2025

GLOBAL TAX MARKET ASSESSMENT

The ONLY annual report providing the corporate tax profession a global perspective from a staffing, retention, & development point of view.

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Introducing the 11th Annual Global Tax Market Assessment (GTMA), brought to you by TaxTalent, TaxSearch, TaxForce, and BPA. This collaborative report delivers forward-looking insights into the key trends shaping the tax profession, from regulatory shifts to talent management strategies.

Each year, the GTMA evaluates the accuracy of past predictions while offering actionable guidance to navigate the evolving tax landscape. **For 2025, the profession faces a pivotal moment: an intensifying wave of audits and enforcement, a rapidly shifting demographic landscape, growing talent shortages, and mounting complexity in global compliance.**

These insights aim to empower tax professionals with the knowledge and strategies needed to thrive in a volatile and increasingly complex environment. **Here are the top four key takeaways for 2025:**

1. MAJOR TAX POLICY SHIFTS POST-ELECTION

The 2024 election marks a turning point for tax policy. **With Republicans controlling Congress and the White House, U.S. tax regulation is likely to ease.**

Provisions of the TCJA, previously expiring in 2025, are likely to remain and could even become permanent. While this may simplify domestic compliance, companies benefiting from Inflation Reduction Act incentives face potential repeal risks, and tariff policy impacts remain uncertain.

Multinational organizations face a complex balancing act: managing U.S. deregulation while navigating increasing global compliance requirements, particularly around Pillar Two. This divergence, combined with favorable market conditions accelerating baby boomer retirements, creates unprecedented challenges for tax departments.

Tax leaders must act now — restructuring teams for flexibility, educating stakeholders on emerging complexities, and developing proactive strategies for policy shifts and workforce transitions. Those who take these steps will be best positioned to navigate both the domestic and global challenges ahead.

2. TALENT SHORTAGE AND SKILLS GAP

The tax profession faces a critical workforce transition as Baby Boomers retire and Millennials move into leadership positions prematurely.

This creates two major problems: a senior-level experience gap, potentially worsened by early retirements, and a shortage of entry-level talent to meet demand. The result is increased pressure on millennials, who must handle both leadership and technical roles with limited mentorship opportunities.

Economic expansion and business-friendly policies are likely to drive up demand for tax talent, while mounting international requirements like Pillar Two will put further pressure on an already strained talent pool. Budget constraints will also make attracting and retaining skilled talent harder, even as the need for adaptable tax teams grows.

To address this, tax leaders must prioritize long-term workforce planning. Succession strategies, mentorship, and targeted development programs for younger professionals are critical. Building a well-prepared pipeline of talent will be essential to navigate the rising demands of the evolving tax landscape.

3. DEMOGRAPHICS RESHAPING THE TAX WORKFORCE

The tax profession is undergoing a profound demographic shift. Baby boomers now make up just 32% of the tax workforce, with half over age 65. Their retirements, expected to accelerate post-2025, are creating critical knowledge gaps.

Compounding this, older Gen X professionals (ages 55–59) — many holding leadership roles — face pressures that could lead them to exit earlier than expected, driven by workplace demands, inherited wealth, and caregiving responsibilities.

Tax departments must prepare for this dual exodus. Honest, proactive conversations with both boomers and Gen X leaders about retirement plans are essential to mitigate surprises and ensure knowledge transfer. Simultaneously, identifying and developing high-potential millennials through mentorship, training, and leadership opportunities will be key to addressing succession gaps.

Tax leaders who act now to strengthen succession plans and invest in talent pipelines will be better equipped to navigate the changing workforce. Waiting to respond risks costly turnover and operational disruption in an already strained talent market.

4. RISING TAX CONTROVERSY AND AUDIT CHALLENGES IN 2025

Tax controversy and audits are set to intensify significantly in 2025, with governments at all levels targeting corporations to address budget shortfalls from pandemic-era spending.

Large, profitable, and publicly traded companies will face increased scrutiny of both direct and indirect taxes, including transfer pricing and intangible assets. The IRS, bolstered by 87,000 new agents, is just one example of expanded enforcement efforts, with state and international authorities ramping up their own audit activities.

Adding to the pressure, we anticipate that financial audits will grow more rigorous, particularly for U.S. public companies under stringent U.S. GAAP tax provision requirements.

As audit demands rise, the tax profession faces a critical shortage of experienced talent, exacerbated by the impending retirement of baby boomers and Gen Xers. Similarly, companies relying on external advisors may struggle to secure expertise in a competitive market.

Tax leaders must act now to strengthen audit defenses, enhance documentation practices, and build versatile teams with skills spanning audit, planning, and compliance. Proactive communication with financial leadership is also essential to avoid surprises.

Organizations that prepare for this new era of intensified scrutiny will mitigate risks, while those that delay face operational and financial challenges.

