2026 GLOBAL TAX MARKET ASSESSMENT

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

Tax Talent

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EXECUTIVE SUMMARY FOR THE U.S. AND GLOBAL TAX MARKET

Tax functions across the globe are entering 2026 facing a convergence of pressures: accelerating leadership turnover, new technology expectations, shifting global regulation, and a contracting supply of skilled professionals. The result is a widening gap between what tax departments are asked to deliver and the resources they have available.

This year's **Global Tax Market Assessment** highlights four forces that will shape the talent, leadership, and operating strategies of leading tax functions in the year ahead.

1 TAX LEADERSHIP EVOLUTION AND BROADER SKILL DEMAND

Across industries and company sizes, the role of the tax leader is expanding. Technical excellence remains essential, but it no longer differentiates top performers. CFOs and CEOs increasingly expect Heads of Tax to:

- Communicate clearly with non-technical executives
- Act as strategic advisors on business growth, risk, and transformation
- Lead and develop teams in an increasingly competitive talent market

Middle-market companies are now competing directly with multinationals for leadership talent, tightening succession pipelines across the board. Globally, political volatility, aggressive tax authorities, and increased scrutiny have amplified expectations even further. In this environment, leaders who can interpret data, influence senior stakeholders, and guide technology-enabled transformation will be best positioned for success in 2026.

2 DEMOGRAPHICS, TALENT SUPPLY, AND THE PRIVATE EQUITY EFFECT

Demographic pressure is no longer theoretical — it is here. Baby boomers continue to exit the workforce, and a growing share of Gen X leaders are accelerating retirement plans. At the same time, fewer early-career professionals are entering the field, intensifying competition for experienced talent.

Adding to this, private equity investment in major accounting firms is poised to reshape the traditional talent pipeline that feeds corporate tax departments. Potential impacts include:

- Increased offshoring and outsourcing
- Rising cost structures
- More professionals opting for corporate roles as firms reorganize

To stay ahead, tax leaders will need to strengthen succession planning, expand development efforts, and proactively address compensation expectations.

Around the world, skill shortages and limited mobility are pushing organizations toward more structured workforce strategies, including interim leadership, flexible staffing models, and better forecasting of future talent needs.

3 TECHNOLOGY, AI, AND DATA CONSISTENCY

AI and automation are moving quickly, but the tax function is still in the early stages of understanding how — and where — to deploy these tools responsibly. Missteps can be costly. Budget cuts or headcount reductions tied to untested technology increase operational and compliance risk.

AI can organize and process data, but it cannot apply business judgment, assess risk, or communicate intent.

As a result:

- Governance and validation remain essential
- Alignment with IT is no longer optional
- Companies must maintain a consistent and reliable Single Source of Truth

Meanwhile, tax authorities globally are embracing technology even faster than corporations. Audits are increasingly data-driven, pattern-based, and automated. This shift raises the bar for data quality, documentation, and standardized reporting processes.

Many companies will need new or expanded partnerships with external consultants to manage and implement evolving tax-technology solutions.

4 ECONOMIC AND POLITICAL UNCERTAINTY

Higher interest costs and tighter budgets are pushing governments to use tax policy more aggressively, raising the level of political scrutiny for corporations. Tariffs, customs enforcement, global tax reform, and shifting trade dynamics all add complexity.

Despite this volatility, multinationals have shown resilience — and those that adapt quickly may find new opportunities as conditions stabilize.

For tax departments, the most significant implications include:

- Increased enforcement and audit risk
- Pressure to deliver more with fewer resources
- Heightened need for scenario planning and real-time visibility
- Rising expectations for cross-functional collaboration

The most effective tax leaders in 2026 will pair technical expertise with strategic influence — engaging policymakers, interpreting political intent, and helping their organizations anticipate and shape future tax policy."

If you have any questions regarding this year's Global Tax Marketing Assessment, please reach out to Jake.Tuchmann@taxtalent.com, and we will direct you to a team member of the TaxTalent, TaxSearch, TaxForce, and BPA team.

