



Today's Tax Professional:

An Evolving Skillset



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Technology in the tax function is no longer new, but is very much the here and the now, accelerated by the COVID-19 pandemic and increasing global regulations and reporting requirements. Over the next 12 to 18 months, organisations will be sailing into headwinds not felt in decades thanks to a tightening economy that will increase pressure across all business functions. Organisations will need to be smart in identifying ways to navigate these challenges successfully.

KPMG's 2022 [Keeping us up at night](#) survey of over 400 Australian business leaders confirmed the topic of digital transformation remains at the forefront of CEO's minds, with nearly 50 percent of organisations having undergone some degree of operational transformation during the COVID-19 pandemic. This was focused heavily around enabling workplace flexibility and boosting productivity. Fast-forward to today and the focus has shifted to extracting value from those investments and optimising outcomes for the business; this will be critical for the C-Suite as economic headwinds become stronger and access to talent is difficult. Organisations that have been slow to transform may struggle to meet these increased demands and realise fully the benefits that transformation typically brings.

In comparison, KPMG International's ongoing [Global Tax Department Benchmarking survey](#) with input from over 600 multinational tax leaders in more than 50 countries, indicates that tax functions have leveraged transformation to differing degrees and that companies may be missing out on opportunities to drive increased efficiencies by increasing their use of tax related software. Of those surveyed, 24 percent of companies are yet to acquire compliance software, whilst over a third of companies are not planning to invest in document management systems, off-the-shelf provision systems or workflow tools. This seems surprising given the tight labour market and the unemployment rate at near record lows.

So, why have tax departments been slow to transform?

Historically, businesses have directed investment towards initiatives that are more easily quantifiable through scale and impact such as client engagement channels and supply chain functions. However, the tide is starting to turn, as back-office functions come into focus and more businesses embark on finance transformations. But is tax included in these plans – is tax really at the table? Or are leaders missing a golden opportunity to enhance and streamline tax within this broader finance transformation?

Today's tax leaders understand the benefits transformation can bring. They understand the importance of data controls, process improvements and advanced technologies.

Time and time again we hear tax leaders say they need to:

- Reduce manual processes
- Access additional tax resources, talent and skills
- Simplify access to data and data integrity controls
- Have transparency over transactions
- Be better integrated with the wider business
- Produce greater insights that add value

Yet many tax functions are still dependent on manual processes, Microsoft Excel and double-handling of data to complete obligatory reporting.

There seems to be a number of reasons for this, many of which are outside tax leaders' control. But the ones that we hear most often are:

"My tax function is very complex across our processes, data sources and technology—things are mostly working, so why challenge the status quo?"

"There is a lack of funding."

"My team does not have the time to be involved in a project and getting support from IT is a challenge."

"How do I make the business case to fund improvements in the tax function and get buy-in from key stakeholders?"

Rethinking the tax function and the case for change

So, how do tax leaders pivot to thinking about their long-term vision and goals? How can leaders rethink their tax function of today and look ahead to a streamlined and efficient future state that provides greater insights and better outcomes for tax and the broader business? There are several factors to consider, however the case for change most likely begins with a conversation with key business units and leadership underpinned by data that measures the KPIs relevant to your tax function. Though most transformation projects centre around cost savings, tax transformation extends into managing risk, fines and penalties, brand reputation, corporate governance and community impact.

The next 12 to 18 months will be critical. Tax leaders will need to be strategic in their ability to respond to a tightening economy (do more with less), a lack of tax resources, regulatory changes (BEPS, e-invoicing), technology advancements in modernised ERP cloud solutions with embedded tax capabilities, and ESG drivers which will demand transparency over tax policies, investments, and clear and strong governance.

However, the overwhelming concern in the 'Keeping us up at night' survey, both in the short and long term, is access to talent. A recent article in [Accountants Daily](#) indicated that for every Australian commerce degree graduate—there are six different graduate work opportunities on offer. Attracting talent, at both the graduate and professional levels, is so competitive right now that many organisations have been forced to do more with less. But there is light at the end of the tunnel for tax leaders who are willing to look at this issue from a different perspective. Alongside external recruitment, organisations who begin to identify how to retrain, upskill and repurpose their employees will be well-positioned to withstand evolving demands and thrive.

The changing nature and skills of today's tax professional

Australia is helping to lead a global trend in tax functions that has seen the nature and skills of tax professionals change in response to greater awareness, knowledge and access to market leading technology tools. This trend has been occurring for some time but was accelerated during the COVID-19 pandemic.