The teams at TaxTalent, TaxSearch, TaxForce, and BPA will be hosting a FREE Q&A webinar on February 6th from 1-2:15pm where you will have the opportunity to ask the questions your tax department, HR teams, and financial leadership desperately need the answers to. Register now to reserve your spot and ensure access to the recording.

U.S. TAX MARKET RECAP OF 2024

Every year, we review our predictions from the previous year and rate ourselves on how we did. Our unique relationship with the tax profession allows us to analyze our findings "from the inside." Each recap below is accompanied by the grade we give ourselves on last year's predictions.

1. Generational Changes in Leadership

B+

2024 presented significant challenges for new tax leaders, particularly those who had not previously led a tax department through economic uncertainty. However, the anticipated economic slowdown did not materialize as expected, and the demand for tax professionals remained strong, even as other departments experienced cutbacks. This created friction within organizations, as both new and seasoned tax leaders had to make a concerted effort to explain why the tax function's supply and demand dynamics were unique compared to other teams. Additionally, while retirements continued in 2024, the volume was lower than in previous years, which has been beneficial for many companies. Despite this, the tax industry continues to contend with an aging workforce, and this demographic shift will have long-term impacts in 2025 and beyond. Further insights on these trends are included in this year's report.

2. Unknowns in 2024

A

In 2024, we anticipated several unknown challenges impacting supply, demand, and retention in the tax profession. While there has not been significant movement in tax policy yet, it appears we were a year early in predicting how policy shifts would affect tax departments. With a new administration set to take office in 2025, there is strong consensus that the U.S. will experience some form of tax policy change in the near future. Our prediction that tax leaders would need to proactively address retention issues proved accurate, as the market remained active throughout 2024. This focus on retention will continue to be a priority as we move into 2025.

U.S. TAX MARKET RECAP OF 2024 CONT'D

3. Increase Demand in Tax Specialty and Functional Areas

As we predicted, the U.S. tax industry did continue to face supply challenges across specialty and functional tax areas as demand in specific areas like indirect tax, federal tax compliance, tax accounting, tax audit, and international tax planning remained strong. While supply and demand challenges were more pronounced in levels of hiring compared to specialty and functional areas. Still, we will continue to see an increased need in most all areas of tax over the next five years and beyond, reinforcing how critical strategic talent management and succession planning are.

4. Challenging Levels of Hiring

The demand for tax professionals remains high across all levels, a major takeaway from 2024, driven by the retirement of experienced talent and a shortage of younger professionals entering the field. This prediction proved accurate, with a notable demand for all levels of talent. Due to this demand, candidates continue to wield increased bargaining power, further exacerbating supply and demand challenges and driving up hiring costs.

5. Work Policy Tensions

We anticipated that the tug-of-war between remote and in-office policies would challenge recruiting and retention, particularly with younger professionals. This has been proven correct, as companies must now weigh work flexibility against the developmental benefits of in-office interactions. Companies allowing fully remote work face obstacles in talent development due to limited in-person interactions, while companies with five-day onsite policies may struggle to attract a diverse talent pool. To attract and develop talent, companies will need to offer some flexibility for in-office roles and ensure structured, budgeted face-to-face interactions for remote teams. Developing leadership and communication digitally remains crucial for organizations adopting hybrid or remote models.

TAX POLICY SHIFTS POST-ELECTION

KEY TAKEAWAY FOR 2025

The 2024 election marks a turning point for tax policy. With Republicans controlling Congress and the White House, U.S. tax regulation is likely to ease.

While it's no secret that tax has always been a political tool, there is no question that the politicization of tax has increased drastically in recent years. Whereas we used to see significant changes to tax policy occur once every few decades, we are now seeing these shifts every few years, creating a need for tax leaders and CFOs to be nimble in adapting to these changes.

With Trump’s recent win in the 2024 election and the Republican Party taking the majority in both the House and Senate, we anticipate that in the U.S., there will be a push for reducing regulatory pressures.

In addition, we predict that many of the provisions of the TCJA that were set to expire in 2025 will not only remain in place but could even potentially be codified into law with the right kind of backing. There could also be some resistance to full participation in Pillar 2 from the U.S. perspective.

While this may result in less significant wholesale changes in U.S. tax legislation for some departments, many companies that have been benefiting from tax credits as a result of the Inflation Reduction Act could face significant impacts if that is repealed. Additionally, Trump’s proposed plans regarding tariffs are another unknown. When tariffs had been implemented previously in recent years, we did not see a major inflationary impact, but whether we will see the same result in this post-election environment remains to be seen.

While we foresee deregulation being a focus of this administration as it relates to tax in the U.S., tax and finance leaders in multinational companies will face an interesting dynamic as they will still need to contend with other regulatory changes outside of the U.S., such as the impacts of Pillar Two and the increasing compliance costs associated with it.

