

# ***The Tax Professional of the Future***

## Staying relevant in changing times

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# Introduction

The Tax Function of the Future series predicts challenges and solutions that Tax functions may face in the future. Prior papers presented insights on new legislative and regulatory challenges and the resulting impact on risk management; discussed the need for Tax to focus on data analytics and to play an integral role in broader Finance transformation initiatives; highlighted the importance of enhancing income tax reporting processes; discussed the process and elements of building a successful business case for change; and discussed how Tax functions could enhance tax process management and controls by leveraging technology solutions around workflow, document management, and collaboration.

Our general predictions for the Tax Function of the Future cover six main areas:

1. Global legislative and regulatory landscape
2. Tax function's role in risk management and governance
3. Data flow into the Tax function
4. Technology automation for Tax function analytical tasks
5. Tax function roles and processes
6. The Tax professional of the future

For more information on our predictions for the Tax Function of the Future, go to [www.pwc.com/taxfunctionofthefuture](http://www.pwc.com/taxfunctionofthefuture) to read the previous publications in our series.

In this publication, we focus our attention on the Tax professional, including skills that the Tax function will need to cope with the increasing complexity described in our predictions and addressed in prior publications. We explore evolving sources of talent and the role that academia and Tax leadership will play in recruiting, developing and motivating Tax professionals for the challenges that exist now and will exist in the future.

This thought leadership includes examples to illustrate how Tax can execute the Tax function of the future by mobilising its central component, the Tax professional of the future.



## Executive summary



PwC prediction

A successful tax professional of the future will be highly proficient in data analysis, statistics, and technology, as well as process improvement and change management.

It often has been said that people are an organisation's greatest assets. With advances in artificial intelligence and machine learning capabilities, will that continue to be the case? Will there be a need for a Tax professional in the future? We believe that there will indeed continue to be a role for Tax in the foreseeable future—but how will the Tax professional adapt to working with new technologies? The business and tax environment is becoming increasingly complex with global implications. How will Tax work across functions and geographies to understand the business and solve the organisation's problems? Tax technical skills are critical; however, they no longer are sufficient.

The tax function of the future will require professionals who can leverage technology and data analytics to manipulate large

volumes of data efficiently, freeing valuable time for planning and evaluating key tax and finance performance indicators. As Tax transforms its technology, data, process and organisation to respond to global legislative and regulatory challenges, Tax professionals will be tasked with leading roles in cross-functional technology implementation and process improvement projects. Project management, collaboration, and change management skills will become essential.

How then does a Tax function secure talent with such diverse skill sets or develop such skills in existing resources? These are important considerations, since Tax must maintain its relevance within the organisation in order to have an impact and survive mounting global challenges. In this paper, we seek to provide insights on:

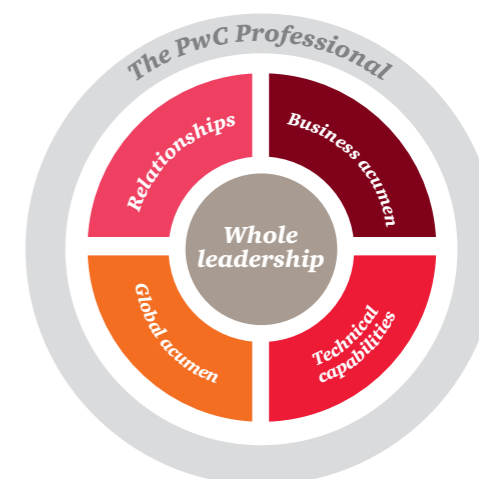


PwC prediction

Tax functions will employ dedicated tax IT, data, and project management specialists who will develop, champion, and execute the tax technology and transformation strategies.

- **Tax skills** – Expanded requirements for the Tax professional of the future
- **The role of academia** – Influencing the tax curriculum and students' perceptions
- **The role of Tax leadership** – How to engage, develop, and retain Tax talent

