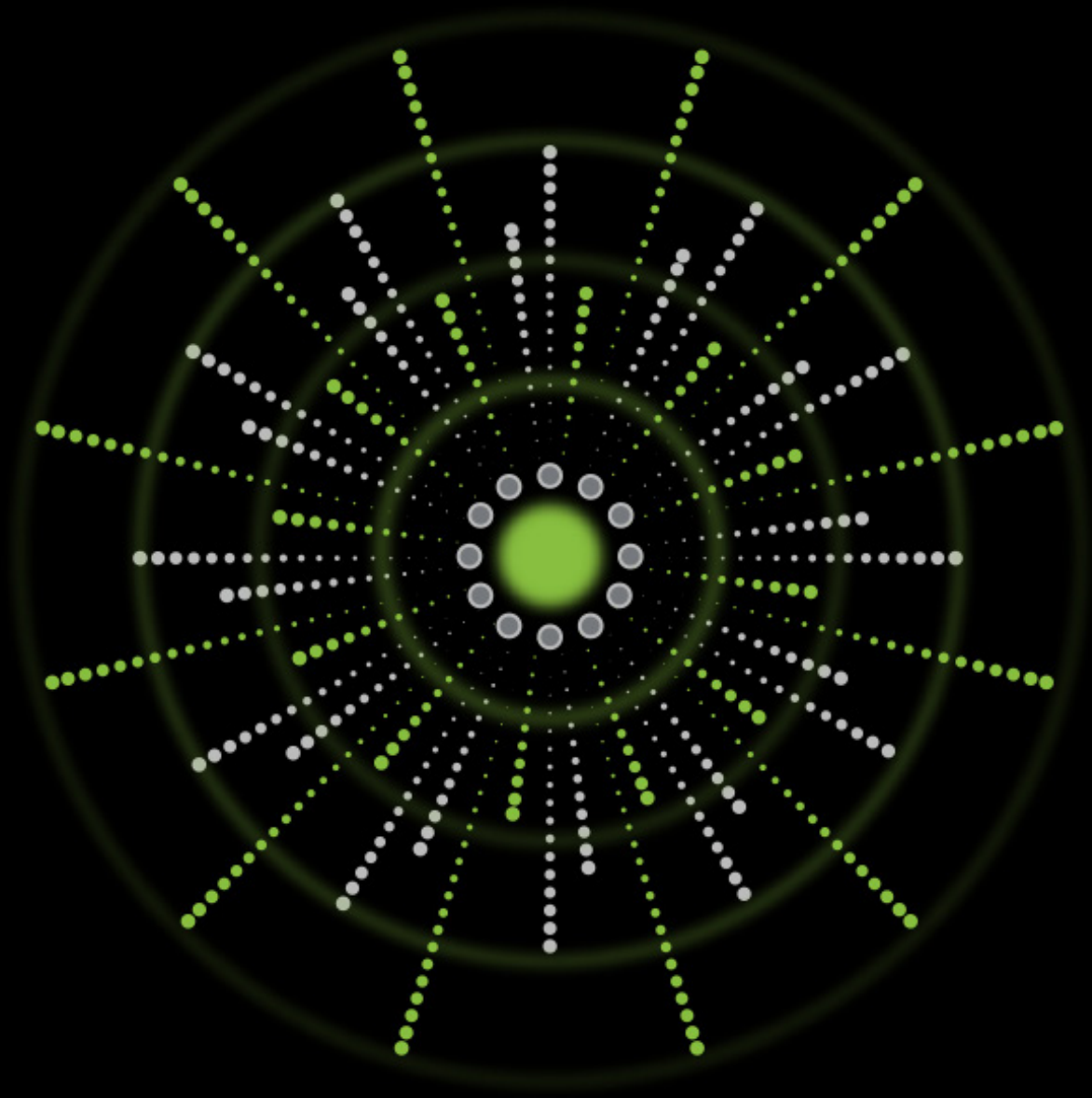


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**Tax professional of the future:
Developing and sourcing next-gen
skill sets for your tax department**

Global tax management survey



Introduction

While leaders of global tax organizations address the pressing challenges of ever-shifting regulatory requirements, fast-paced changes in technology, and data overload, they are also tasked with addressing the human side of the equation—that is, a looming shortage of qualified tax talent. At the same time, disruption and economic impacts from the global pandemic are likely to heighten the challenges of tax talent management.

