

2019 Edition

Tax Hiring Outlook

An Employment Survey Analysis of Corporate Tax Hiring Authorities

A Publication By:



Accurate, Relevant and Timely Data for Tax Professionals and the Departments they Lead.

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About This Survey

INSIGHT

This annual report provides you insight into the latest hiring trends from the viewpoint of corporate tax hiring authorities. You can use the results of this survey to educate the HR and Finance leaders in your company on current hiring data in the corporate tax profession. The results also give you the ability to prepare for the year ahead using projected demand for functional areas in relation to the number of other tax departments planning to hire.

METHODOLOGY

Respondents were asked to answer a series of questions in order to help identify trends and concerns in corporate tax staffing for 2019. An important point to recognize is that these annual assessments are generally in alignment with the budgets corporate tax hiring authorities set the previous year. Going forward, 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.

RESPONDENT PROFILE

- 394 total respondents (corporate tax hiring authorities from in-house tax departments).
- Survey respondents range from middle market to Fortune 10 companies with tax department functions based in the U.S.
- The majority of the respondents represent companies from \$1-\$10 billion dollars in annual sales.

DELIVERY METHOD

The survey was sent out as an e-mail to the TaxTalent database, posted on the TaxTalent Community Forum, and promoted to Tax Executives Institute members. Participants were given three months to respond.

2019 Key Takeaways

1

Demand By Functional Area

Between 2018 and 2019, there was a 33% relative decrease in the number of tax departments hiring for tax technology positions. Could it be that tax departments are now outsourcing more technology positions than in the past? Is there a hesitation to bring these types of positions in-house, thus companies are more comfortable outsourcing? Perhaps tax reform has become the center of each tax departments focus, taking attention away from all other functional areas?

We suggest going against the flow and start aggressively looking to [build tax technology teams](#) so you will have the first pick at the top talent. Those who play it safe will have to play catch-up in building their teams and may have to choose from less qualified talent.

Tax reform stealing the show could explain why we've seen a 38% relative increase in companies hiring for Research and Planning. Specific sections of tax reform, such as [EU Mandatory Disclosure](#), are some of the reasons additional staff is needed. See **Figure 1** on **page 5**.

2

Hiring Difficulty

There is a relative increase of 60% of companies who think it will be difficult to very difficult to hire in 2019. This can be correlated to the shift in how companies are staffing as there was an 8% relative decrease in the use of contingency firms and a 7% relative increase in the use of retained firms. See **Figure 2** on **page 5**. Companies realize they need a more specialized resource to help with open positions as they become increasingly harder to fill.

Because of supply and demand, tax departments need to prepare that open positions will take longer to fill. Keeping that in mind, not only is it going to put pressure on consulting budgets, but the work that is being absorbed by existing employees could cause frustration resulting in turnover. Make sure to manage the workload effectively and look at [alternative staffing solutions](#) as opposed to overloading current staff.

3

Not Staffing for Open Positions

32% of tax departments state they will not be hiring in 2019 for new positions. If they follow this plan and unexpected turnover occurs, they will have to do one of the following:

1. Increase their consulting budget
2. [Utilize the newly introduced gig economy](#)
3. Place the work on current staff
4. Try staffing unprepared in a challenging market