We can see this change most easily in job advertisements published online. If we were to look at a typical role description of the past five years, we would probably find that the role was quite broad, for example:

Role description

- **Preparation and/or review** of the income tax returns and tax effect accounting calculations.
- Co-ordinate the **half yearly and yearly income tax provision** calculations required for consolidated financial reporting.
- Preparation of various taxation filings including **BAS, withholding tax** and any other indirect taxes applicable.
- Manage the preparation of the **Payroll tax and FBT return** and support the business with FBT and PRT advice.

Expected experience

Tertiary education in a related field (such as **Business, Finance, Accounting or Law**).

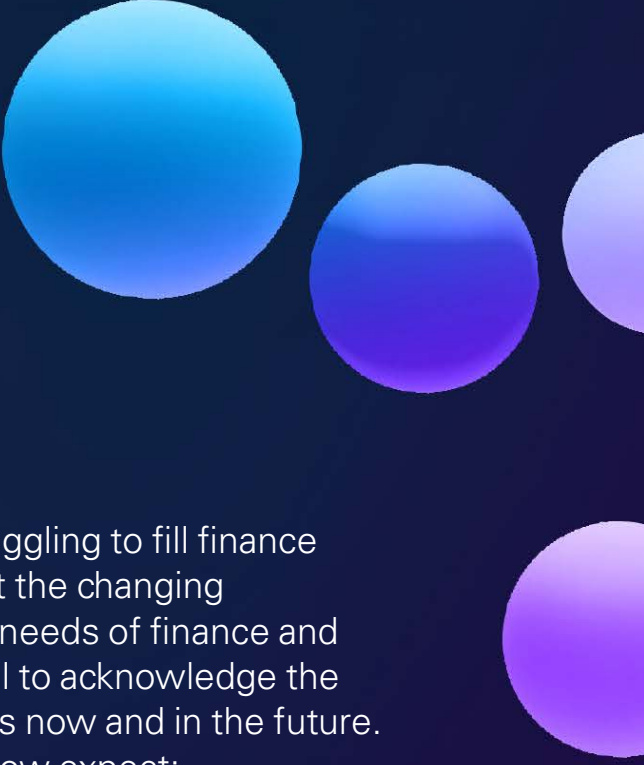
Completed **CA or CPA certification**, or other qualified professional with tax compliance experience.

5+ years of **corporate in-house tax compliance exposure** or experience in an accounting / professional services firm.

A strong understanding of **direct and indirect** taxes.

This role description would resonate with tax professionals currently working in a compliance and advisory role. Current, open in-house tax advisory positions advertised online are not dissimilar to what is described. If we take a moment to reflect on this generic role description and expected experience, we might consider the following:

- Does this accurately reflect the tax function's open roles?
- Does this capture how such roles have evolved within the organisation?
- On reflection, is the expected experience listed a little short-sighted?
- Does this capture the unique skills needed to support, and drive, transformational change?
- When thinking about what the day-to-day role actually entails in terms of technology and data, are we looking for the correct skills?
- Finally, is the role offering a compelling employee value proposition to ensure that the tax function can compete in the market for the very best talent?



Many organisations recruiting talent today are struggling to fill finance roles because they have failed to take into account the changing expectations of the labour force and the changing needs of finance and tax professionals. Similarly, many organisations fail to acknowledge the changing nature and skills required by tax functions now and in the future. Out in the market, many prospective employees now expect:

- **A flexible working environment and a strong team culture** that has not only survived, but has thrived, during the pandemic. Tax professionals now expect flexible working conditions, enabled by virtual collaboration tools that allow them to work from the office, from home and from client hubs, as well as IT systems and policies that allow data extraction from anywhere.
- **Technology, data analytics, coding skills and certification.** Younger generations in particular want access to the latest technology. More junior employees tend to have experience with analytics, coding, automation and visualisation tools, whereas more seasoned tax employees expect embedded technologies, such as tax engines, automated data extraction and data transformation tools.
- **Learning and development opportunities.** Employees are craving a chance to learn and grow. Smart organisations are now sponsoring technology upskilling that will be of use and benefit to the tax function. Allowing employees the bandwidth to learn new skills, develop use cases, pilots and prototypes within the tax function is also key.
- **Ambitious and strategic business goals underpinned by a transformational agenda.** A tax function with a long-term vision and roadmap, where employees own key components of the strategy and execution will drive employee engagement and satisfaction. People today want something to own and achieve.
- **The opportunity to partner with other business units and step outside of siloes.** Employees want to learn and grow. Having opportunities to work with teams and business groups outside of their core function is becoming an expectation.
- **Be open to new ideas and change.** Being open to change, encouraging employees to try something new, for example, to rebuild a manual process and automate manual components or implement analytics will drive employee fulfillment.
- **Be part of a purpose-led organisation.** Employees want to be proud of who they work for. Can Heads of Tax articulate the ESG fundamentals of their organisation and how the tax function plays its role in supporting that agenda.