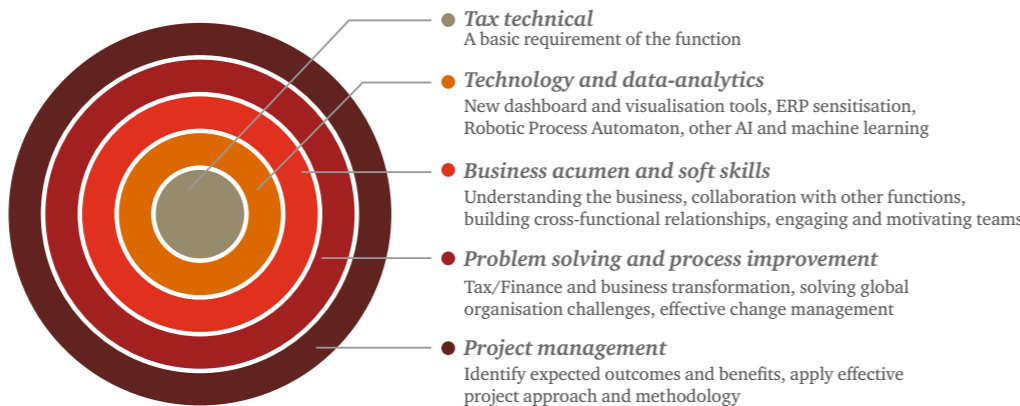
As we explore the Tax professional of the future, we will ground our perspective on our own PwC approach to talent, the framework within which we prepare our teams to serve our clients now and into the future. The PwC approach to talent applies across disciplines and is centred on developing “whole leadership” with focus on relationships, business acumen, global acumen and technical capabilities. These very same professional principles also apply to enterprise Tax functions of the future.



# Let's dig deeper: Expanding skill sets

Keeping current on required skills is a necessity for any profession and is an important aspect of the PwC professional development framework. For Tax functions, strong technical skills traditionally have entailed a good understanding of technical tax topics, the tax code, regulations, and case law, plus the ability to research source material and perform complex income tax provision and tax return calculations. Technical tax knowledge and skills remain very important; however, increasingly, the evolving tax environment requires skills in areas that are not tax-technical.

The skills needed in Tax are expanding from core tax technical skills to include others that are increasingly in demand:



## Tip

*As Tax professionals progress in their career, they should “future-proof,” continuing to learn new skills in order to add value as business and technologies change.*



# Let's dig deeper: Expanding skill sets

## How are technology and data analytics advancements impacting Tax?

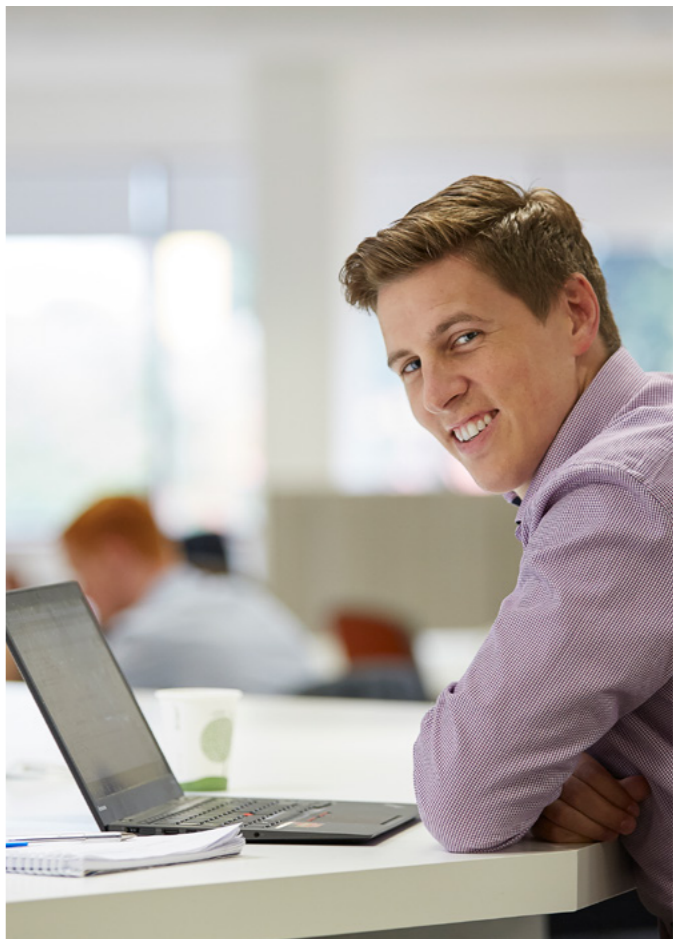
Technology and data analytics skills no longer are “nice to have”. Technology has permeated our culture and changed the way businesses operate.