2019 Key Takeaways Cont.

Figure 1

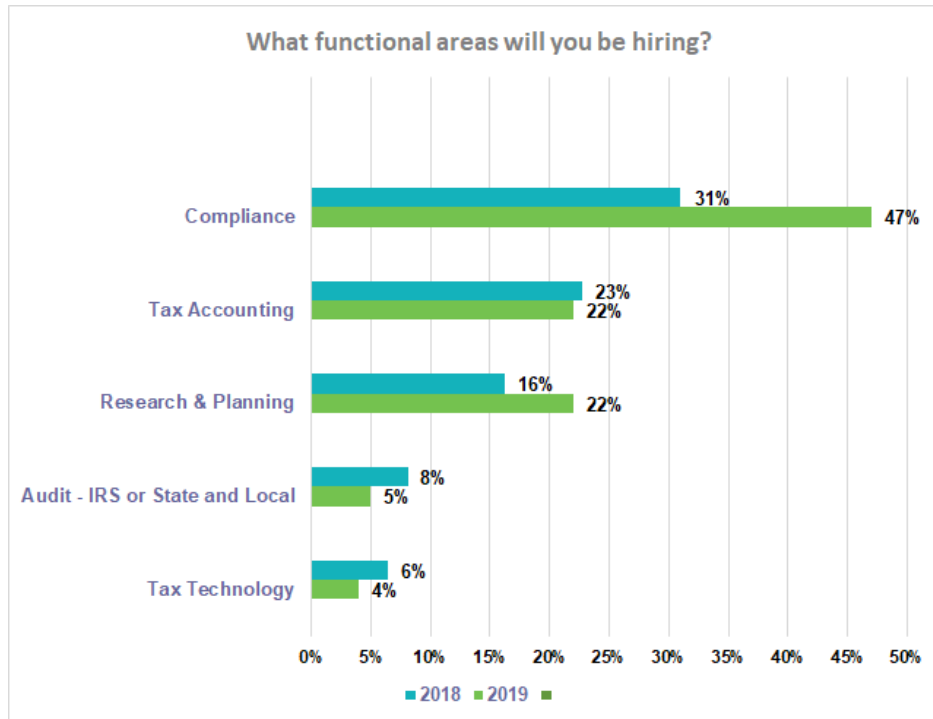
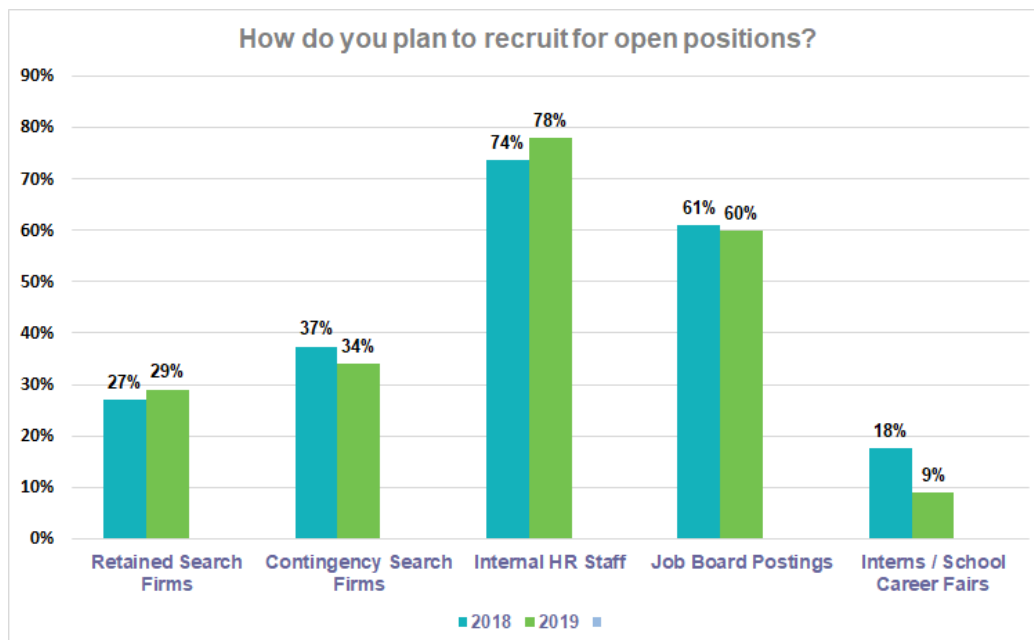
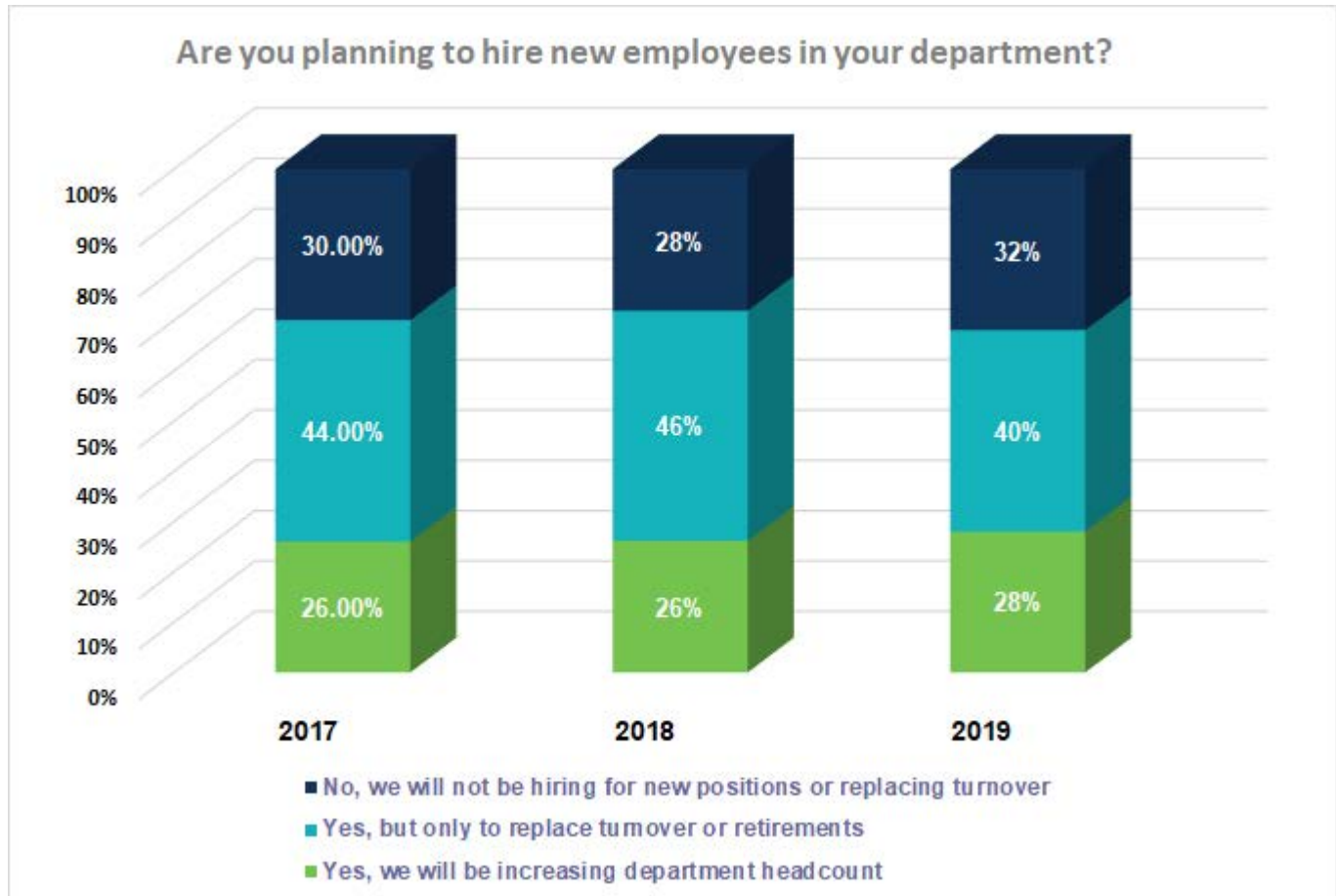