TAX LEADERSHIP EVOLUTION AND BROADER SKILL DEMAND

Our organization published several thought leadership pieces in 2025 outlining how tax leaders have been forced to evolve, placing greater emphasis on non-tax technical skills such as strategic business judgment, influencing abilities (both within tax and cross-functionally), and team development.

We've spoken at length about how those who are ahead of the curve in this area will continue to be in high demand to lead the top tax departments globally for years to come. See our article, "Beyond Technical: The Skills Tax Chiefs Must Master," to get a sense of our perspective on this topic.

At the same time, our firm has seen middle-market companies enter the conversation and begin recruiting the same caliber of candidates previously targeted only by much larger organizations. We expect this trend to continue into 2026, with ripple effects across tax departments of all sizes in the U.S.

Middle-market companies are now competing directly with large multinationals for the same small pool of well-rounded future leaders. This isn't just a hiring trend — it's a succession crisis. When smaller companies hire developing talent straight out of public accounting, or pull rising stars from big-company benches, it disrupts the internal pipelines that large organizations have spent years building. The result: succession plans thin out, career ladders stall, and companies with strong development cultures risk losing their next generation of leaders earlier than expected.

Regardless of how companies ultimately fill their open roles, we firmly believe that as we move into 2026, both individuals and organizations need to place a premium on talent development to stay competitive in a tightening market.

For individuals, accelerate your career by seeking out stretch opportunities within your company. In high-profile meetings, be more vocal and demonstrate that you possess both the EQ and IQ skills necessary to build leadership confidence — leading to greater visibility and opportunities. Those who can combine strategic insight with emotional intelligence will have ample opportunities to capitalize on this growing demand.

For organizations, don't let the fear of talent poaching prevent you from investing in your people. In fact, showcasing your ability to nurture and develop talent will strengthen your recruitment and, ironically, improve retention.

Is it better to have a reputation as a tax shop that develops "A-players" or to have a tax function with a reputation of retaining talent with long retention rates but never progressing in their career development? If you want to attract top performers, build a department that stands out as an environment where they can grow. Even if that top performer is eventually recruited away, that success story becomes a powerful message for future candidates, allowing tax leaders to attract even higher caliber "A players" looking for environments where they can develop and grow.

Ultimately, tax leaders who can build, develop, and lead high-performing teams will continue to have their choice of top opportunities as we head into 2026.

Global Perspectives

It's a complex world right now. Tax authorities are far more aggressive than they used to be — willing to take bold audit positions and advance claims that would have seemed impossible even a decade ago. Jurisdictions once considered business-friendly are no longer viewed that way.

This shifting landscape has changed how tax is discussed with the Board, CFO, and CEO. The conversation is now far more politically charged and increasingly centered on managing expectations.

Technical skills remain important, but they've become the baseline. Similar to the U.S., the real differentiators today among tax leaders overseas are around communication, business partnering, and the ability to interpret and explain data effectively.

Teams still need a balance of skill sets. There is certainly still a place for traditional technical experts, but the importance of softer skills has grown significantly. Deep technical expertise still has value, but it's no longer the automatic driver of success.

TAX LEADERSHIP EVOLUTION AND BROADER SKILL DEMAND

Artificial intelligence is diminishing the dominance of pure technical knowledge — what truly matters now is the ability to interpret information compiled by AI, communicate this to senior leadership, and collaborate with the business.

Some professionals thrive in constant change; others struggle. Those who can’t adapt will fall behind. Flexibility, resilience, and openness to change are now essential. That’s why it’s critical to reshape roles. Many companies are leveraging AI, building in-house tools, and creating unified data sources. But technology alone isn’t enough — you must retrain people, reshape mindsets, embed process efficiency into the organization’s DNA, and eliminate resistance to change.