TAX POLICY SHIFTS POST-ELECTION CONT'D

In this volatile environment, it will be tempting for tax leaders to take a reactive, wait-and-see approach to getting a game plan in place to navigate post-election policy changes. However, in this post-election environment, we anticipate that it will not be a question of whether changes to tax policy occur but rather when those changes will occur and how big of an impact they will have, much of which will likely vary depending on the industry and global footprint of the companies they work within.

Leadership must also be prepared for the effect these post-election shifts will have on staffing and hiring in their functions. If the economic outlook remains positive post-election, we will likely for see a tax acceleration of the demographic shifts already occurring in tax, with an increased risk of Baby Boomers choosing to retire during a time when the stock market is performing well and their equity value remains high.

In light of this, it will be more important than ever for tax functions to be both proactive and agile in navigating these potential shifts post-election in 2025. While we may not know exactly what these policy changes will look like yet, it will be essential for tax leaders to start the process of educating senior leadership about the importance of having a well-supported and flexible department structure to navigate potential new complexities in policy and a potential conflict between deregulation in the U.S. and increasing regulation in tax overseas. The ability to educate non-tax technical stakeholders is essential not only for leadership within tax functions but also for key team members. Tax leaders must ensure that team members are trained not only to advise cross-functional and business unit teams but also to effectively influence key stakeholders.

TALENT SHORTAGE AND SKILLS GAP

KEY TAKEAWAY FOR 2025

The tax profession faces a critical workforce transition as Baby Boomers retire and some Gen Xers move into leadership positions prematurely.

As we have seen in the past few years and discussed extensively in our previous GTMAs, there has been a talent shortage and skills gap in the tax market. We expect this trend to continue over the next several years as demand increases and supply decreases. Three primary factors will contribute to this ongoing shortfall:

DEMOGRAPHICS

The tax profession has been facing a significant shift in its workforce demographics. As Baby Boomers continue to retire, Millennials are stepping into leadership roles, often sooner than they might have planned. This has created an experience gap that is challenging for organizations to bridge. Additionally, a new administration with new policies may further accelerate the trend, as both Boomers and older Gen Xers find themselves financially positioned to retire early. If this holds true, a continued exodus of experienced professionals will further intensify the knowledge gap in tax departments.

At the same time, entry-level tax talent remains limited, and younger professionals are not entering the field in sufficient numbers to meet current and future demand. This double-layered shortage is putting immense pressure on the millennial workforce to shoulder both leadership and technical responsibilities, often without the benefit of adequate mentorship as Boomers and Gen X professionals leave the workforce.

SUPPLY AND DEMAND

A new administration in the White House and anticipated corporate growth may increase the demand for tax professionals while further tightening the market for top talent. While a complete reversal of the 2017 tax policies is unlikely, we do expect some smaller adjustments. Some of these tax rules could even be made permanent, reducing the cycle of policy shifts that often follow elections. However, tax teams will still need to stay adaptable as they manage these ongoing updates.

In addition, we find ourselves in a gray area regarding the OECD Pillar 2 framework. While it is not yet confirmed, there is a strong likelihood that the U.S. may withdraw from the initiative. These global rules add another layer of complexity to U.S. tax laws, creating more work for tax teams. As these changes unfold, companies will need to plan strategically to navigate the talent shortage of skilled professionals capable of keeping up with global tax requirements.

BUDGET CONSTRAINTS AND STRATEGIC PLANNING

With budget constraints coming into play over the next few years, tax departments may struggle to attract and retain top talent in a competitive job market. Although a pro-business administration might ease some regulatory burdens and thereby lift some restrictions, the growing complexity of tax rules means tax teams will need careful planning to balance costs with the need for skilled talent. This will be a significant concern for both permanent and temporary hires, as tax teams require a flexible workforce that can adapt to ongoing regulatory changes while securing and retaining talent within tight financial parameters.

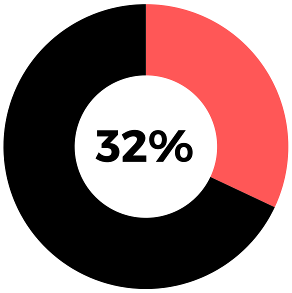
To handle these challenges, tax leaders must actively plan for the future by developing their staff and implementing succession plans for each position within the department. These plans may involve creating new strategies for retention in addition to identifying capable millennial employees ready to step into leadership roles. Providing development programs, mentorship, and training can help prepare these employees for the pressures of leadership. Building a solid pipeline of skilled, well-trained leaders will be essential for addressing future talent shortages and keeping tax departments agile, functional, and prepared for what lies ahead.