Figure 2



Staffing in 2019

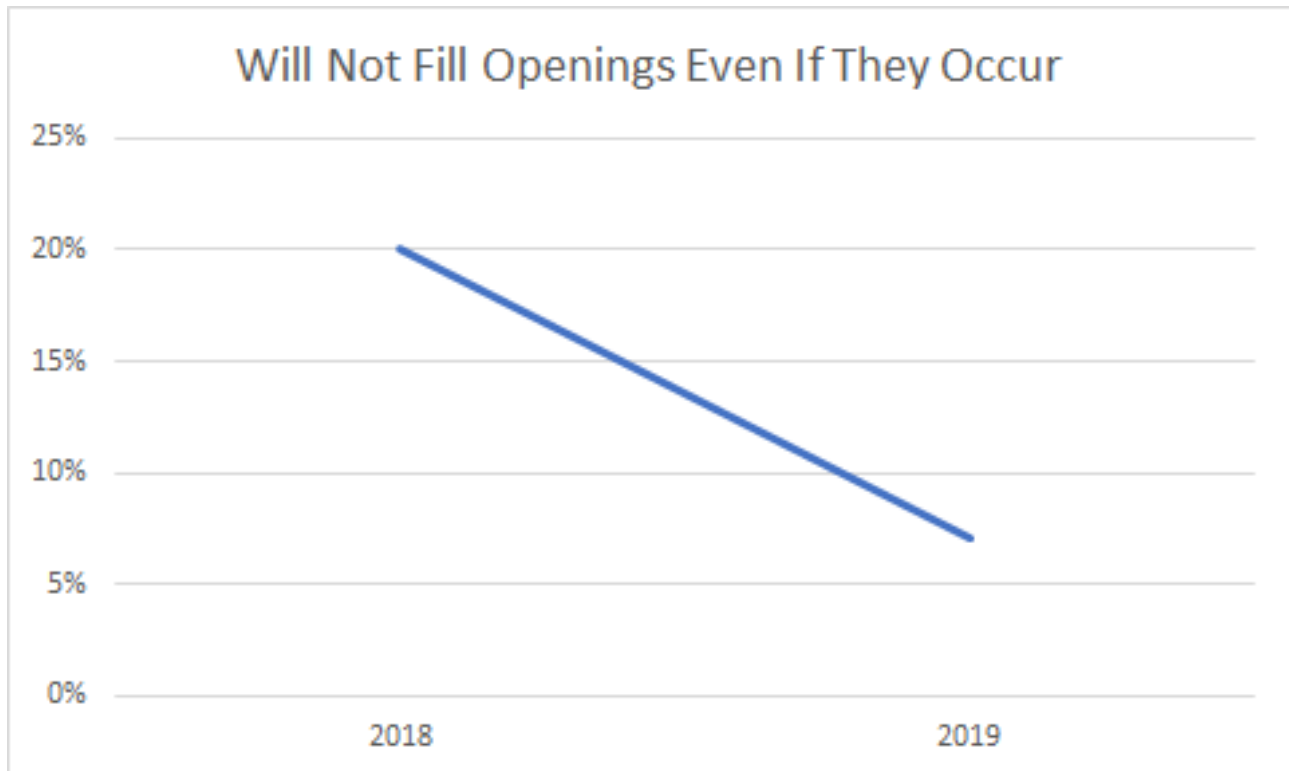


Based on the results of the 2018 Tax Hiring Survey, it seemed staffing would be placed on hold last year. At the end of 2017, rumors and questions surrounding whether tax would still be dynamic started to circle. Staffing was slow in Q1 of 2018, suggesting that the survey results would hold true. However, there was a shift in Q2-Q4 as staffing activity was unusually high.

While 68% of companies plan to hire in 2019, we believe even more companies will be staffing than anticipated for the following reasons:

1. Of the tax departments planning on increasing headcount in 2019, 71% will be adding 1-3 new positions. This could lead to unexpected turnover in other departments.
2. [The long-term impact of tax reform.](#)
3. [Underestimating the number of retirements based on the demographic profile of tax professionals.](#) We suggest putting a plan in place for if/when unexpected turnover occurs.

Filling Open Positions



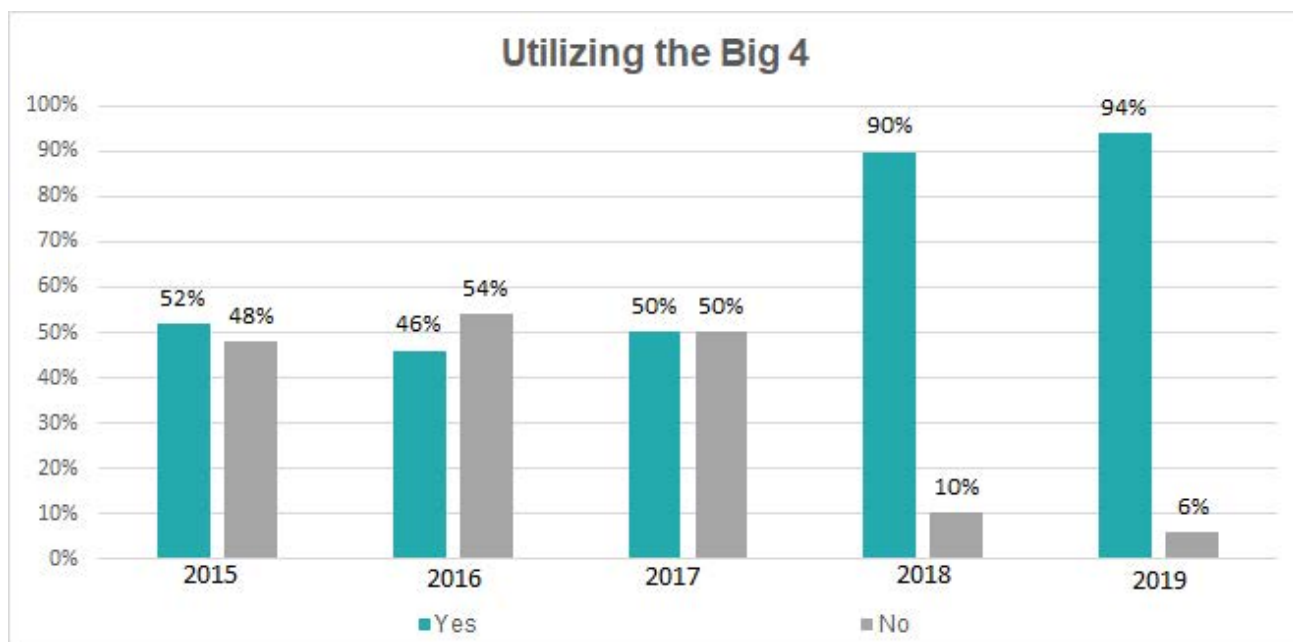
The number of departments that now understand they need to fill open positions and can't force current employees to absorb the work has increased a relative 185% between 2018 and 2019. In 2018, 20% of tax departments did not plan to staff for open positions, wherein 2019, that number has dropped to only 7%. It's now apparent open positions must be filled.



"Tax departments now understand open positions must be filled."



Utilizing the Big 4, Professional Services, & Tax Consulting Firms



The number of tax departments utilizing the Big 4 has dramatically increased by 88% between 2017 and 2019. We see this as a direct correlation to the workload that tax reform has created with our corporate in-house clients. These numbers include traditional consulting work as well as co-sourcing.

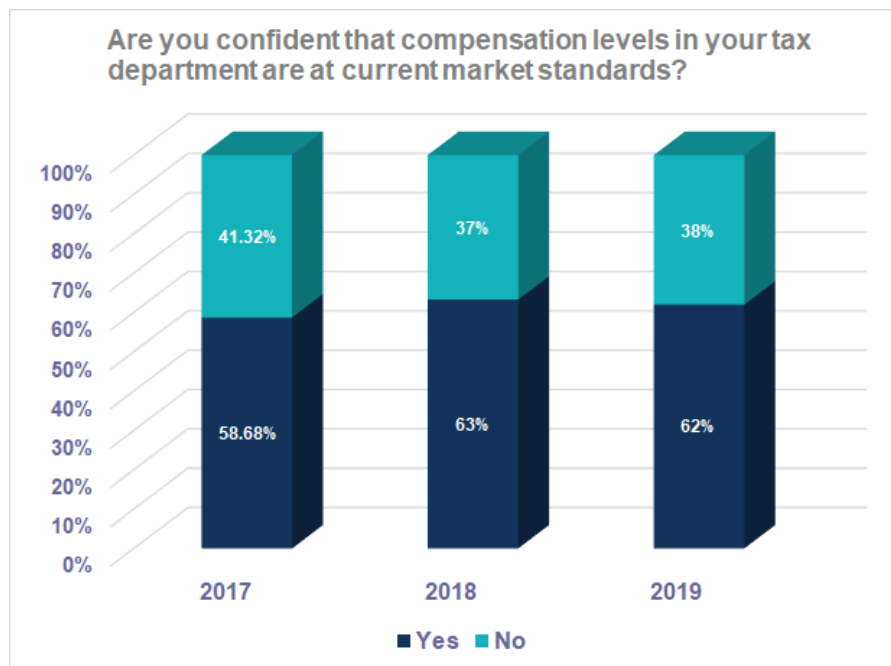
There was a tendency to hold back on staffing in 2018 and 2019 as companies were unsure of the skill sets that would be needed by the team post-tax reform. Companies chose to bring on consultants rather than hire full-time employees.