Working with technology solutions has become unavoidable, particularly for a function such as Tax, where manipulation of large volumes of data often is required. Since technologies rapidly evolve, it is the mindset – the willingness to work with new, innovative technology solutions – that must first change.

In order for Tax to improve the value that it brings to an organisation, enhanced analytics is needed. New dashboard and visualisation tools will allow Tax the ability to view and share data in ways that were previously not available.

Robotic Process Automation (RPA) is one example of emerging machine learning and artificial intelligence solutions that can streamline time-consuming and error-prone tasks. Tax needs to develop an awareness of the power of technology and develop the appropriate skills needed for each functional area. The Tax professional of the future will be innovative, possessing and comfortably navigating both tax technical and technology skills.

*What does the jobs landscape look like today? Based on PwC's analysis of Burning Glass Technologies data, 67% of jobs are analytics-enabled and 23% are data science jobs. Analytics-enabled roles, such as Tax and Finance managers, require some of the same skills as data scientists, although the skills are applied differently.*



## Let's dig deeper: Expanding skill sets

### Why will business knowledge and soft skills become essential for Tax?

Developing business and global acumen in addition to relationship skills is becoming increasingly applicable to Tax, a function that traditionally has been little understood and highly specialised. As the use of technology and data analytics tools becomes more prevalent within the Tax function, ridding Tax of tasks that previously were performed by humans, the function will be expected to add value in other ways. Tax will need to understand the nuances of the business and interact more closely with other functions, leveraging new insights into data that technologies provide, to solve the organisation's global problems.

*Based on the 2017 PwC 20th CEO survey results, the hardest skills to find are those that can't be performed by machines. 77% of CEOs agree that it is difficult or somewhat difficult to find/recruit people with creativity and innovation skills.*

The ability to build relationships and influence decisions across business functions and geographies will be essential for Tax. As we discussed in our previous publication, *The Tax Function of the Future, Building the Business Case for Change*, communication skills are a key component and should be an area of focus for the Tax Professional of the future.



*“One of the most important skills and the most lacking in Tax is communication, the ability to explain tax issues to non-Tax team members so that they can understand. Tax should spend more time listening, developing relationships and being helpful to other functions. Listening is key since it is important to understand issues fully in order to calibrate the appropriate actions. It's not just about the Tax agenda, it is about developing Tax people to be organisationally cognisant.”*

—Alex Peng, Emerson Electric

### Problem solving/process improvement and project management skills for Tax?

Tax planning and strategy roles traditionally have been among the most esteemed in the profession. These roles typically are led by tax attorneys who are experts in particular areas of tax and are able to navigate complex rules in creating elaborate tax entity structures that result in financial benefit. Problem solving, on the other hand, extends beyond tax planning to all roles and functional areas within Tax. Tax is being challenged to innovate, work more efficiently, adapt to lower headcount, and work more effectively with technology—all while being faced with increasing global tax compliance requirements.

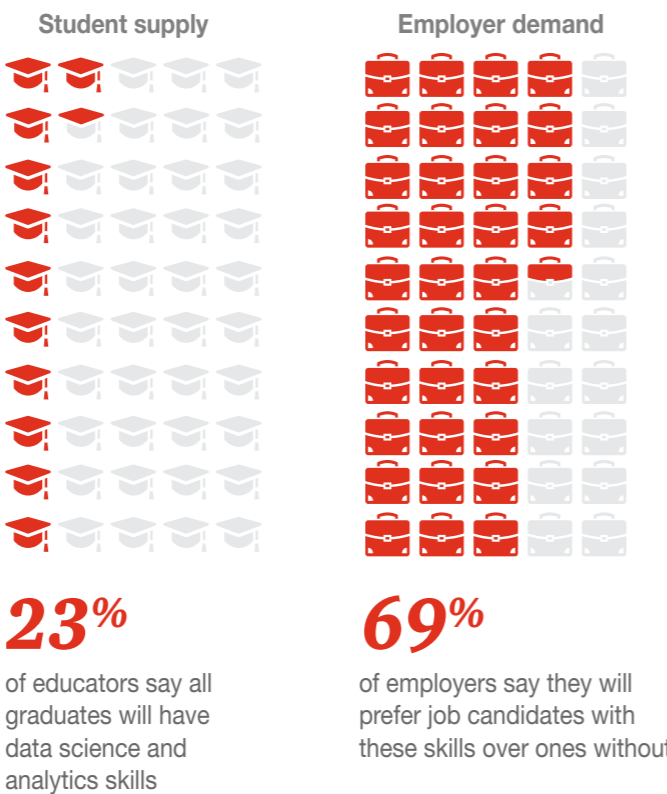
Consulting project management and change management skills will become important in ensuring that Tax identifies the expected outcome and benefits, and applies effective methodology and approach, while teaming with other functions and service providers.