DEMOGRAPHICS RESHAPING THE TAX WORKFORCE

KEY TAKEAWAY FOR 2025

The tax profession is undergoing a profound demographic shift. Baby boomers now make up just 32% of the tax workforce, with half over age 65.

As we enter 2025, we have fully entered the transition of Baby Boomers out of the tax profession. Based on the numbers in our proprietary database of over 100,000 tax professionals, the baby boomer generation represents roughly 32% of all jobs held in tax. While still representing 1 in 3 tax professionals, this marks the lowest percentage of boomers working in tax in modern history. Additionally, of the boomers that are still working, 50% of that population are 65 and older! The 2017 tax reform brought a sharp decline in boomer retirements, but since then, retirements have resumed at a steady pace.



Baby Boomers (currently 60+) still represent over 32% of all tax roles .

What the numbers are telling us now is that there is a rather large population of boomers that have decided to keep working much longer than their boomer peers and they are also very close to calling it quits themselves in the next few years.

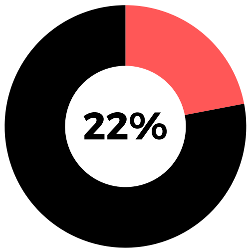
Now that we know which administration will be in the White House in 2025, we anticipate the change will have an impact on demographics overall and the Boomers and Gen X'ers specifically. If the prior term for Trump is any indication of how things will be in the future, we should be in an environment with lower taxes and more de-regulation, which proved to be good for the economy overall from 2016 to 2020. A low tax and good economic environment means that both the Gen Xers and Boomers still left will be in an even stronger financial position and able to feel more comfortable retiring.

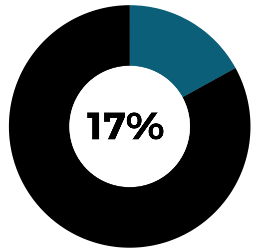
As we have pointed out in many of our articles & thought leadership publications, leadership has been pointing to this Boomer exit for years, no one has yet analyzed the group right behind the boomers, Gen X, and their impact on the demographic crisis facing our profession. We recently published two articles in Tax Notes exploring the Gen X dilemma —a critical issue that requires careful planning (Which we reference in our Demographics section and is also available here, Tax Department Leadership: Effective Succession Strategies [bit.ly/3Yt7uyE](bit.ly/3Yt7uyE) & Why Tax Succession Planning Might Have a New Twist bit.ly/4ffgca5). The oldest members of Gen X are now approaching retirement age, coinciding with the profession's loss of the remaining Baby Boomers.

In fact, our recent analysis indicates that the oldest of the Gen X'ers are of the age 55-59 and make up 22% of Heads of tax and 17% of #2's in a department.

DEMOGRAPHICS RESHAPING THE TAX WORKFORCE CONT'D

Gen Xers (55-59) in Head of Tax Roles





Gen Xers (55-59) in #2 Roles

While many might think that someone 55-59 may still have a lot left in the tank, there are several reasons why this cohort could decide to quit working even earlier than their Boomer counterparts. The same pressures that have driven out many Boomers are still present for Gen X'ers: more complexity, more pressure on tax leaders now that tax has a true seat at the leadership table, more strain on resources, pressures on HR matters like work policy, and compensation, etc. are all present.

Additionally, there are additional personal factors that lead us to believe that this group may not have to or want to work as long as the generation before them. The Gen X generation is due to inherit $84 trillion in wealth from their Boomer parents and they will be tasked with taking care of their Boomer parents who are now entering the latter stages of life. This potentially treacherous trio of factors: work, wealth, and personal could easily persuade older members of Gen X to exit the profession much earlier than anticipated. While we expect we might be highlighting this issue earlier than most, the sooner tax departments rethink and expand their succession plans, the better prepared they will be for circumstances that are very well out of their control.

Now that we've outlined the problem and highlighted the potential for far more challenges than companies might anticipate, how can it be proactively addressed? Unfortunately, there are no simple solutions or quick fixes. Addressing this issue will require courageous conversations, honest discussions, and a flexible approach to navigate the realities many organizations may soon face.

First, make no assumptions. The more you plan for the unexpected, the better prepared a tax function will be. This means that tax leadership must have many more honest career-related discussions with a larger audience than ever before. Discussions with boomers to understand their possible retirement timing need to be had in a manner that expresses a desire to understand their situation without causing alarm that their role at a company could be diminished by having an open and honest discussion.

DEMOGRAPHICS RESHAPING THE TAX WORKFORCE CONT'D

The ability of a company to keep boomers on staff on a permanent or interim basis to help transition knowledge to the younger generations will be critical for departments to execute succession planning successfully, and this must be explained so that both parties can be forthcoming to eliminate surprises. Additionally, expanding the retirement discussion needs to be had with key Gen X'ers that you might have been assuming would be there to fill the void. Again, this type of discussion with this cohort will be new and maybe unexpected but the more a leader can be forthcoming about their motivation for having this discussion, the more likely the discussion will be both open and honest.