"The number of companies utilizing the Big 4 or other Professional services has increased a relative 88% in the last two years."



Confidence in Compensation Levels



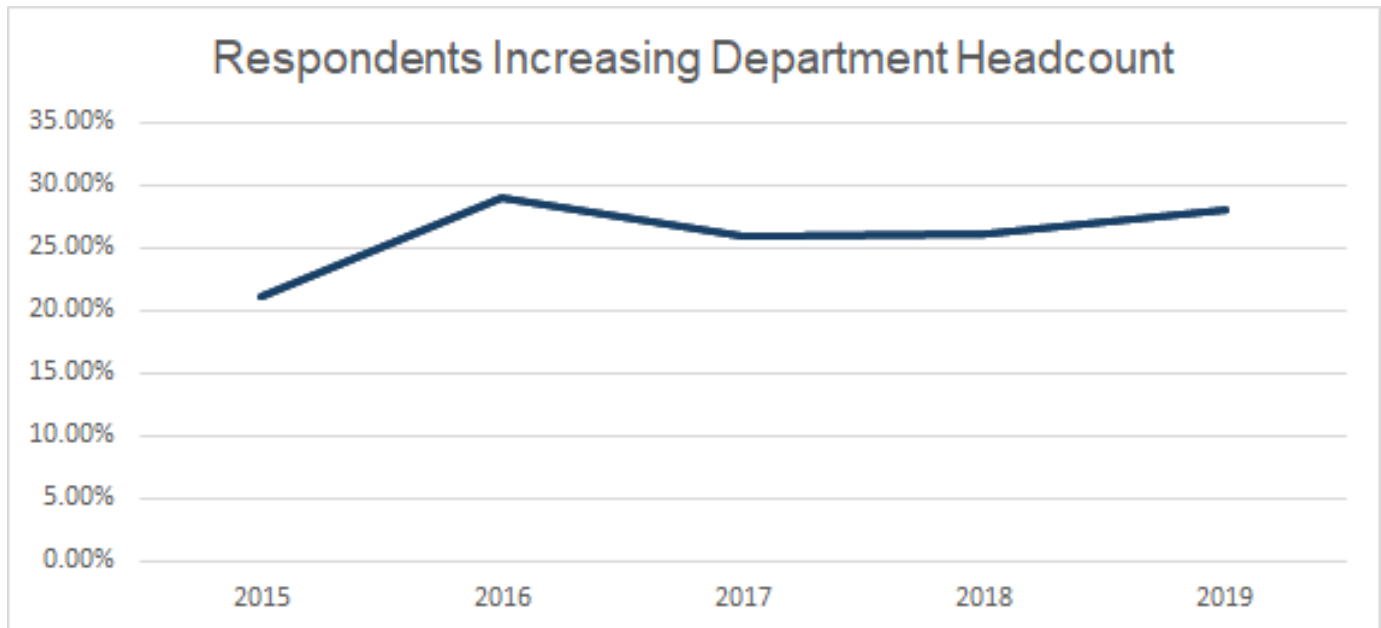
Over the last five years, there has been a consistent percentage of approximately 1/3 of tax professionals communicate they do not believe their compensation levels are up to current market standards. This level of dissatisfaction has been higher in the last three years than the prior two. An overwhelming amount of participant's comments pointed to two main frustrations:

1. Due to the demand placed on Public Accounting firms by their corporate clients, there is a consensus they have been bidding up their compensation levels to satisfy demand. There has been an 88% relative increase of companies utilizing public accounting firms over the last two years.
2. There is a lack of faith that HR has the accurate data and information needed to value tax roles.

[The number of professionals wanting to stay in public accounting long-term continues to diminish](#); however, the number of companies requesting their services continues to increase. As the law of supply and demand takes over, the pressure is placed on public accounting firms to offer their employees compensation above industry standards. This, unfortunately, impacts the compensation levels of the in-house corporate sector. To help boost department confidence levels, ensure your HR department has accurate compensation data. TaxTalent offers a free [Salary Calculator](#), which is a good starting point. You can also have customized benchmark compensation studies by TaxTalent completed. Further, inform in-house HR compensation groups and your financial leadership about what is happening with industry salaries. Be prepared to speak about why tax is different than other positions within the company, and even why different areas within tax differ.

The cost of hiring a Big 4 consultant is considerably high and is not expected to go down anytime soon. Be sure you're aware of your [different consulting options](#).

Plans for New Hires



Over 50% of companies who participated in the 2018 and 2019 Tax Hiring Survey plan on increasing department headcount for newly created positions. There was a relative increase of 7% from 2018 to 2019 in those increasing headcount. We believe these newly created positions are due to the realization the workload brought on by tax reform is here to stay. Candidates filling these positions must come from existing tax departments or professional service providers. Due to this headcount increase, tax department leaders should anticipate higher turnover rates than predicted in the 2019 survey results.