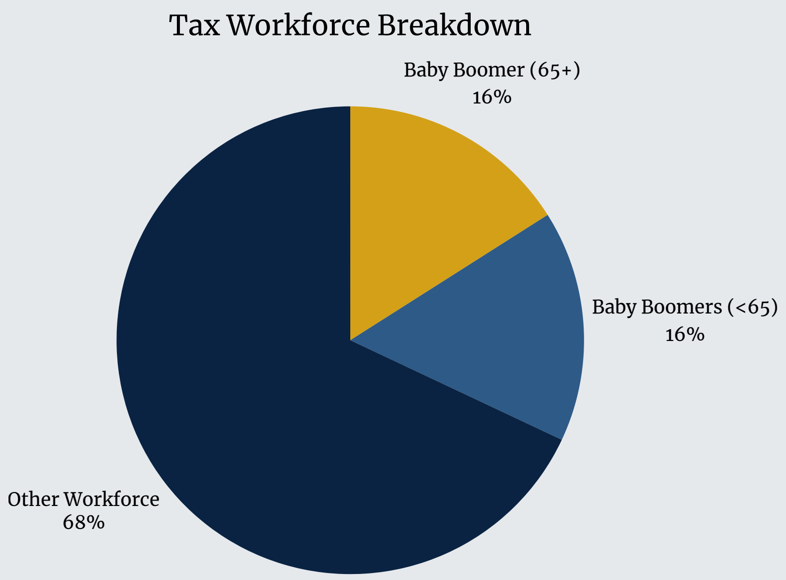
Increasingly among top performing tax departments, teams are evolving into “tax technologists,” combining tax and technology expertise. They’re breaking down silos, aligning with teams at the cross-functional and business-unit level, driving transformation, and unlocking new possibilities. Organizations should actively promote internal opportunities, so employees can transition into roles that align with their skills and interests, keeping succession in mind.

This is thoughtful, strategic and deliberate future-proofing — because when the next wave of change hits (and it will), you need to be ready and nimble.

To be effective today, Heads of Tax need breadth across multiple facets: technical depth, yes, but also communication skills, political acumen, flexibility, and resilience. It’s an incredibly dynamic and fascinating time to be a Head of Tax — but the pressure has never been greater.

DEMOGRAPHICS, TALENT SUPPLY, AND THE PRIVATE EQUITY IMPACT

As we have said before, the tax profession has been, and will continue to undergo, a profound demographic shift. Baby boomers make up 32% of the tax workforce, with half over age 65. Their retirements are expected to continue accelerating, which is not only creating a shortage of talent but also critical knowledge gaps. Additionally, older Gen X professionals (ages 55–59), many of whom are currently in leadership roles, face various market pressures that could lead them to exit the profession earlier than expected. We also continue to see fewer individuals entering the tax field; therefore, we expect this will further compound the labor shortage of tax professionals.



Additionally, as private equity firms acquire and consolidate mid-tier national, regional, and large local accounting practices (e.g., Grant Thornton, Baker Tilly), questions arise about how this business model will affect the quality of professional talent development, which in-house tax departments have relied on as a pipeline for qualified talent since their inception. We do not yet know how this will affect current public accounting teams, but we anticipate two near-term outcomes: a potential decline in service quality as more work is offshored, and upward pressure on fees as overseas labor becomes more in demand. Together, these shifts may lead more U.S.-based professionals to question the long-term stability of these firms and view in-house roles as a more attractive option. As a result, consolidated firms may need to hire and backfill more aggressively, further increasing costs.

Due to the overall limited supply of tax professionals, we anticipate many companies will increase their co-sourcing and outsourcing to public accounting while pro-active tax leaders will consider utilizing more “ out-of-the-box solutions” to address this shortage of talent such as utilizing independent tax consultants who can come in to provide support for extra workload, assist with automation and process improvement, etc. As mentioned, because firms continue to struggle to staff appropriately, we will continue to face major talent shortages on both sides — corporate and professional services.

What can be done to minimize the impact of these issues?