Next, leadership must identify who within their team are the high-potential millennials who have the desire to climb the ladder and ascend into a leadership role. As it is well documented, not every millennial lives to work so honest and straightforward discussions about the career desires of this generation will be imperative for tax leadership to know if they are investing precious training resources in the right people. Once the key high potentials are identified, it is time to focus on development, which will come in many forms. Internal training programs from your HR team are extremely valuable and can be quite impactful for millennials who will put value on being part of a learning culture within a company. Additionally, there are several external training outlets where EQ, communication, and influencing skills can also be taught if you want to look outside of your organization. Lastly, do not forget about mentors. Mentors are some of the strongest forms of training and using both internal and external mentors can be a great way to supplement a formal training regimen.

We expect 2025 to be an active year in tax on multiple fronts. While the changing demographics of the profession is not a new topic by any means, the situation is evolving and that can provide companies with both opportunities and surprises. While a lot of effort has been placed on succession in recent years, now is not the time to sit back and think the work is done. Tax leaders who continue to be aggressive about addressing succession will continue to be the most well-positioned to handle any changes that could come their way. Those who sit back and react are more likely to have unexpected turnover, surprises, and end up paying more for external hires and advisors than necessary.

RISING TAX CONTROVERSY AND AUDIT CHALLENGES IN 2025

KEY TAKEAWAY FOR 2025

Tax controversy and audits are set to intensify significantly in 2025, with governments at all levels targeting corporations to address budget shortfalls from pandemic-era spending.

As we look ahead to 2025, one thing is crystal clear: Tax controversy and statutory audits are poised to surge, particularly for large, profitable, and publicly traded companies. As governments at every level – from city and state to federal and international – seek to shore up budget shortfalls in the post-COVID era, the crosshairs are squarely on corporate taxpayers. While the recent U.S. election results will likely influence some of the other key takeaways, they will have minimal impact on this trend, which is primarily driven by pandemic-era overspending.

Consequently, companies should prepare for both indirect and direct tax matters to be scrutinized in these audits, with significant increases in volume, dollar amounts, and penalties. The IRS, soon to be armed with 87,000 new agents, is just the tip of the iceberg. Expect similar staffing increases at the state and international levels, all laser-focused on the complex issues arising from our evolving tax landscape, such as intangible assets and transfer pricing.

Even tax financial audits, while not necessarily more frequent, will be marked by heightened intensity and scrutiny. U.S. publicly traded companies, in particular, will feel the heat due to GAAP requirements around tax provisions. And don't forget about the international front: Corporations should gear up for a flurry of non-U.S. audit activity, particularly in certain regions of the world.

RISING TAX CONTROVERSY AND AUDIT CHALLENGES IN 2025 CONT'D

To prepare for this, tax leaders must communicate early and often with financial leadership about this evolving landscape, as no CFO wants to be blindsided. Recent developments, like the IRS's massive $28.9B adjustment proposal to Microsoft in October 2023, underscore the urgent need to prepare for battle on transfer pricing and multinational tax compliance.

What's more, just as the demand for tax controversy and audit expertise is poised to explode, the supply of seasoned professionals is dwindling. The existing talent pool, heavily skewed toward boomers and Gen Xers, is fast approaching retirement age. Corporations that have long relied on outside advisors for audit support may find themselves in fierce competition for a shrinking bench of experts.

The tax landscape is poised for a seismic shift, and the hard truth is that the tax profession is understaffed and ill-equipped to meet the impending surge in demand for specialized expertise. But for those who read the tea leaves and take decisive action, there is still a window of opportunity to prepare for the terrain ahead.

In the end, fortune favors the prepared. **Tax leaders must act now to strategically align their tax teams with the upcoming demands that they will be facing in the areas of tax audits and controversies.**

2025 NON-U.S. KEY TAKEAWAYS

The second half of the Global Tax Market Assessment contains insight on the top global tax trends impacting EMEA, Asia Pacific, and Latin American tax departments. **Here are the six takeaways on recruitment and retention challenges for in-house tax departments in 2025:**

01 **Demand for Multidisciplinary Skills:** Tax departments increasingly need professionals with both technical tax expertise and cross-functional project management skills to collaborate with finance, IT, ESG, and operations. Roles are evolving to require coordination across functions, making versatile and multidisciplinary skill sets essential.

02 **Tech-Savvy Professionals in High Demand:** The shift to automation, AI, and technology integration (e.g., SAP S4 HANA) calls for tax professionals adept with tech tools and capable of critical analysis. There is a need to recruit or upskill employees for handling data-driven insights rather than traditional data gathering.