The changing face of the tax professional today is dovetailing with the shifting needs of the tax function as a whole. Tax leaders embarking on a tax transformation journey can capitalise on the growing expectations and increasing skills of current and prospective employees to drive transformational change.

If we think about the changing needs of tax functions and reconsider the stock-standard job advertisement examined earlier, we can see that it was missing some key experiences and skillsets that transformational and progressive tax functions require today:



1. **Experience or knowledge in the use of tax engines, workflows and automation.** Having prior experience with tax engine technology, workflow and project management tools, and other forms of automation will aid in driving efficiencies in processes and knowledge transfer across other team members.



2. **Experience or certification in the use of ETL (extract, transform, load) solutions.** A big challenge facing tax functions tends to be getting access to clean, granular data to drive better reporting, deeper insights and process improvements. Plus, having an understanding of the end-to-end data lineage for transactions—from the initiation of the data point, through systems and the transformation it goes through—is advantageous. Having ETL capability and knowledge will drive tangible efficiencies across the tax function.



3. **Experience or certifications in developing analytics solutions using leading data analytics visual tools.** The ATO Justified Trust program is driving increased need for transactional level analytics. Tax functions need people who can design and develop appropriate tax analytics but also people who can interpret and drive actions from the insights obtained.



4. **Prior experience supporting with ERP design and User Acceptance Testing for tax processes.** Many businesses are moving to the cloud and implementing or upgrading their ERP's. Having a seat at the table with someone who has done it before or who is ERP savvy will immensely benefit the tax function. Today's tax professional is more acutely aware of business processes such as Hire to Retire, Order to Cash, Procure to Pay and Record to Report and how they are captured from a data perspective in the ERP. This knowledge is becoming increasingly critical to better enable payroll direct and indirect tax compliance.

When we consider the earlier, more traditional job advertisement, we now know that tax leaders would be well-placed to include the following key responsibilities and experiences in their hiring and teaming strategies:

Updated key responsibilities

- ✓ Contribute toward the **tax function strategy** and drive **operational excellence** through the use of **automation and analytical** tools.
- ✓ Work as part of a project team to **support the ERP upgrade** in terms of identifying **business, data and reporting requirements** for tax.
- ✓ Support tax advisory team with **data analytical interpretation** to optimise business benefits and mitigate risks.

More robust experience

- ✓ Prior experience/ knowledge in the use of **tax engines, data automation tools** (such as Alteryx, Tableau Prep etc.), and/or **analytical visualisation software** (PowerBI, Tableau).
- ✓ Experience with **ERP systems and ERP processes** including support with migrating to cloud instances of SAP, and Oracle, for example.
- ✓ Experience **communicating tax data, business and automation requirements** as part of a multidisciplinary finance transformation team.
- ✓ Experience with accessing data from **in-house data lakes** and operationalising for tax business processes.
- ✓ **Openness and willingness to learn** new technologies and skills with a view to utilising such technologies to enhance the day-to-day role.

Now we can see there is stronger emphasis on the prospective employee contributing toward the tax function strategy and driving operational excellence. It also highlights the role that the new team member will play in the ongoing maintenance and enhancement of the ERP. On the experience side, tax leaders should now consider, and ask for, key competencies in the technology and ERP space and an openness and willingness to learn and grow.

KPMG works with businesses to help them understand the interplay between the changing needs of the tax function and the growing expectations and diverse skillsets of tax professionals. By incorporating new ways of thinking on how to deliver streamlined and efficient tax compliance and reporting, including the training and development of existing tax teams, and integrating key tax technologies, we can support businesses in providing greater insights and better outcomes for the tax function and the broader business. For more information on how you can optimise your tax function please visit [Tax Transformation](#).



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