Get ahead of the baby boomer retirement issues by having honest and proactive conversations with both the boomers and Gen X leaders in your department about their retirement plans. This will help tremendously to mitigate surprises and ensure knowledge transfers. Be mindful of how the employee may perceive these conversations, but don't let that stop you — honesty and timing are critical for tax departments to plan effectively.

Make sure your company works with you to have plans in place to develop high-potential individuals through mentorship, training, and leadership opportunities. This will be key to maintaining the right staff and will help retain those high-potential employees. Put critical succession plans in place and speak honestly to employees about their potential to advance — or lack thereof. If there is a bottleneck, consider having an interim professional join your department on a consulting basis and take the time needed to mentor the individual who is not quite ready to step up. This way, they will not feel passed over, and your department will maintain stability.

Due to supply and demand issues, we continue to see intensifying competition, driving up compensation expectations for key roles. Work with your finance leadership and HR team to get ahead of this and ensure your team receives market-competitive compensation, benefits, and flexibility where possible. You don't want to lose top performers because their pay is too far below market, nor do you want to search for talent with compensation expectations that are too low.

Tightening the Global Talent Market

Global tax functions are facing the most acute talent shortage in over a decade. Access to qualified professionals is now one of the top challenges for tax and finance leaders worldwide. Nearly all tax leaders acknowledge a skills gap in their teams, and most expect to outsource more work in the next three years to keep pace with regulatory change. In Asia, tax positions are becoming increasingly difficult to fill due to the growing complexity of BEPS 2.0 requirements, and tax departments globally are under-resourced in either numbers, skills, or technology expertise.

Talent dynamics also differ by region. Europe and the broader rest of the world markets tend to be more flexible due to greater employee mobility, cross-border portability of qualifications, and more harmonized frameworks such as EU labor rules. This contrasts with the three “less porous” countries – the U.S., Germany, and Japan – where mobility is lower and regulatory, linguistic, and credentialing barriers remain higher.

Companies that fail to plan effectively risk being under-resourced in key locations just as enforcement intensifies. Strategic talent planning and balancing permanent hiring with interim expertise are now essential to avoid compliance gaps during transformation cycles.

Reskilling and Retention Across Jurisdictions

While technology upskilling is a top priority for most companies, relatively few organizations have a formal reskilling program in place. As a result, many rely on external advisors or contractors for key calculations and data reconciliation. At the same time, retention pressures are growing. In key markets across the globe, employee turnover in tax departments is increasing. Retention priorities vary by region: In the U.S. and Europe, flexibility and career development drive loyalty; in Asia and LATAM, stability and improved compensation and benefits are more important to maintain loyalty in the local tax function.

Heads of Tax are increasingly treating talent strategy like tax planning, applying the same analytical rigor to benchmarking, succession, and workforce modeling. The organizations that combine structured learning, hybrid work, and cross-border mobility are retaining talent longest — able to respond quickly to new challenges and ensure succession plans are in place for the future.

Tighter Talent Barriers in the U.S., Germany, and Japan

These three markets face uniquely high barriers to talent inflow. Language requirements in Germany and Japan, combined with local tax exams and regulatory licensing, significantly restrict cross-border entry. In the U.S., the technical depth of U.S. GAAP, federal/state tax rules, and the limited transferability of indirect-tax/VAT skill sets further narrow the pool of globally mobile professionals. Cultural preferences for domestic employers in major industrial economies add another friction point. Collectively, these structural, linguistic, and regulatory factors reduce global mobility into these markets and reinforce their status as the least porous talent environments in the Western world.

TECHNOLOGY, AI, AND DATA CONSISTENCY

In 2026, we anticipate that tax technology will continue to be a big focus for tax departments and professional services firms alike. While automation is already helping tax functions reduce manual workload, streamline processes, and increase efficiency, advances in generative AI and the advanced ERP systems leveraging it show the most promise of bringing in a new evolution of tax technology.