NON-U.S. KEY TAKEAWAYS FOR 2025 CONT'D

03 **Intensified Compliance and Audit Landscape:** Increasing regulatory requirements (Pillar 2, public CBCR, ESG disclosures) and aggressive tax audits demand a stronger focus on compliance, controls, and litigation skills, adding pressure on leaner tax teams, particularly in regions with limited tax talent.

04 **Retention and Compensation Challenges:** High turnover and competition for skilled professionals, especially in transfer pricing, international tax, and digital tax roles, are driving up compensation demands. Retention efforts now include clearer growth paths, competitive packages, and an emphasis on work flexibility.

05 **Focus on Soft Skills and Advisory Capabilities:** As tax departments shift toward more strategic roles, professionals with strong communication and advisory skills are crucial to effectively partner with the business, manage stakeholder expectations, and provide insights aligned with broader corporate goals.

06 **Uncertainty of incoming U.S. administration:** Companies outside the U.S. will face a more fragmented global tax environment as the Trump administration reduces U.S. commitment to OECD's BEPS initiatives, prompting unilateral tax measures and potential retaliatory tariffs. This could drive businesses to relocate operations to the U.S. to benefit from favorable tax policies, increasing demand for international tax planning specialists and compliance teams. At the same time, changes in trade tariffs, expiring tax provisions, and potential shifts in renewable energy incentives will create additional challenges, particularly for tax leaders in the tech and energy sectors.

NON-U.S. RECAP FOR 2024

The non-U.S. recaps below convey how our 2024 key takeaways played out and show the grade we give ourselves on last year's predictions.

1. Global Demand for Tax Talent Outstripping Supply

A-

Our predictions accurately described challenges in finding in-house tax professionals, particularly in markets like Germany and Japan, due to long notice periods and cultural preferences. The talent shortage in these areas and high demand across in-house roles have continued as forecasted. We didn't predict the economic downturn in Germany to have the effect of shifting from a candidate-driven market to an employer's market.

2. Demand for Indirect Tax Professionals

A

The rise in demand for indirect tax professionals due to government revenue needs, supply chain adjustments, and a push for sustainability was largely accurate. Tax departments in many countries are indeed under pressure to meet rising compliance requirements, especially with increased indirect taxes like VAT, environmental taxes, and technology implementation for tax processes. However, the increased use of automation technology dampened some of that expected increase.

3. Rise in Transfer Pricing Audits and Controversy

A+

As predicted, tax audits have increased, particularly in transfer pricing, due to improved data accessibility and tech sophistication among tax authorities. This has led to recruitment growth in TP roles and confirmed the prediction that controversy management would become a specialized skill within tax teams.

4. Increasing Talent Competition in Emerging Markets & Eastern Europe

B-

Companies are indeed localizing operations to mitigate cost and logistical challenges, as seen in Hungary, the Czech Republic, and Poland, which have tax incentives and transportation advantages that attract multinational investments. Russia's invasion of Ukraine is a factor in dampening demand in Eastern Europe, so this did not translate into increased hiring.

5. Wage Inflation & Retention Challenges in Big 4 and Multinationals

B

While competition for tax professionals has pushed up salaries, retaining younger talent has become complex due to evolving work-life balance preferences. However, the retention challenges predicted were not uniformly as severe as anticipated in all regions, with mixed results in wage pressures depending on local market conditions.

6. Hybrid Work Trends

A+

Predictions about hybrid work's evolving landscape and varying levels of flexibility have been accurate. Many tax teams are required to come into the office at least part-time, with some companies using incentives to encourage office attendance. The anticipated trend toward more face-to-face time has materialized, especially in companies that emphasize career development or high-stakes, collaborative work.

7. Impact of BEPS 2.0 on Tax Operations

A+

Predictions around the burden of compliance and the need for robust tax data management have held true. BEPS 2.0 compliance requirements have led to increased demand for professionals with data management and automation skills. Companies are also lobbying for local tax adjustments to remain competitive.

8. Focus on Finance and Tax Transformation

B-

The push for automation and tax transformation within finance remains a big trend, as anticipated. Many tax functions have started aligning closely with digital finance initiatives to improve efficiency. Cost reduction remains a priority, though actual large-scale transformations have been slower than anticipated due to high implementation costs.

NON-U.S. PREDICTIONS FOR 2025

1. Demand for Multidisciplinary Skills

In 2025, tax departments worldwide are increasingly emphasizing multidisciplinary skills as they adapt to evolving tax landscapes and regulatory requirements. Two of our larger clients (an oil major and a MedTech) are seeking more generalist tax skills. They want more people who can navigate various tax domains - corporate tax, transfer pricing, and customs - rather than specializing in just one. This shift is driven by a need to adapt to the complexity and agility required by modern tax issues, including BEPS Pillar 2 provisions and a broad focus on indirect tax compliance.

