

## **COVID-19 Update:** **Major Trends Facing Corporate Tax Departments**

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

### **Demographic Shifts**

In early March 2020, we warned you that over two-thirds of existing Heads of Tax were likely to retire in the next eight years, with the majority in the next four years. Compounding that, we predicted that 52% of all current #2s would follow suit in the same time-frame. For insight into the background of this 'changing of the guard,' read [The Tax Leadership Shakeup Ahead](#).

**COVID-19 UPDATE:** While historically, periods of economic downturn have slowed the retirement rate, we firmly believe that the coronavirus pandemic will result in an accelerated rate of retirements in Heads of Tax and #2s reporting to them. This is because:

- Baby Boomers are quickly realizing they are more susceptible to health risks than ever before.
- Working from home offers a taste of what retirement is like. Those that plan to return to work may find commuting to and sitting in an office every day more challenging and unjustifiable than expected.
- Companies will be placed under tremendous pressure to reduce costs, and we feel it is very likely they will soon begin to offer accelerated retirement packages to older, highly compensated workers.
- Tax department workloads continue to increase while resources are reduced, cut, or at best remain the same. This could potentially push tax professional's stress levels to unbearable levels.
- Lastly, tax professionals tend to be financially savvy and risk-averse. Fiscally speaking, many can afford to retire now if they choose to.
- Enough is enough, tax professionals have been through the gauntlet; this could be the straw that breaks the camel's back.

### **Technological Impacts**

**COVID-19 UPDATE:** We believe the coronavirus pandemic will have a negative impact on tax technology in the short run. Unless a strong case is made for a rapid ROI, these initiatives will likely be placed on hold as budgets are cut. In time, the desire to quickly and efficiently integrate technological solutions into tax functions will resume; however, the current impact could restrict the pipeline of future tax professionals entering the workforce from a demand perspective.

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## Tax Reforms and Regulatory Changes

**COVID-19 UPDATE:** Every taxing authority and agency will feel tremendous pressure to increase tax revenues to help offset the devastating economic costs of COVID-19. This will come in many different forms, and all jurisdictions – city, county, state, federal, and international – will be impacted. The CARES Act will also exasperate this situation, as companies will delay tax payments by utilizing the new NOL provisions. In addition, we expect more pressure will be placed on profitable departments like tax. We anticipate income tax rates to be pushed to their limit, while politicians will also create new forms of taxation to fund the monumental debt incurred due to COVID-19. We feel the Federal BAT is a highly likely short-term target, while VAT will probably be considered down the road.

To understand the history behind these inevitable shifts prior to the COVID-19 outbreak, [see our original snapshot.](#)

*Seeking a macro-overview or targeted insight into merging your company's Tax and Treasury functions? Contact Stephanie Conley at 843-216-6664 to arrange a mutually convenient phone appointment with TaxTalent president, Tony Santiago.*



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