# Let's dig deeper: The role of academia

## Is it time to revisit the tax curriculum?

Trends in the business and tax environment would suggest that some technology skill sets will be nonnegotiable. In fact, the Association to Advance Collegiate Schools of Business (AACSB) International Accounting Accreditation Standard A7: Information Technology Skills and Knowledge for Accounting Graduates was approved in 2013 and has been adopted by AACSB-accredited accounting programs through the 2015-2016 year.

### The supply-demand challenge



Base: Higher education: 127; Business: 63  
Source: Gallup and BHEF, Data Science and Analytics Higher Education Survey (December 2016).

Colleges and universities that have not yet considered investments in technology learning as a required component of the Accounting/Tax curriculum could unintentionally place their graduates at a disadvantage. Although Standard A7 addresses technology in the curriculum of accounting undergraduates, attention still needs to be paid to tax-specific and graduate programs.

Other skills with increasing prominence within the Tax function are the previously relegated soft skills and emotional intelligence that now contribute to determining how successful the Tax professional of the future will be. Recall that within PwC's own professional framework, three of the four quadrants

By 2021, 69 % of U.S. executives say they'll prefer to choose job candidates with data science and analytics skills, yet only 23 % of educators believe their graduates will possess those skills.

around whole leadership give significant weight to communication and relationship building as well as business knowledge and problem solving.

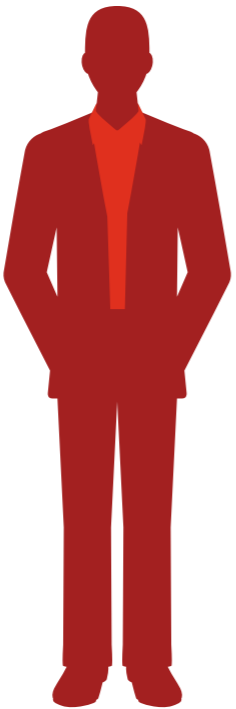
Academia should ensure that students are being challenged and developed in all areas of leadership, not just mastery of theoretical/technical skills. Research, case studies with team assignments, and presentations can provide exposure to project management and can — even in a heavily quantitative curriculum as Tax/Accounting — provide valuable instruction approaches that help to hone the expanding skills of the Tax professional.

“Masters in Tax programs are still generally tax technical. Graduate tax programs could benefit from technology and data science learning incorporated into case studies that allow students to solve business and tax problems in a simulated, practical, real-life context.”  
— Jon Davis, University of Illinois

# Let's dig deeper: The role of academia

## How should academia help influence students' perception of Tax?

Academia should strengthen its partnership with the Tax profession to better understand and highlight Tax as a valued and rewarding career option. Otherwise, students may be encouraged to pursue functional areas other than Tax such as finance, audit and general accounting/financial reporting. In most traditional Accounting programs, students are not exposed to Tax courses until late in their academic careers, and often from a very narrow perspective, individual taxation. It is therefore important that students understand the full breadth of Tax, its impact on the business, and the variety of opportunities available within the function. An effective way to provide students insights into Tax is routine exposure to a variety of visiting professors from the profession who can share real-life experiences and inspire the Tax professional of the future.



*Tax?*

*Financial reporting?*

*Audit?*

*Finance or investment banking?*

*“The trend towards more technology is making it challenging for understanding what the true tax professional will need, beyond putting numbers into a computer program. Technology has created massive efficiency, but the use of and leverage of technology should still be coupled with actual “know how.”*

—Larry Quimby, Auburn University



*“Academia should be in constant dialogue with the profession to be clear on what's required for the Tax function. Understanding and bridging these gaps will be important for attracting and developing the Tax Professional of the Future.”*

—Larry Quimby, Auburn University

# Let's dig deeper: The role of Tax leadership

Inevitably, in an environment that is fraught with challenges, Tax leadership has an important role to play in equipping the Tax function with professionals who are ready to adapt to the changing business landscape and meet the increasing requirements of the function. Leadership's responsibility is two-fold. Developing Tax professionals is key; however, Tax leaders also must adapt to drive the change that is needed for the Tax function of the future.