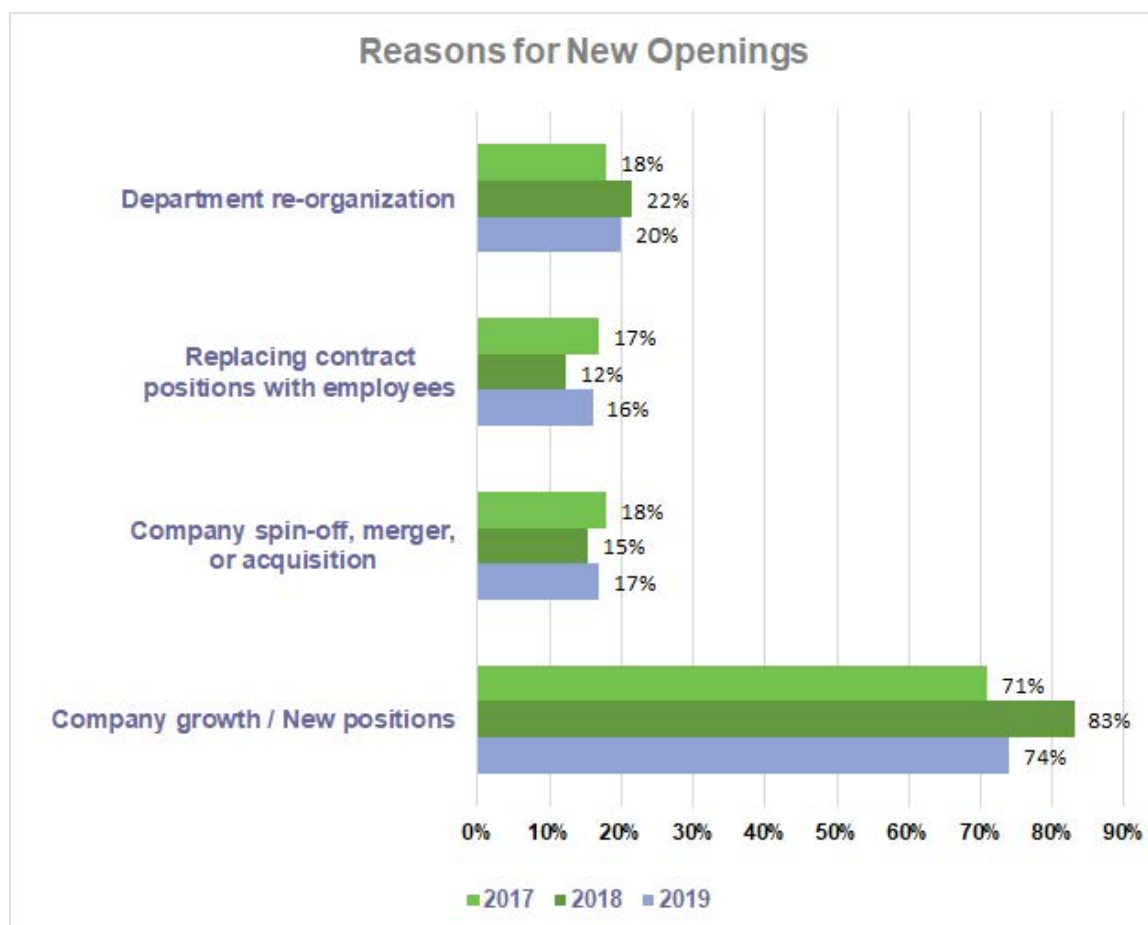
Be aware of your company culture. If the tax department brand is strong and morale is high, tax hiring authorities will find it much easier to recruit for these new positions. Other companies will also find it much more difficult to recruit your current employees.



"We believe these newly created positions are due to the realization the workload brought on by tax reform is here to stay."

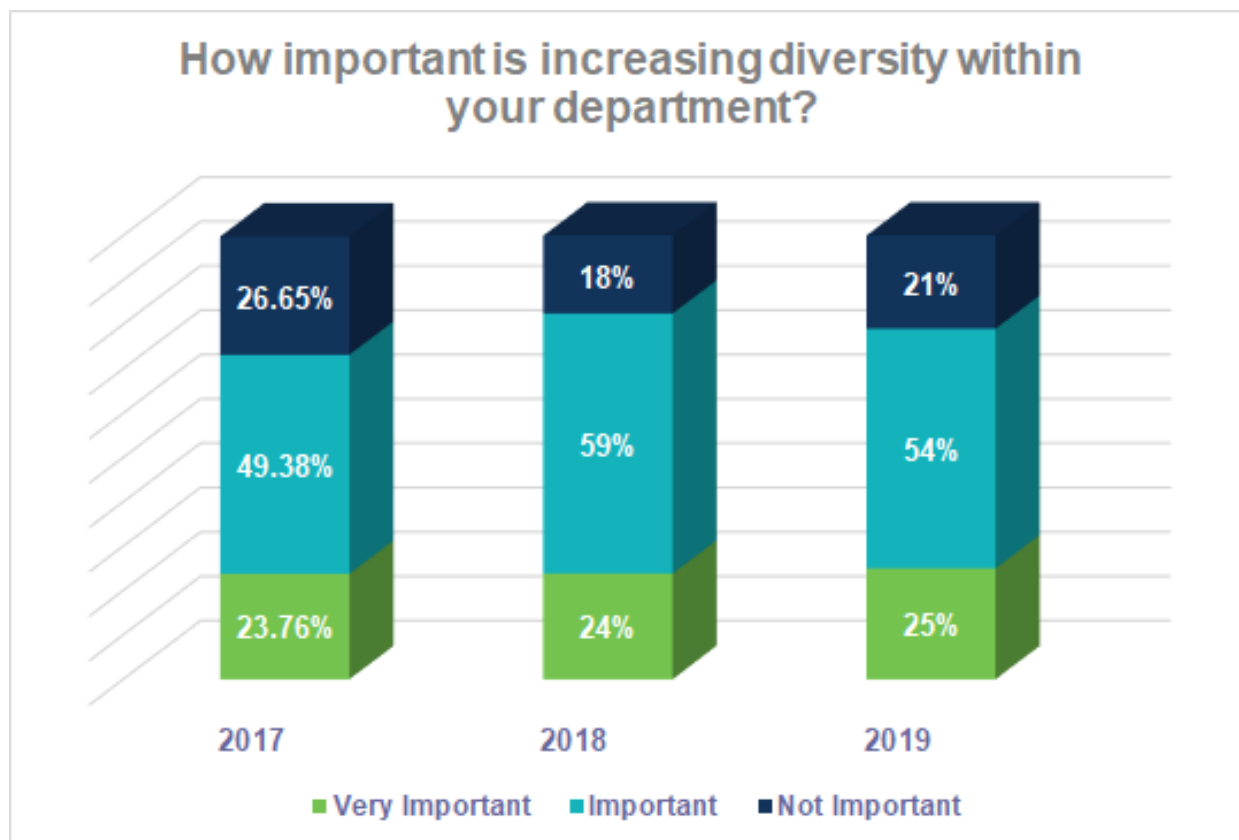


Reasons for New Openings



1. **Company Growth/New Positions** – Based on a 5-year comparison, adding new positions due to growth is an alternating trend. The data suggests companies tend to expand their tax function and then take a break from hiring. If you can cycle hiring when other companies are not doing so, the market will be less competitive. However, the upward and downward hiring trend is not drastic enough that it should be factored into your hiring decisions.
2. **Replacing Contract Positions with Full-Time Employees** - There was a relative increase of 33% in tax departments that are converting consultant positions to full-time roles. This correlates to the realization the added workload brought about by tax reform is here to stay.
3. **[Mergers/Spin-offs/Acquisitions](#)** – There was a relative increase of 13% between 2018 and 2019. Often in spin-offs, departments increase by about 50%, while mergers typically reduce departments by about 50%. Because the market climate is leaning towards more spin-offs, pressure is being put on the tax profession because more jobs are being added.