According to Deloitte’s latest [Global Tax Management survey \(the Survey\)](#), many tax leaders already understand the importance of a strong team: “Getting the right talent and resources in place” now ranks on a similar level to more long-held priorities, such as improving process efficiency and driving value and insight. But a decreasing pool of available talent, combined with changing skill set requirements for tax professionals, is making it more difficult for global tax leaders to effectively build the teams they need.

What's more, heightened C-suite expectations for tax functions to deliver more value are driving the need for skills beyond those traditionally seen in tax. As routine tasks increasingly become automated, there is a call for tax professionals to become strategic advisers to the business by bringing valuable insights to the table. CFOs interviewed for the Survey highlighted the need for a wider skill set, such as greater strategic and commercial focus, as well as more fluency with technology.

Let's take a closer look at the future of tax talent—and how tax leaders can respond to the changes by appropriately sourcing and developing the tax skills they will need in the years to come.



Virtual workforce considerations

The pressures from the pandemic add to the concerns tax leaders face regarding their tax talent. [Supporting a virtual workforce](#) has been paramount, and it will continue to be a priority as organizations move to recover and thrive in an uncertain environment. It is critical that an organization's data, technologies, and processes are aligned and easily accessible for professionals to use when working remotely. At the same time, more companies are looking outside their organizations to achieve a more agile, scalable model. Organizations will have different needs, but it is important to consider the new realities of the increasingly virtual workforce and workplace in any talent strategies.

New talent, new skills needed

In tax functions around the world, a majority of current tax leaders are reaching retirement age. According to US public data platform [Data USA](#), 64 percent of heads of tax are over the age of 55, 52 percent of their seconds-in-command are over 55, and the average retirement age for tax leaders is 61.5. These statistics point to a growing need for businesses to find—and groom—the next generation of [tax leaders](#).

As tax organizations embrace technology to respond to new regulatory requirements, such as real-time reporting, and add more value to the business, the roles of tax professionals are changing. While tax technical skills will remain a critical priority for the function, data management skills will grow in importance. Increasingly, tax professionals will be expected to analyze the vast data sets available in their businesses and suggest improvements to their tax plans and business strategies. Other skills that have traditionally been a lower priority in tax, including global project management, process optimization, and technology application, will be increasingly necessary in the tax function of the future.

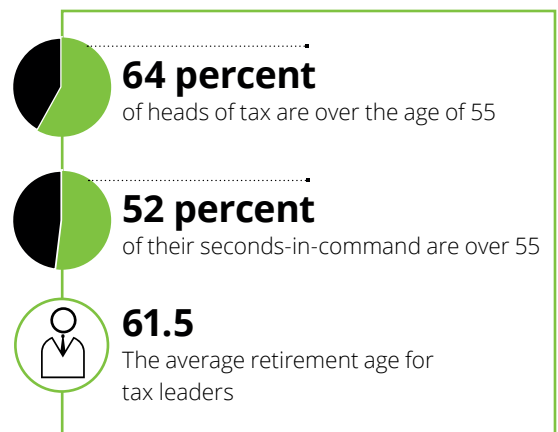
This trend is supported by feedback from CFOs interviewed in the Survey. They are looking for skills related to leveraging technology and analyzing available data so the tax function can provide strategic and commercial tax advice, particularly in the areas

of transfer pricing and indirect tax. Further reinforcing tax professionals' changing role, a recent [Deloitte CFO Insights](#) report shares that CFOs are seeking for their teams, including tax, "to improve efficiency and be better business partners to support data-driven and insightful decision-making." They cite the need to upgrade analytics and forecasting skills, as well as communication skills and business acumen, and for teams to shift their mindset from controlling to partnering.

CFOs in the Survey also indicated that tax teams will increasingly need "hybrid" employees who not only have a good knowledge of tax, but also a strong grasp of the business—and technology. They will be looking for tax professionals who are prepared to think strategically and be proactive. As compliance activity is increasingly achieved with technology, tax will need employees who deliver advice to the business while also having the capability to explain the numbers to tax authorities as they become more sophisticated.

