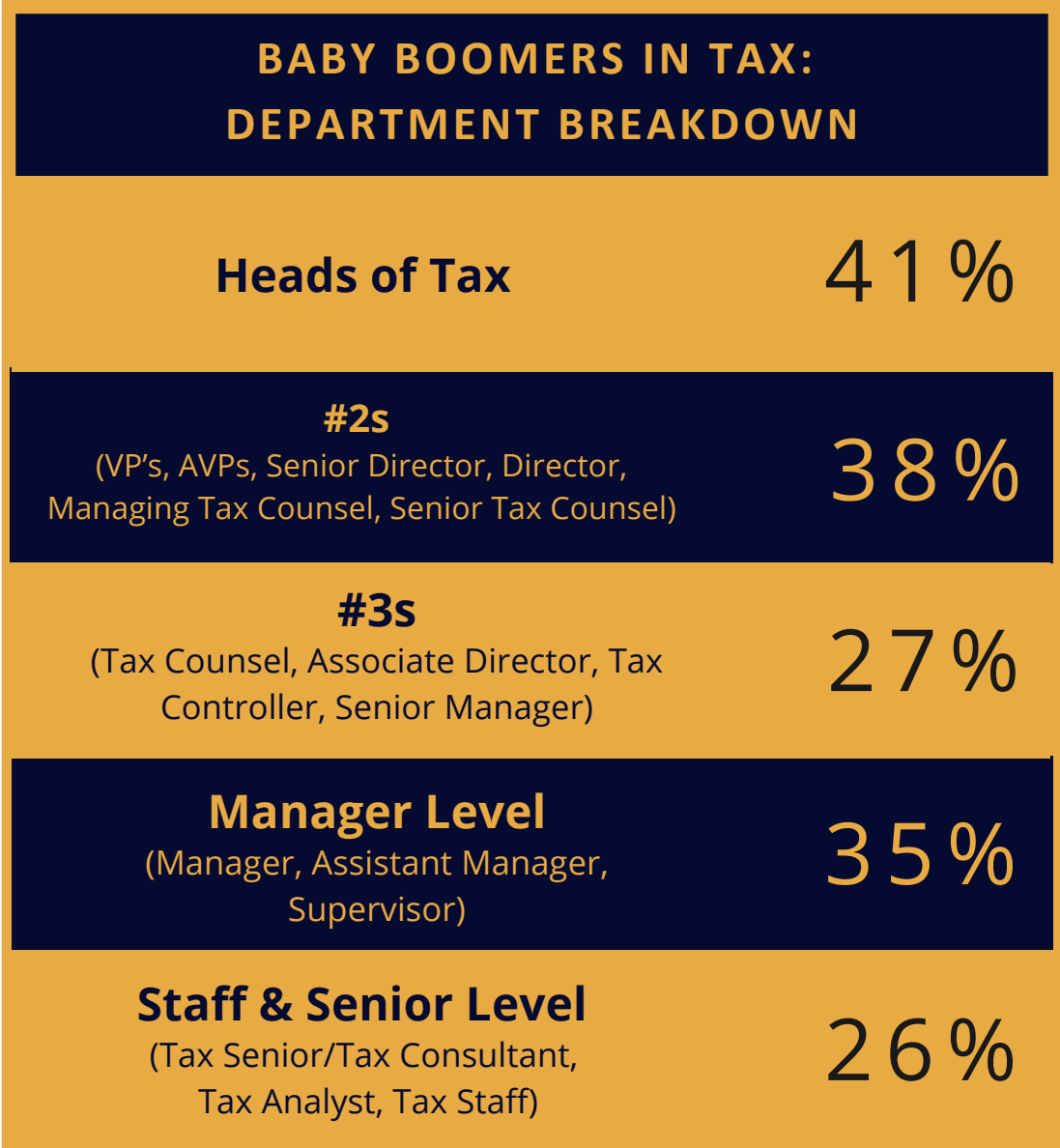
According to our data, the 77% of respondents not anticipating retirements does not mirror the impact we are expecting. While we are still determining why there is so much positive sentiment about the impact retirements will have in 2024, it is clear we believe there is an underestimation of the number of retirements that are anticipated.

For those who are anticipating retirements, there is still a heavier weighting towards positions at the #1 and #2 levels, but, notably, respondents are anticipating retirements at lower levels as well. 40% of tax leaders are anticipating Senior Manager and Manager level retirements.

The latest breakdown of baby boomers across all tax positions in the tax department is shown on the next page, displaying that there are, in fact, many additional baby boomers predicted to retire over the next few years.