Diversity in the Workplace

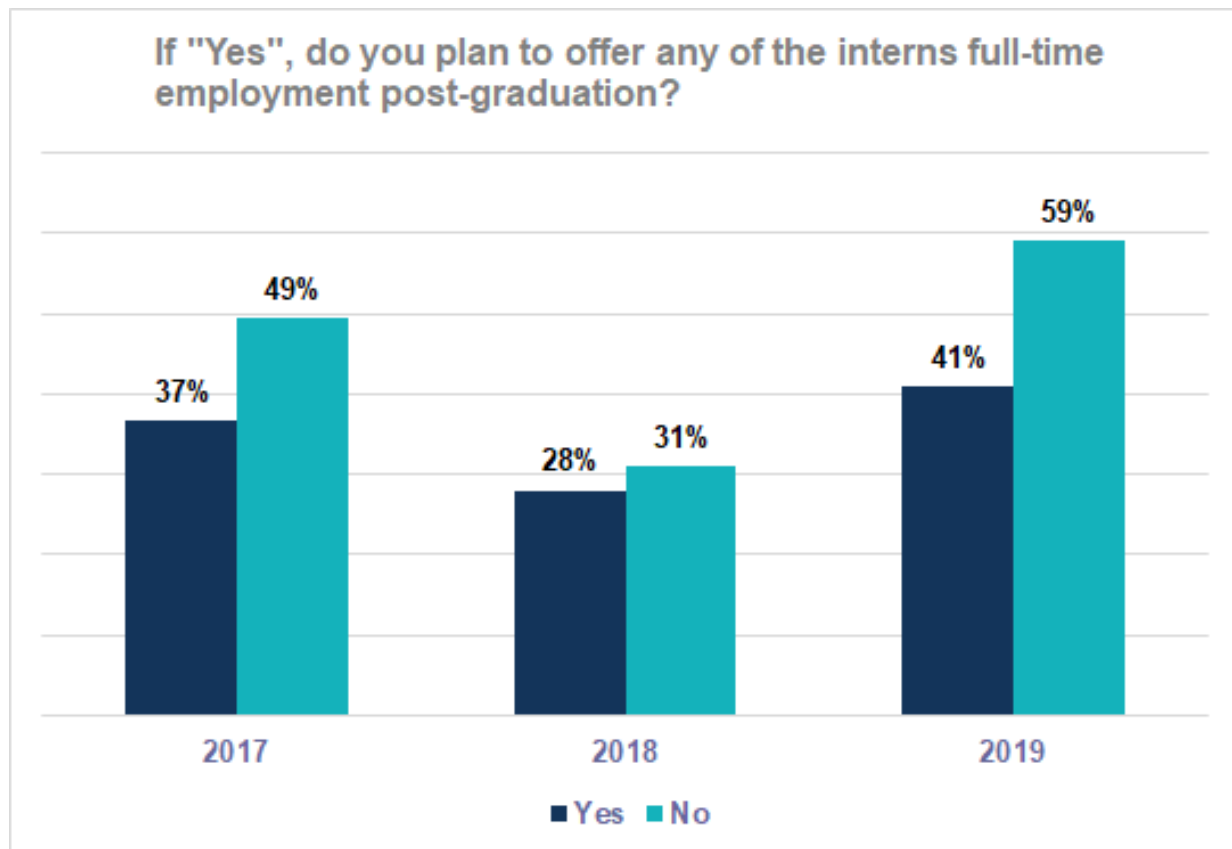


79% of tax departments think it is important to very important to increase diversity. Additionally, nearly $\frac{3}{4}$ or 74% receive training on diversity. In spite of this unfortunate news, data suggests this topic is no more important than it's been in the past. A significant problem we see today is the limited pool of diverse candidates. Over the past few years, the industry has done a good job increasing the number of women in the field. We must now shift the focus to increasing ethnicity. [Read more about this topic in our latest Diversity in Tax Report.](#)

Suggestions for Increasing Diversity:

1. Put pressure on your vendors to provide diverse talent. A large majority of professionals will start their careers in public accounting firms. If Big 4 clients place pressure on them to provide diverse talent, it will vastly influence tomorrow's candidate pool. We suggest continuously asking for diverse professionals to be placed on your account.
2. You need to be more aggressive in utilizing your internship program to attract diversity candidates from some of the nontraditional schools such as Morehouse College, Howard University, and Clark Atlanta University, just to name a few.

Internships & Job Opportunities



Although in 2019 there will be a decrease in the number of companies offering internships, there is good news. Of the 67% of companies implementing internship programs, 41% plan to offer their interns full-time employment. This is a relative increase of 46% from 2018.

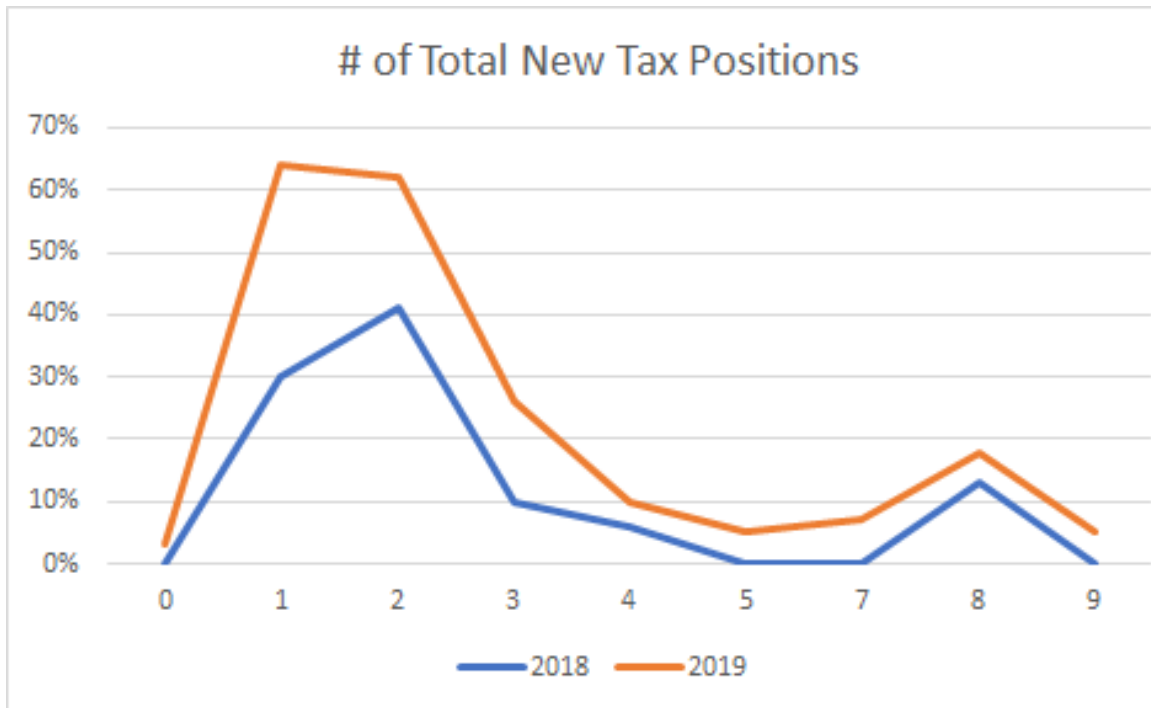
We believe the 17% relative decrease in the number of companies offering internships in 2019 is due to the demands of tax reform. Companies are less worried about hiring junior level workers and care more about on-boarding those with experience. Hopefully the decrease in internship opportunities is a temporary circumstance and will not continue throughout the following years.