## Tax leadership – Building, developing, and motivating teams

Attention to the needs of people is one of the most important roles a leader undertakes. Even the most accomplished Tax leader must rely on a team of Tax professionals to address increasing tax requirements in order to be successful. Considering the need for expanded skill sets in Tax, the sourcing of talent will be different than before. Tax talent will need to be developed and motivated using fresh, innovative approaches to avoid attrition at a time when the skills needed are scarce.

The Tax profession now needs a variety of skills beyond traditional technical tax skills; however, tax skills should not be secondary – and are still an obvious basic requirement of the function. Who then should Tax leaders hire?

## Sources of Tax talent

### Traditional sources:

University accounting undergraduate and tax graduate programs are the traditional source of new un-experienced hires into the Tax profession. Academia is now working to expand the curriculum to include elements of technology and data analytics, business case studies/problem solving, and project management; however, is each graduate likely to possess tax in addition to all other new skills and capabilities that Tax needs? It may be difficult for Tax to find all required skill sets from traditional sources.

### Non-traditional sources:

Increasingly, Tax leaders are looking to alternate sources and disciplines for talent with the skills needed for Tax now and into the future. Larger Tax functions are able to employ specialist tax technologists who primarily are trained in information technology and can apply those skills to a variety of Tax process and data needs. Some candidates may have risk management, consulting, or project management skills to facilitate process improvement initiatives and implementation of solutions across the enterprise.

Some Tax leaders are considering talent with aspirations beyond the Tax function, professionals who are interested in learning the business and ultimately rotating to other functions. These candidates help to connect Tax to other business areas so that Tax will be viewed as a less mysterious and more valued function within the enterprise.

*“I had a Six Sigma black belt work with me on implementing and offshoring a process around short-term business visitor tax reporting. He did not have a tax background but was brilliant at following our logic and then bringing in the level of rigor needed in order to capture the process effectively.”*

— Tax practitioner

# Let's dig deeper: The role of Tax leadership

The adjacent case study reflects an example of the need for and successful deployment of a Tax professional with "non-traditional" background.



## Case Study

### Background /Issue

Company A is a global manufacturer that is under audit by multiple jurisdictions simultaneously, resulting in a high volume of audit requests. Although the Company employs qualified Tax professionals to address local country issues, Company A found that due to similarities in the requests from the jurisdictions and potential duplication of effort, a solution was needed to streamline the audit/controversy process.

### Solution

In addition to deploying technology solutions to enhance the availability and quality of data, Company A's Head of Tax created a Tax

Risk Manager position and employed a "non-traditional" candidate to fill it. The role does not require technical tax knowledge; however, it is responsible for coordinating audits and controversy globally, working with country tax specialists.

### Impact

Because the position has global oversight, efficiencies are created in approach and gathering the information needed for multiple jurisdiction audit requests. The timeliness, consistency, and quality of data submitted to authorities improved, resulting in an overall reduction in the risk associated with the controversy process.



## Tip

*Although trends in the business and tax environment support a need to leverage skill sets and capabilities developed in "non-traditional" academic backgrounds, it also is incumbent upon the Tax function and broader organisation to develop long-term career paths that fit these new and unique skill sets.*

# Let's dig deeper: The role of Tax leadership

## Developing the Tax professional of the future

Developing Tax talent should not be contained within the function but should involve broader areas of the enterprise and should begin even before potential inexperienced hires graduate.

What are opportunities for developing Tax talent?



### **Internships**

- developing early tax compliance skills



### **Rotations**

- within and outside of Tax



### **Training**

- Technical tax updates
- Technology tools and solutions
- Communication and relationship building
- Cross-functional training & exposure
  - Training other functions on tax matters and vice versa



### **Mentoring**

- within and outside of Tax



### **Succession planning**

- internal Tax and external opportunities



### **Evaluating strengths**

- fit for the role.



