

Market focus: trends in in-house tax

You've recently spoken to more than a dozen Heads of Tax who have been made redundant. Is this a widespread trend?

From the Big 4 to the Top 20, FTSE 100 to FTSE 350 board members are restructuring their teams to the point that the Head of Tax function is becoming a slightly risky role to take on. As widespread as 15 Heads of Tax being made redundant can be, it is a trend that we are seeing, but at Pro we are keen to see if this is just a 'culling' exercise or whether we will continue to see a domino effect.

And if so, what are businesses doing following the departure of their Head of Tax?

After the Head of Tax leaves, you tend to find that they have done such a good job, that their No.2 has been promoted and is on average between £60-100k less than them as a salary. Businesses promote their Senior Tax Manager into the Head of Tax role with circa £20,000 pay rise and then expect them to perform the role of a Head of Tax and have the ability to mitigate the risk and hold the board with the same credibility as the previous incumbent.

There's little doubt that tax is of increasing importance on the Boardroom agenda. How are CFOs deciding what work they keep in-house, and what they refer to external advisers?

Tax is one of the biggest topics in the boardroom. It still plays a primary role in any business and generally in the news, especially given the risks ahead that face our economy.

We can't legislate for the decisions that are being made here, but there must be an agenda from these CFOs as to why Heads of Tax are being made redundant. Is it because they seek up-to-the-minute, current tax advice from their external advisers? Quite possibly. Are they looking to stay out of the news and be whiter-than-white when it comes to tax compliance and the risks associated? Maybe.



Alison Keogh

Pro-Recruitment Group Ltd

Alison Keogh started her recruitment career in 2002 and now sits on the Director Board at Pro-Recruitment Group. Alison heads up the Tax Team, which consists of Practice and Commerce & Industry experts as well as Tax Partner Search specialists.

We are sure this isn't a cost-cutting exercise, but rather a strategic move by CFOs that are more commercially minded now than they have ever been before.

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With the new 'slightly more junior' Head of Tax in place, we will continue to see them use external advisors. These tax professionals, whilst extremely technical and very capable, have been used to having a Partner or a Head of Tax to give them direction, affirmation and clarification around certain topical issues. We foresee this to continue, especially given they are not paid the salary that the previous Head of Tax would have been to take on that huge risk that tax has on a

business. One thing is for sure, we are still seeing the FTSE 350 rely heavily on the external advisors for specialist subjects including R&D, Tax Technology, FATCA, Transfer Pricing, Share Schemes and general strategic advice.

What other notable trends are you seeing in the tax market?

Generally, the tax market is very buoyant and there is a lot of movement. There are more contract and interim roles now than there has ever been. There are also more roles at the Manager/ Senior Manager level than there has ever been, this is possibly down to the fact that we have less tax professionals at this level (3-5 years' PQE) due to the lack of recruitment in tax graduates between 2008 and 2010.

As such, we have seen an increase in contract and interim Head of Tax roles, so in essence the previous 'permanent' Head of Tax has gone from the payroll and CFOs are keen to bring on board a specialist or high level Head of Tax for a short period of 6-12 months.



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