"There is a relative 46% increase in the number of companies planning on offering interns future employment."



Expected Turnover



35% of tax departments are not expecting to lose any employees to turnover, but is this realistic considering nearly 3/4 of companies will be hiring 1-3 employees for newly created positions? [These tax departments are fooling themselves and are probably in for a rude awakening.](#)

Suggestions for deterring turnover:

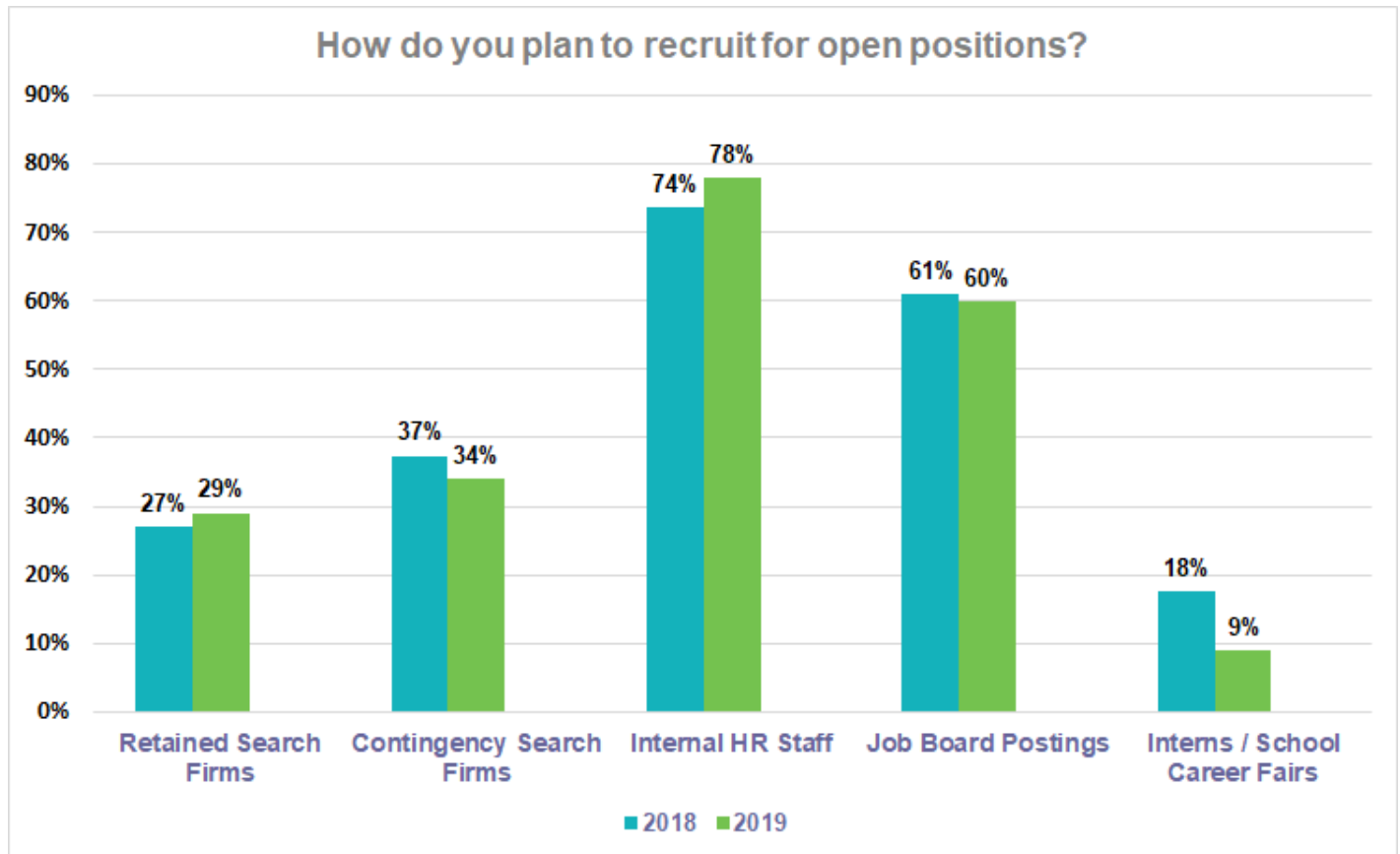
1. Don't drop your guard and assume you're not going to lose staff. Have a plan in case of unexpected turnover.
2. Do not take current employees for granted and evaluate employee satisfaction.
3. Make sure compensation levels are up to industry standards.



*Nearly 3/4 of companies will be hiring
1-3 employees for newly created positions.*



Recruitment Methods



In 2019, 78% of companies are still required to use their internal HR staff to help fill open positions. This is a great way to keep recruiting costs down, however, since we are currently in a candidate-driven market, open positions will take longer to fill. Allow internal staffing enough time to fill the positions in this challenging market but know when it's time to enlist the help of an outside staffing firm or other niche resources like [TaxJobs](#).

Most companies realize the value in external staffing. In 2019 we saw a 7% relative increase in those using retained firms as opposed to contingency firms (8% relative decrease from 2018). There is a stronger commitment and obligation between the vendor and the company when using a retained firm, which results in hire quality candidate flow. Often the best candidates are acquired when HR and retained firms work together as a team.

For more information on the best times to higher throughout the year, [contact TaxSearch, Inc today.](#)

Multi-Year Trends: 2015-2019

1

Utilizing the Big 4

2019 continued a trend that started in 2018 when we saw a vast increase in the number of companies [utilizing Big 4 accounting firms](#). Over the last two years, we have seen an 88% relative increase of companies calling upon these services. The continuation of this trend indicates the impact of tax reform is still with us and is placing tremendous pressure on the Big 4 to provide services to corporate in-house clients due to the increased demand.

Tax departments must start sorting demands into two buckets:

1. Short-term work
2. Work that is on-going, sustainable, and here to stay

By assessing the workload and team skill sets, then dividing tasks into the two buckets above, tax departments will be able to align the types of employees needed for the work moving forward (full-time or consultants).