The changing tax talent profile

Recent recruiting practices reinforce the trend toward hiring individuals with diverse skill sets into tax organizations. For example, the number of experienced professionals with technology backgrounds hired by Deloitte **has doubled over the past three years**, while the number of campus hires with **dual degrees in accounting and a STEM-related subject has tripled** in that same time frame.



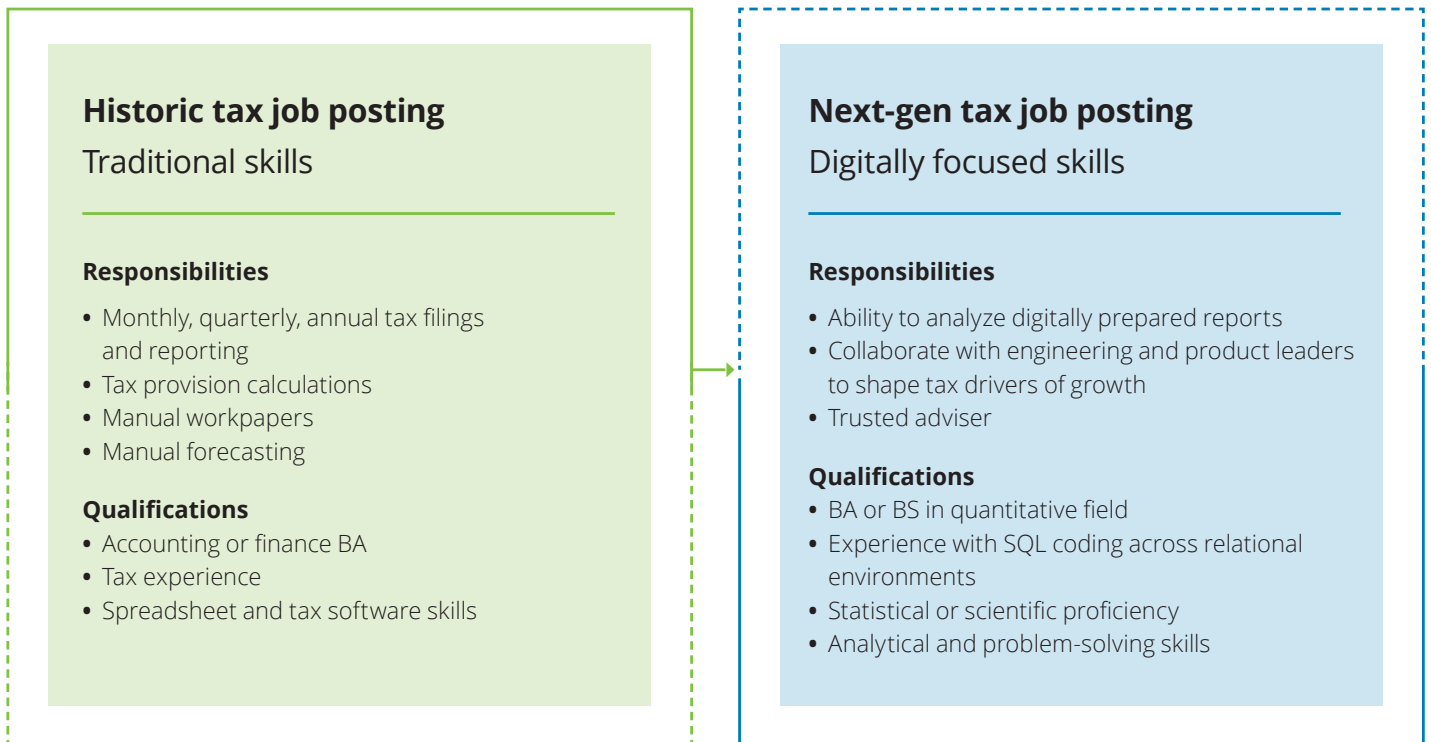
These demands may call for a different breed of tax professional. Indeed, as responsibilities in the function move from the traditional, manual roles of compliance, reporting, and forecasting to the new demand for analytics and collaboration, job qualifications may shift from accounting and finance graduates with spreadsheet and tax software skills to candidates with a degree in a quantitative field with analytical and problem-solving skills. Many tax professionals will likely have nontraditional backgrounds like math or data science to deliver these new capabilities. And to meet the demand for tax professionals

to deliver more value to the business, candidates with broader business and consulting backgrounds will likely be sought after for tax as well.