# Let's dig deeper: The role of Tax leadership

## Motivating the Tax professional of the future

*“What we always want to do is have a conversation that talks about each of the generations and the value they bring.”*

— Jason Dorsey, co-founder of the Center for Generational Kinetics, an article by Dawn Wotapka, *Journal of Accountancy*, May 2017

Simply using the “latest” approach to motivating and retaining talent no longer is viable. Organisations, including Tax, will need to adapt to the varying needs of diverse professionals from different generations and cultures. For instance, Dorsey believes that millennials (born early 1980s to early 2000s) want to know how their role affects the business and want to have an immediate impact. They are more likely to consider other opportunities if they do not feel a sense of fulfillment.

The challenges associated with motivating and retaining Generation Z professionals, who will join the workforce in the next seven to ten years, are likely to be even more daunting. Generation Z (born after 2002) is growing up immersed in social media and advanced technologies.

Tax organisations will need to define their values and culture and hire talent that is the best fit for the job, not only in terms of qualifications, but based on a candidate's strengths, interests, and motivation. If there is a culture fit, employees are likely to stay within an organisation; however, Tax leadership will need to stay connected to employees in order to adapt to the evolving needs and motivations of the Tax professional of the future.



*Employers need to do more to study all information about potential targets/employees to better understand core skill sets, strengths and values in order to best align those candidates within the Tax function. This upfront effort would best drive value and job satisfaction; however, it entails leveraging data points beyond technical tax capabilities.*

# Let's dig deeper: The role of Tax leadership

## The Tax leader of the future

As a result of Tax leadership's increasingly visible role in the organisation, certain competencies will become particularly important. The Tax leader of the future will be required to build, develop, and motivate talent in addition to the following:

Influence	Strategise	Build relationships and network
<ul style="list-style-type: none"><li>• Effective interaction with the C-Suite</li><li>• Delivering the business case for change within Tax</li><li>• Reporting Tax results and value</li><li>• Impacting business processes and functions beyond tax</li></ul>	<ul style="list-style-type: none"><li>• Developing effective tax operational and organisational strategy</li><li>• Ensuring Tax strategy is aligned with business strategy</li><li>• Minimising tax risk</li></ul>	<ul style="list-style-type: none"><li>• Collaborating across functions for mutual benefit</li><li>• Sharing insights on Tax processes</li><li>• Learning and leveraging enterprise systems</li><li>• Inspiring confidence.</li></ul>

Expectations are high for Tax leaders of the future. Tax leaders themselves will need to focus on developing skills in areas that traditionally were not deemed important for Tax.



“I had to step outside of the box. It became less about technical skills and more about getting things done, executing the process. What did I have to lose?”

—Stephanie Fielding, Bupa

Tax should be aware of the business strategy and build the tax strategy from there. Heads of Tax should seek to eliminate blind spots in their understanding of the organisation's strategy. They cannot wear the “Tax hat” at all times. They need to be more adaptable and able to communicate in a simple, yet effective manner.

# Let's dig deeper: The role of Tax leadership

## How should Tax leaders develop themselves?

Cognitive competencies and emotional/ social intelligence, as well as other personal qualities and soft skills, become more critical to leaders as they progress in their career. The actual performance of operational tasks no longer is as important as influencing, leading, and developing others.

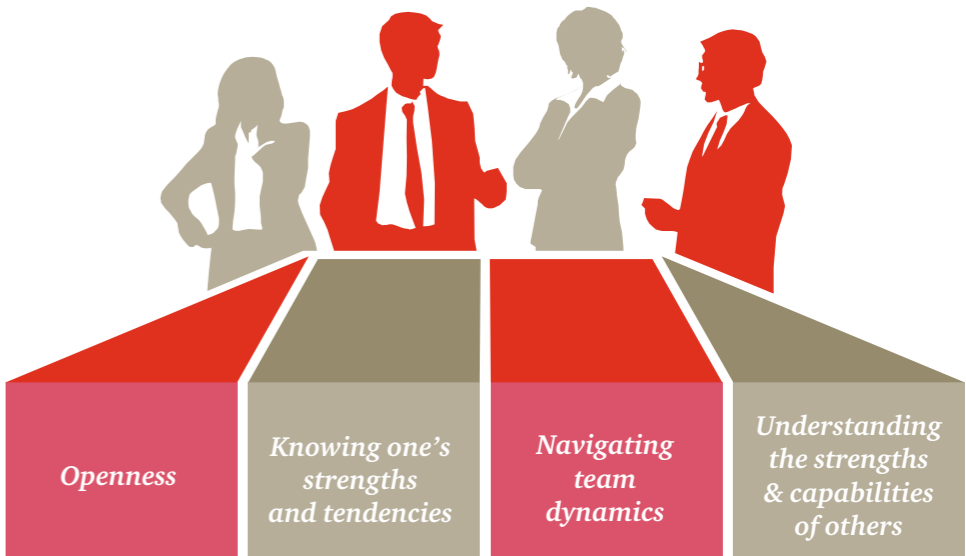
Cognitive competencies address the ability of Tax leaders to not only understand the complexities of tax, but to also understand the business, its impact on Tax, and vice versa. It speaks to the ability of leaders to quickly adapt to change and confidently present the value that Tax brings in a manner that is understood by internal and external stakeholders.