Something to note is the increased demand is creating a vicious cycle. Corporate clients are putting pressure on the Big 4. Because of a shortage due to high demand, they are recruiting hard to acquire talent and bidding up compensation levels. Feedback from the report even stated they are hiring workers that are not of their typical quality. One of the Big 4's is preaching the idea of negative unemployment. Read more about negative unemployment here. [Consider alternative staffing solutions aside from the Big 4](#). See [Figure 3 on page 17 for more information](#).

2

Hiring by Level

In 2018 and 2019 there was less staffing for entry-level positions and more activity for mid-director and above positions. This year alone, there was a relative decrease of 13% of companies hiring for entry-level staffing. There was a 14% increase at the mid-manager level and an even more significant increase of 22% at the director or above level. We believe this shift is due to processes and systems related to [tax reform](#), as well as [tax technology](#) starting to shrink the number of positions needed at the junior level. It could also be connected to the [34% of Heads of Tax that are ages 60 or older and are retiring or preparing to retire within the next five years](#). If this trend continues, the industry will have to take a serious look at the training pipeline. See [Figure 4 on page 17 for more information](#).

3

Importance of Mentoring

The belief that mentoring is important has been a consistent trend throughout the last five years. This year topped the charts as 97% of tax departments believe it is important to very important to have a mentor throughout your career. If your company does not have an internal mentor program in place, start looking for external programs such as the one offered through TaxTalent.

Multi-Year Trends: 2015-2019 Cont.

Figure 3

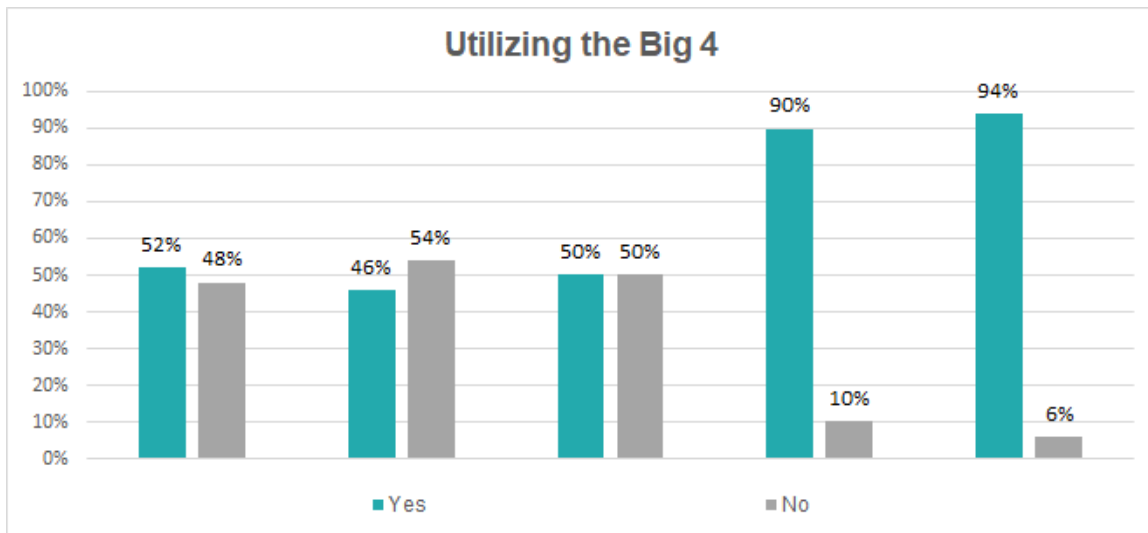
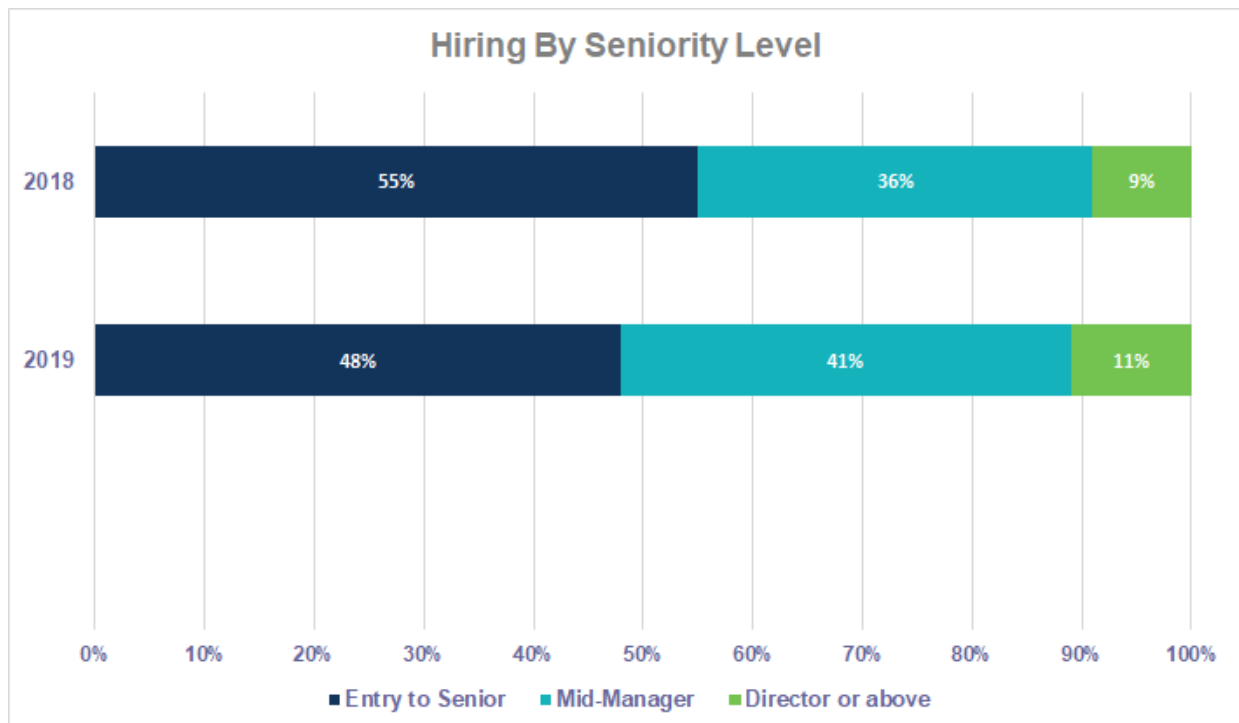


Figure 4



Want to Discuss the Tax Hiring Survey?

[Register now](#) for TaxTalent's 2019 Tax Hiring Outlook Webinar to be held June 19th at 1:00 pm (EST). This is your opportunity to engage with top tax professionals from around the world and discuss topics pertinent in today's industry. Limited seats are available.

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ADDITIONAL PUBLICATIONS

[2019 Global Tax Market Assessment](#)

[2018 Top in Tax Survey](#)

[2018 Diversity in Tax Outsourcing](#)

[White Paper](#)

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