We have already started to see tax leaders shift more budget towards updating, implementing, and optimizing tax technology with the hopes of reducing the manual workload and, in some cases, headcount within tax functions. That said, due to how quickly this area is evolving,(particularly in relation to AI), the impacts on hiring, retention, and headcount stemming from these technological advancements are still unclear going into 2026.

Because of this, tax leaders should be cautious. Cutting budgets in other critical tax areas or reducing headcount before new technology tools — especially AI — are fully tested and understood could leave tax departments under-resourced in critical areas.

This is not the only pitfall tax leaders must be aware of, however. The utilization of these tools poses its own audit and compliance risks. This is on top of broader challenges around how to power this advanced technology.

Although we don't foresee technology replacing tax leaders or entire departments, we do anticipate that it will expose those who won't adapt. We are already seeing automation tools reshaping the field, as machine learning can now flag anomalies, model compliance scenarios, and reconcile thousands of entries in seconds.

TECHNOLOGY, AI, AND DATA CONSISTENCY

While automation and AI may allow tax leaders to reduce headcount in certain areas, it also comes with limitations. An AI tool can surface outliers, but it can't explain their business context. It can calculate exposure, but it can't weigh whether a regulator or journalist will see the position as defensible.

In light of this, we foresee the focus on hiring in 2026 shifting toward individuals with the expertise to oversee, manage, and effectively apply this technology. The ability to challenge assumptions about how systems handle tax, validate the integrity of AI-driven outputs, and translate those outputs into actionable strategy will become more important than ever. As technology becomes more embedded across the tax function, we anticipate that upskilling existing teams — and strengthening alignment between tax and IT partners such as engineers and data scientists — will be a growing priority for successful tax leaders in 2026 and beyond.

While the need to strengthen the bench in tax technology is clear, hiring for these roles brings its own challenges. Many tax leaders still struggle to define and scope tax technology positions, especially where responsibilities should sit between technology and tax technical work. Without clear boundaries, these hires can end up in limbo — or effectively doing two jobs. That also raises a key question about the talent pipeline: Should these professionals be sourced and developed from IT or from Tax? Going into the market, tax leaders need to be deliberate in defining the skills most critical to success in these roles.

Retention is another challenge in this space as tax leaders grapple with constricting budgets and how to justify creating new permanent roles in an area where much of the work is project-driven. Because of these factors on retention, we anticipate seeing a significant increase in departments looking to utilize outside resources to assist with technology and AI implementations or upgrades. This will likely include not only outside assistance from professional services firms but also more departments utilizing highly skilled consultants working in-house for an interim period to help manage projects, drive and implement key tax technology initiatives, and train internal staff.

Global Perspectives

Tax authorities and Big Four firms are harnessing technology and AI far more effectively than most in-house tax teams. Modern audits have become massive, high-pressure exercises, with auditors more cautious and risk-averse than ever. This forces Heads of Tax to take complex, technical issues and communicate them clearly, balancing simplicity with nuance and multiple potential outcomes.

Authorities are also getting creative in how they gather information. They now review employees' LinkedIn profiles, using self-promotional statements as "evidence" of value creation. In one case, the IRS requested performance evaluations for Irish R&D staff, and the Sixth Circuit ruled they must be produced, with limited redactions. Essentially, almost anything can now be considered fair game.

Technology and data analytics are transforming audits into investigations fueled by massive data flows. Public statements, internal communications, social media posts, supplier relationships, and even press leaks can be mined and weaponized. Tax authorities can spin partial facts into aggressive positions, sometimes pulling third parties into disputes.

Moreover, tax authorities are increasingly connected, sharing information across borders and coordinating enforcement. Multi-jurisdictional audits are becoming the norm, creating a minefield of conflicting priorities and overlapping rules for global taxpayers.

In this environment, governance, documentation, and consistency are critical. This is why you need a Single Source of Truth. Everything — from ESG reports and 10-K filings to local financials, CBCRs, and tax returns — must align. Any inconsistency can become a vulnerability.