Cognitive aptitude includes:



Emotional intelligence (EI) is equally important for those in leadership. EI affects a Tax leader's ability to build valuable relationships at all levels within Tax and across the business. It can help facilitate building strong teams and navigating difficult situations.

EI includes:



Based on the 2017 20th CEO survey, 77% of CEOs are concerned that key skills shortages could impair their company's growth. And they say it's the soft skills they value most that are hardest to find.

# Let's dig deeper: The role of Tax leadership

During difficult times when Tax leaders need to carefully manage organisational and reputational risk, certain additional competencies and qualities are important. Moral intelligence addresses integrity, humility, and authenticity. Soft skills or personal qualities such as charisma and the ability to engage and energise are also important for interactions with stakeholders and for motivating Tax staff.

What are opportunities for Tax leadership development?

-  Strength-based/business chemistry training
-  Cross-functional mentorship/role models
-  Formative, work-based development experiences
-  Tax technical, technology, business training, and awareness
-  Strategic thinking and problem solving
-  Leadership communication
-  Personal responsibility for development of self and others



## Tip

*Tax leaders should embrace a learning mindset by seeking opportunities for development and feedback, and reflecting individually and with others. They should understand the market and the tax technology tools and other processes that are available for them to enhance and support the Tax function of the future.*

# Bringing it all together

## How do we get there?

Change is difficult, and aspects of the tax and business environment still are uncertain. However, what is clear is that people will continue to be critically important for enabling Tax functions and the wider organisation to continue to meet objectives and respond to internal and external stakeholders. Tax professionals

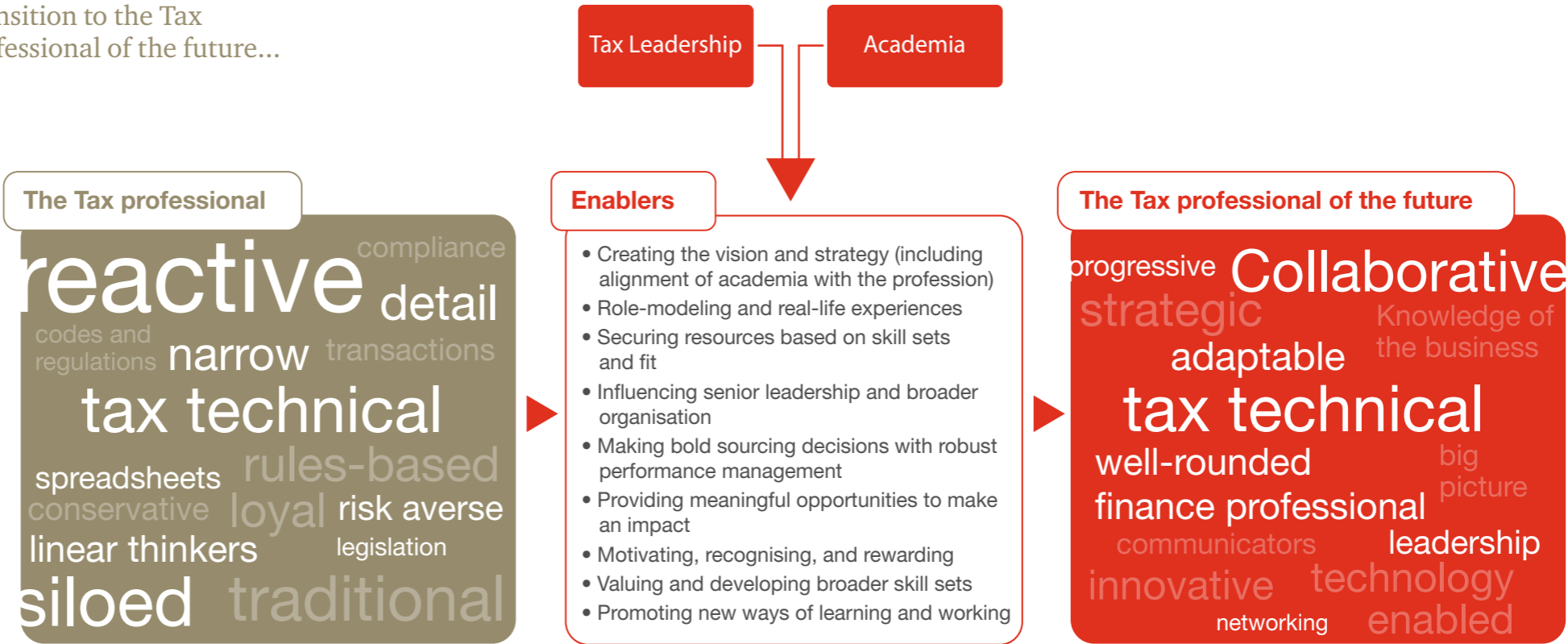
will continue to be essential for validating data, establishing and managing processes, and leveraging and deploying technology. Now is the time for the tax professional to “future proof”, adapting to change to remain relevant and impactful to the Tax function of the future. Tax leadership and academia are enablers on this journey. They should plan now to affect future change.