For instance, a major FMCG client's experience with indirect tax showcases the financial impact and the necessity for professionals who can deliver insights across multiple tax disciplines, integrating finance, supply chain, and broader business strategy.

We are seeing a shift toward more project management (PMO) roles on many projects where tax intersects with various functions. For example, Pillar 2 requires tax professionals to coordinate with consolidation, accounting, and IT/ERP colleagues. Similarly, e-invoicing necessitates collaboration between tax professionals and procurement, ERP, and accounting teams. We expect this trend to continue into 2025 and beyond.

The ability to act as a business partner, particularly in complex, cross-border contexts, has also grown in importance. Tax teams deliver commercial insights that extend beyond tax-specific issues, providing significant value to the business through a broader understanding of operations, risk, and financial impact. This integrative skill set positions tax departments as valuable strategic advisors within their organizations.

2. Tech-Savvy Professionals in High Demand

As tax technology continues to evolve, companies are in search of tech-savvy professionals who can drive efficiencies and streamline compliance processes. Many organizations, including larger banks and financial institutions, are investing heavily in tax automation and data-driven tools to handle massive datasets efficiently.

In sectors like insurance, companies are still in the early stages of hiring professionals with strong tech backgrounds, often with skills extending beyond traditional tax software to advanced data management tools like Alteryx and SAP S4 HANA.

The rise of AI and automation also brings new demands, with some MNEs focusing on indirect tax automation to comply with emerging e-invoicing standards and ensure timely reporting. Our main MedTech client has transitioned to a highly automated tax tech team led by a fantastic Global Tax Transformation Leader. This shift reflects the growing need for specialists who can leverage AI to accelerate data analysis and simplify complex compliance processes. This trend extends to companies across regions, as shown by one of our Pharma client's emphasis on tech-savvy hires, especially in areas like VAT and direct tax technology in EU & LATAM markets.

3. Intensified Compliance and Audit Landscape

Around the world, the compliance and audit landscape is becoming increasingly stringent as countries implement measures like public country-by-country reporting (CBCR) and Pillar 2 regulations. Clients across all sectors report heightened interest from tax authorities, particularly in jurisdictions where compliance and transparency initiatives are in full effect. For instance, a German manufacturing client has observed more prolonged and intensive audits in Germany, some of which span over a decade. With increased regulatory oversight, the big banks and oil services companies are preparing their teams to handle higher volumes of audit inquiries and to operate within tighter compliance timelines.

In response, several tax leaders are focusing on building robust data and compliance frameworks. One client is spearheading a “single source of truth” tax database to streamline data management and facilitate rapid reporting. Increased scrutiny is pushing many MNEs to perfect their tax controls, enhancing their systems to manage compliance seamlessly and ensure accuracy across all tax reporting.

4. Retention and Compensation Challenges

Retention and competitive compensation are major concerns for global tax departments. The hybrid work model, while providing flexibility, has introduced challenges around pay equity and mobility, as illustrated by HSBC’s approach to location-based pay adjustments and Amazon’s Return to Office program. Employee expectations for salary increases, partly due to inflation, have also contributed to retention challenges.

At one Swiss-based pharmaceutical client we work with, a talent shortage of skilled tax accountants in Europe (excluding the UK) exacerbates the pressure to retain qualified staff and to offer attractive development opportunities.

In high-demand areas like transfer pricing and international tax, competitors often attract talent by offering higher salaries, remote work flexibility, and growth opportunities, as seen in LATAM. One U.S. insurer's tax leadership reports high turnover rates in Brazil and Mexico, driven by better offers from competitors. Companies are addressing these challenges with innovative retention strategies, such as "lock-in" arrangements, to secure key team members. Lock in arrangements are things like retention bonuses, equity awards or stock options, deferred compensation, non-compete or non-solicitation clauses, and career development opportunities. These strategies align employee financial or career incentives with the company's long-term goals, encouraging key talent to stay engaged and committed to the company's success.

5. Focus on Soft Skills and Advisory Capabilities

Soft skills and advisory capabilities are critical to the evolving role of tax professionals in 2025. Tax departments increasingly require professionals with strong interpersonal skills as they engage more with government affairs, finance teams, and regulatory authorities. Almost all tax departments now highlight the importance of communication and advisory skills, particularly when working with cross-functional teams and managing remote or hybrid teams.

Advisory roles within tax departments are expanding, driven by a need for professionals who can negotiate, partner with the business, and advise on risk. The strategy to hire candidates with strong advisory capabilities aligns with the broader trend of viewing tax as a strategic, value-generating function rather than a compliance-focused role. As tax authorities become more sophisticated, MNEs are mirroring this trend, with tax leaders noting increased collaboration and knowledge-sharing between companies to navigate complex global tax issues.