Even for those individuals pursuing accounting degrees, the growing expectation for broader skills has been underscored in recent years, as some universities have taken steps to add STEM designations and courses to their accounting programs.¹ This validates the need for professionals in these positions to be well-versed in using technology, managing data, and analyzing that data to uncover insights.

Job descriptions align with the changing demand

Differing job postings for a similar position



Note: Illustrative examples derived from company job postings

There is also a soft-skill component that should be considered when organizations are seeking new talent or developing their existing talent. Intellectual curiosity is paramount when working in a world where humans are being augmented by machines. In a recent study, “nearly 60 percent of respondents from digitally maturing

companies noted that their companies drive digital efforts by cultivating such values as risk-taking, collaboration, agility, and continuous learning.”² The value of these skills plays out often in the work Deloitte has delivered to clients. See the callout for one recent example.

Talent transformation in practice

A large manufacturing company engaged Deloitte to assist in automating its US transaction tax data management processes, which historically required significant effort for necessary, but decidedly low-value, work. Once the data management process was almost entirely automated and operational for months, the team at the company took stock of how they were spending the time that had been liberated from the manual and tedious activities required pre-automation. This experience provided foundational knowledge for process improvement practices the team was able to deploy themselves going forward. They were also able to upskill by expanding their knowledge in automation technology and managing the processes. As a result, they were able to spend more time focusing on the company’s many audits across the United States, ultimately being able to accelerate the close of tax audits.

Critical to the success of this automation initiative was the vice president of tax at the company, who fostered intellectual curiosity in the team, giving them the runway to explore, fail, and try again. The team possessed these bold soft-skill characteristics needed to thrive amid a significant change to their traditional process.

Building the tax function of the future

There will likely be significant changes for the tax function as tax leaders look to develop and source the talent needed to fill the nontraditional roles and deliver the new skills required. What's needed may likely involve an expanded operating model—after all, it is not necessary to build all of the new capabilities within an existing tax function. Tax leaders will increasingly consider specialization and division of labor both within and outside their organizations to meet the new requirements. They may find rotating their employees to other departments such as shared services centers, offering mentoring programs, and enhancing training as valuable approaches to developing their current and future talent.

The Survey respondents indicated they are considering new ways to structure their tax organizations in the future, most often involving a blend of using their company's own shared services centers, traditional outsourcing, or outsourcing via an operate-type model. Some may even turn to new opportunities like crowdsourcing or more flexible resourcing, especially for more specialized skills like predictive analytics. There is no one-size-fits-all approach, of course, and tax leaders must work with their finance function and within their organization's parameters to chart a course of resourcing action. Overall, the trends point to a more agile resource model that allows an organization to scale up or down and/or to shift in new directions as needs arise.

As tax leaders work toward the talent sourcing solution appropriate for their organization, they should consider some key questions:

- How can technology augment how and where tax work is done?
- What skills are required to bring the tax department into the future?
- How can you access and/or develop the needed skills?
- What do your tax professionals need to better leverage technology and automation to drive greater value?
- Do you need to break down the silos within your tax department or broader finance organization to gain alignment around a common vision for improving teaming and collaboration?

These questions provide a solid starting point for tax leaders to face the new realities of their prospective talent pools. Close consideration and analysis can help tax leaders find ways to embrace the new, agile resourcing models available while discovering and developing the tax professionals of tomorrow.

Authors

Amanda Hale

Tax Managing Director
Deloitte Tax LLP
+1 646 582 5247
amandahale@deloitte.com

Blair Berrigan

Tax Senior Manager
Deloitte Tax LLP
+1 212 492 4513
bberrigan@deloitte.com

Endnotes

1. Daily Illini, "STEM designations given to accounting majors," 2018.
2. Deloitte CFO Insights, "The technology fallacy: Embracing the human face of digital transformation," 2019.

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