IMPACT OF RETIREMENTS ON TAX DEPARTMENTS CONTINUED

This department breakdown aligns with our expectation that the longer we navigate the boomer exit, the more retirements we will see at the mid-management level. This is true for a variety of factors, but most notably, it is this cohort that has not been able to build as much wealth as quickly at this position due to lower bonus targets and inconsistency (and lower amounts) of equity being granted.



The solutions we propose in the next section will help prepare for these issues and the unexpected turnover that could come as a result.

HOW CAN WE GET AHEAD?

Tax departments need to be nimble in their approach to hiring in 2024 but still have a plan in place to help lower the impact of any surprises. Based on the overall data from this year's survey, we have compiled some action steps below to aid in reducing the effects of potential turnover. To proactively address the challenges and capitalize on opportunities in the tax hiring landscape of 2024, several strategic actions can be taken to help insulate you from these hiring challenges. However, **the talent acquisition strategy may be the most important.**



Given the continued supply issues and heightened competition for top-tier talent, organizations should often revisit and refine their talent acquisition strategies. This should begin with a tax department assessment to determine the needs and risks, which should be evaluated constantly due to the evolving market and work policy implications. Overall, recruitment strategies and processes should be effective and include leveraging the appropriate mediums for candidate sourcing (networking on LinkedIn, posting to tax job boards, etc.), implementing robust employer branding initiatives, and enhancing the process to secure skilled professionals amidst increasing competition. Some steps tax leaders can take include:

- Make sure all hiring authorities are on the same page with the desired candidate profile before going to the market.
- Write job ads geared towards attracting the younger generations utilizing video and audio and showcase why the ideal candidate would be attracted to that specific role.
- Shorten the interview process. Don't wait to shop around; be ready to move quickly. The market data tells us that we are in a more stable hiring market but still leaning more towards a candidate-driven market, which gives candidates the upper hand in the roles they decide to take on.
- During the hiring process, keeping communication open by providing appropriate feedback and ensuring the candidate's needs are being met should be a top priority in a candidate-driven market.
- Be prepared for counter-offers and competing offers throughout the interview process. Ask the candidates to be honest about other opportunities they are interviewing for and the timing, and tell them you want the best for them.

HOW CAN WE GET AHEAD? (CONTINUED)

Other approaches tax leaders can utilize to become more effective in their hiring are:



1. **Compensation Benchmarking and Adjustment:** Tax leaders need to recognize the critical role of compensation in talent attraction and retention and conduct regular benchmarking exercises to ensure their compensation packages remain competitive in the market. *It is crucial to collect good data before starting a search and to benchmark these tax roles to apple-to-apple comparatives, not IT, engineering, or business operational roles.* Generic studies rely on the assumption that all job titles have the same job responsibilities and compensation levels. Salary data from benchmarking studies should reflect real-world compensation levels based on matching data like positions, experience, and situational circumstances within the tax department that could affect compensation. Collaborating with financial leadership and HR to align compensation with industry standards is imperative to mitigate the risk of losing valuable talent to competitors offering better remuneration packages.



2. **Strategic Workforce Planning:** With the continuing demographic crisis and ongoing retirement surge, organizations should adopt a proactive approach to workforce planning. This involves *identifying critical roles vulnerable to talent shortages and developing succession plans to mitigate the impact of retirements.* Investing in training and development programs to advance existing employees and nurture internal talent pipelines can help address succession gaps and minimize disruptions to operations.



3. **Budget Optimization and Flexible Staffing Solutions:** In light of potential reductions in consulting budgets and hiring freezes, *tax leaders should explore innovative budget optimization strategies and embrace flexible staffing solutions.* When tax leaders feel they cannot hire, leveraging the gig economy through independent contractors via third-party providers can provide a cost-effective alternative to traditional hiring, allowing organizations to augment their workforce as needed without committing to long-term financial obligations.



4. **Knowledge Transfer:** Recognizing the imminent departure of experienced employees with valuable institutional knowledge, organizations should *prioritize knowledge transfer initiatives to capture and preserve critical expertise.* Succession planning should be at the forefront in order for tax leaders to determine who potential succession planning candidates are, who is at risk of leaving, and determine any additional retention or performance risks. Additionally, implementing mentorship programs, knowledge-sharing platforms, and documentation processes can facilitate seamless knowledge transfer and mitigate the impact of retirements on organizational productivity and continuity.

HOW CAN WE GET AHEAD? (CONTINUED)

As previously stated, being nimble and agile during the hiring process will be vital to managing the tax department's hiring process throughout 2024 and beyond. By implementing these strategic initiatives, organizations can position themselves to effectively navigate the complexities of the tax hiring landscape and capitalize on emerging opportunities for talent acquisition and retention. 2024 does not have to be the year of surprises despite the disconnect we discovered from our survey results.



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