6. BEPS 2.0 vs Trump 2.0

With the shift in U.S. leadership under the Trump administration, companies outside the U.S. may find themselves facing a complex new landscape in terms of tax compliance, staffing, recruitment, and retention. A key outcome of this change could be a marked shift in U.S. tax policy, especially concerning international tax cooperation. Under Trump, the U.S. may reduce its commitment to the OECD's BEPS initiatives, particularly Pillar 1, which focuses on taxing digital services and reallocating tax rights to market jurisdictions. This change could delay global tax harmonization efforts, creating a more fragmented tax environment that may lead countries to take unilateral actions, such as imposing digital services taxes or adopting protectionist policies.

Such moves could spur retaliatory actions from the U.S., like tariffs or other trade restrictions. While this may pose challenges for businesses engaged in international trade, it could also create new opportunities, particularly for companies considering relocating or expanding operations to the U.S., to take advantage of favorable tax policies and incentives, such as tax credits and reduced corporate tax rates. In fact, we're already seeing an uptick in the number of start-ups and R&D projects moving to the U.S., drawn by these benefits. For international businesses, this could mean rethinking their investment strategies, realigning global operations, and adjusting to a potentially more U.S.-centric economic environment.

On the staffing front, MNEs may need to reassess how they allocate talent across regions. A shift in global tax and regulatory policies, including new tariffs and changes to international tax rules, may have a significant impact on global mobility, particularly for key personnel or tax staff in affected regions. Companies might find themselves needing to manage more complex cross-border tax compliance, with additional staffing requirements for navigating these new regulations. It could also mean hiring additional specialists in areas like international tax law, trade compliance, and risk management.

One key area of concern is how trade tariffs might impact staffing and recruitment. While it's still early to predict with certainty, it's expected that tariffs could be imposed selectively. Meanwhile, businesses with global operations may need to hire or relocate staff to manage the additional workload generated by tariffs and compliance with new trade policies.

For companies in the tech sector, the Trump administration's stance on international tax reform could be particularly impactful. Republicans have expressed concerns that the OECD's Pillar 1 could disproportionately affect U.S. tech giants by shifting more tax rights to countries where their users are based rather than where they have physical operations. If the U.S. withdraws from or renegotiates its involvement in the OECD's BEPS 2.0 initiatives, this could lead to more unilateral digital taxes being introduced worldwide, which could, in turn, lead to retaliatory tariffs from the U.S. The additional complexity of navigating these new tax regimes could significantly increase the workload for global tax teams, particularly in industries heavily reliant on digital business models.

At the same time, U.S. domestic tax policy could also create new demands on staffing and compliance. Several provisions from the Tax Cuts and Jobs Act (TCJA), passed during Trump's first term, are set to expire in 2025, which will require businesses to monitor changes closely and adapt their strategies accordingly. Policymakers will likely look to renew or modify these rules, creating uncertainty and additional work for tax teams around the world as they adapt to shifting tax landscapes.

On the renewable energy front, there's speculation that Trump might roll back certain provisions from Biden's Inflation Reduction Act, including tax credits for renewable energy projects. While much of the investment has been directed to Republican-leaning states, any changes to these incentives could create challenges for companies in the energy sector, particularly those relying on these tax credits for project financing. The potential policy changes here could drive increased demand for energy tax specialists or consultants to navigate these shifting incentives.

Finally, a reduction in the U.S. budget for the IRS, as proposed by Trump's supporters, could have implications for companies managing their tax compliance. While it's unclear how this would impact businesses directly, it's possible that tax teams might have to adjust to a new regulatory environment with potentially less oversight, which could influence how businesses handle tax reporting and compliance.

Overall, the potential changes under the Trump administration signal an era of greater tax uncertainty and complexity for all companies with global operations. Multinational companies will need to be nimble, adapting quickly to a shifting tax landscape and reassessing their staffing needs to ensure they have the right talent in place to manage these changes. Whether through expanding global tax teams, shifting operations, or adjusting to new trade tariffs and tax measures, businesses will need to stay ahead of these developments to remain competitive in an increasingly fragmented global market.

Conclusion

In summary, the 2025 global tax landscape underscores the need for a diverse and tech-savvy talent pool that can navigate complex regulatory environments, adapt to rapid technological changes, and provide value-added advisory services. By fostering these capabilities within their teams, MNEs can ensure they remain competitive and compliant in an increasingly challenging global market.

One thing we are certain is that 2025 will be an interesting year for the Tax community. No longer can you rely on being accountants or lawyers at heart – today you are part business strategists, part tech wizards, part diplomats and crystal ball gazers as well. There will be a lot to get you out of bed in the morning, with BEPS, CBCR, VAT, AI, and a sprinkle of Trump 2.0 drama on top. Good luck!

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