Tax leaders must adopt a "full court press" approach, emphasizing vigilance, communication, and cross-functional coordination. With limited budgets, tax teams are also expected to find "free dollars" through grants, incentives, and other funding opportunities to support the business while maintaining compliance and defending against increasingly sophisticated scrutiny.

Budget pressures remain elevated across many advanced economies, driven by higher interest costs after a long period of near-zero rates. As governments adjust to this new fiscal environment, debt-servicing demands are taking a larger share of national budgets — with U.S. interest payments now approaching defense-spending levels.

GDP growth alone won't solve the problem as it did in the past, so we have to be conscious of the fact that tax will always be a political tool. If you are going to be an effective tax leader, you need to stay on top of policy issues because they are going to create significant audit controversy in the years ahead.

Despite all of this, MNEs have done incredibly well to adjust to the current geopolitical uncertainty, proving themselves to be far more agile in how they access markets. As volatility eases, there will be meaningful opportunities for growth.

In early 2017, General Electric transferred about 600 global tax professionals to PwC under a five-year deal, establishing a new global tax-solutions team. The move is still cited as an example of how political scrutiny, cost pressures, and outsourcing models can reshape in-house tax functions — especially when external audits, budget constraints and reputational risk become front-of-mind.

In this environment, tax teams should expect issues once thought sovereign matters to become public and politically charged. Political pressure will get more acute as budgets tighten, and many companies will face greater scrutiny and the risk of public blame.

Its Impact on Hiring

Notwithstanding the growth of hiring in the middle market, there has been an overall slowdown in hiring across all corporates since the summer of 2025. Spending cuts and hiring freezes have meant teams have been put under immense pressure to do more with less.

So, in this new world of tariffs and geopolitical uncertainty, you will need to sharpen your communication and influencing skills.

To do this in larger companies, you must align with your government affairs team, and for smaller companies, you need to join associations in your industries that have common goals to help with lobbying.

We can already see the impact on some manufacturing groups as their tax teams shift focus from corporate tax and transfer pricing to tariffs and customs.

Tax as a Political Tool — and What it Means for Tax Leaders

Businesses must now influence policy wherever they operate. While this is common in the U.S., globally, that influence tends to be more institutional, consultative, and collective rather than political and individual. In the U.S., tax is openly used as a lever of industrial and political strategy — from the 2017 TCJA, shaped by corporate lobbying from firms like Apple, Pfizer, and many others, to the Inflation Reduction Act, which ties clean-energy incentives directly to national economic goals.

So, in this new world of tariffs and geopolitical uncertainty, you will need to sharpen your communication and influencing skills. To do this in larger companies, you must align with your government affairs team, and for smaller companies, you need to join associations in your industries that have common goals to help with lobbying.

Elsewhere, the dynamic is subtler but no less political. The EU's digital services taxes and global minimum tax debates expose tensions between sovereignty and fairness, targeting companies such as Google, Amazon, and many others. In Asia, incentives in Singapore and India are tools to attract investment, while in emerging markets, shifting tax rules often mirror fiscal stress and political turnover.

Tax executives in 2026 need technical mastery coupled with strategic diplomacy. Understanding global tax regimes is not enough; leaders must engage in dialogue with policymakers, anticipate the political intent behind regulation, and align tax strategy with broader business and reputational goals. The most effective tax leaders ensure their organizations remain part of the conversation shaping the next wave of tax reform. You've truly reached the highest level of impact when policymakers, executives, and stakeholders view you as a trusted resource. That's when you can shape outcomes rather than react to them.

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WE KNOW YOU HAVE QUESTIONS...

FOR QUESTIONS SURROUNDING THE U.S. AND GLOBAL ASSESSMENT

Please email Jake directly at jake.tuchmann@taxtalent.com, and he will direct you to one of our team members to discuss U.S. tax issues further.

Barrie Pallen and Will Sheppard, Directors at BPA Search, are offering private meetings with those who wish to discuss Non-U.S. tax issues further, please email will@bpasearch.co.uk to schedule a meeting.