*Business as usual is not feasible. Tax needs to be open to new, innovative business models, operational structures, and required skills. The key is exploring these new ideas with the right professionals engaged.*

*“The Tax professional as only a tax technical specialist is unsustainable. Tax technical specialists do not fully support the business in the way that it needs to be supported.”*

— Stephanie Fielding, Bupa

Transition to the Tax professional of the future...



## ***Let's talk***

To have a deeper conversation about how these issues and predictions may affect you and your business, please contact:

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# Predictions

The global predictions we present in this thought leadership series include the following. We hope they inspire Tax executives and team members to forge a new future vision for their Tax function.

## **Global legislative and regulatory landscape**

- Global tax information reporting requirements (e.g., CbCR and similar transparency initiatives) will grow exponentially and will have a material impact on the operations and related budget allocations within the tax function.
- Regulators will demand transparency regarding global taxation, necessitating clear and thoughtful communications with public stakeholders about corporate contributions to the communities in which they do business.
- Information sharing will be commonplace among taxing jurisdictions, and taxing authorities will have the capability to mine data and conduct global audits, resulting in increased disputes.

## **Tax function's role in risk management and governance**

- Many jurisdictions will legislatively require the adoption of a tax control framework which follows guidelines similar to Sarbanes-Oxley and COSO (Committee of Sponsoring Organizations of the Treadway Commission).
- Enhanced stakeholder scrutiny and reputational risk will force companies to continuously re-evaluate their tax decisions.

- Strategic focus on jurisdictional reporting and documentation of business activities, including transfer pricing, will be critical to managing the increased tax controversy resulting from transparency initiatives.

## **Data flow into the tax function**

- The majority of tax functions will receive all information in a 'tax-ready format' from either their enterprise-wide financial systems or a dedicated tax data hub.
- Dedicated tax data hubs will become mainstream and be developed internally, licensed from a third-party vendor, and/or accessed through an accounting firm as part of a co-sourcing arrangement.
- Data security will be high on the agenda of tax functions due to concerns over confidential information being inadvertently released or shared publicly.

## **Technology automation for tax function analytical tasks**

- More companies will use their enterprise-wide financial systems to prepare tax calculations (e.g., income tax accounting and indirect taxes), thereby replacing spreadsheets and/or traditional tax technology solutions.

- The vast majority of tax functions will rely on professional data analysis tools to assist in the decision-making process in areas such as detection of risk, opportunity identification, projections and scenario planning, and overall business support.

## **Tax function roles and processes**

- Most global tax preparatory compliance and reporting activities, including data collection and reconciliations, will be performed within the company's shared service centre or will be co-sourced with a third party.
- Tax functions will use real-time collaboration tools to automate their workflow, document management, calendaring, and internal controls.

## **The tax professional of the future**

- A successful tax professional of the future will be highly proficient in data analysis, statistics, and technology, as well as process improvement and change management.
- Tax functions will employ dedicated tax IT, data and project management specialists who will develop, champion, and execute the tax technology and transformation strategies.