Navigating the future



01 August 2018

Georgiana Head considers the skills which make good tax advisers and future-proof careers

Key Points

What is the issue?

Whether you have recently qualified, are considering a move into practice from HMRC or are further on in your career it is always good to sit down and reflect on your progress from time to time.

What does it mean to me?

It is particularly pertinent to review your skills and capabilities as the tax profession goes through seismic changes with the advent of Making Tax Digital and the fall out of the anti avoidance legislation and the GAAR.

What can I take away?

Only by analysing your strengths and weaknesses can you work out what further training you need, how you can develop your career and what help you need to do so.

In the wake of the last month's 2018 ATT and CTA exam results (included in this issue on page 26) it seems an appropriate time to recap what employers in tax look for in a tax adviser and what skills and attributes help tax specialists to progress in industry and practice. Whether you have recently qualified, are considering a move into practice from HMRC or are further on in your career it is always good to sit down and reflect on your progress from time to time. Only by analysing your strengths and weaknesses can you work out what further training you need, how you can develop your career and what help you need to do so. I think most people only really think about their skills and attributes when writing their appraisals, going for a promotion or writing their CV. Most of us are far too busy trying to juggle our jobs, revision, children, care of parents with some semblance of keeping fit etc. to have the spare moment to concentrate on personal improvements and working out how we fit the common competencies for a successful career in tax. I think it is particularly pertinent to review your skills and capabilities as the tax profession goes through seismic changes with the advent of Making Tax Digital and the fall out of the anti avoidance legislation and the GAAR.

As a tax recruiter who is a former tax specialist I spend most of my working day talking to clients about the roles they need to fill and what they are looking for in a candidate along with interviewing candidates and helping them to present their experience in the best way possible. I also have experience of devising competency based frameworks for Plcs when they are looking to recruit Heads of Tax. As such I feel that I have a good understanding of the attributes and experience that are likely to lead to a successful placement. To make things a little more scientific I did some analysis of the 20 most recent job specifications that I have dealt with – looking at

roles in industry and in practice (Big 4, Top 20 and independent firms). I looked at both direct and indirect tax vacancies. I've picked those that show a cross section of the profession to see what common themes are coming up and whether these have differed during my last 20 years of tax recruitment.

I've concentrated initially on the softskill competencies that are repeated across the job specs and then looked at particular technical skills that are particularly desirable at the moment.

Common themes

The number one attribute which came up in every single job spec was:

Communication skills

Worded in a variety of ways such as:

- Strong interpersonal skills and ability to build relationships with a variety of people.
- Excellent interpersonal and communication skills, verbal and written.
- Ability to communicate effectively at all levels within the organisation and externally, including the ability to communicate complex issues clearly and simply to non-specialists.
- Excellent communicator in range of situations both written and oral.
- We are looking for an approachable individual to join our small in-house tax team. Your communication and interpersonal skills are key, being able to liaise effectively internally and externally and crucially having the ability to give clear, jargon free tax advice.

Of all the attributes this was the most widely distributed and often mentioned more than once in a job spec – so perhaps one bullet point mentions verbal and written communication skills and another talks about negotiating skills or building long term relationships. Across both industry and practice there is mention of building long term relationships and talk about client service – something that generally one thinks of being more linked to a client service role in practice. This bullet point for example came from the job spec for a Group Tax Compliance Manager in a Construction Group ''Exceptional client service along with the ability to develop excellent client relationships''. In industry the same skill sets are needed to gain

information from finance teams and the business combined with the ability to extract what is relevant for tax and then communicate it to the board, shareholders and indeed to HMRC.

Once upon a time tax advisers could survive by being technical specialists in ivory towers. Today you need to be able to come down from the tower and communicate the technical research that you have done to your clients. You can't survive any more by coming up with clever tax products and paying someone else to sell them to a client base. Communication skills are the basis of all good business development and marketing and the key to effective client service and work referrals – the best tax partners are not necessarily the most technical people – they are ones who can listen to their clients and work out what the commercial problem is and then explain the tax issue simply.

Candidates who want to move to industry to get away from client demands need to really consider what a role in industry means. In industry your clients are all the other people who have an impact on the tax rate or who are affected by the tax rate of the business so finance, legal, HR, payroll, procurement, the board, the sales force etc. To make Head of Tax you need to be able to articulate your opinions clearly and have the skills to communicate but also influence and negotiate. The ultimate in communication after all is the Group Tax Policy of a FTSE 100.

Analytical skills

Again this is described in a variety of ways such as:

- Analytical skills with detail orientation.
- Strong analytical skills.
- Ability to analyse and solve problems, results oriented.
- Ability to analyse complex business situations in order to provide the best practical indirect tax advice.
- You will apply critical reasoning to bring clarity and insight. We do it by asking great questions, listening and drawing on our collective knowledge and experience to really help our clients.

This competency was pretty much universal across all levels of job specification, all areas of tax and both practice and industry. It is really difficult to know how to improve analytical skills – some things improve with practice – whether that be

reading and understanding legislation or analysing a set of accounts. The very best and most senior tax professionals I meet have the unerring ability to work out the crux of a commercial problem, blank out the background noise and come up with a solution. A not dissimilar skillset to a Police Detective Inspector. The problem is it is hard to work out how to improve this skill set; you can go on a report writing course to help your communication skills, but analytical skills are harder to both quantify and train – an element of this is definitely innate. However a quick look at Google shows various sites which claim to help you improve your score – one piece of advice which did strike me as sound was to seek feedback and ask to work on group projects to see how other people deal with data.

Number 3 in my list is:

Team work

The focus of this changes dependent on the seniority of the role so more junior roles talk about working in a team, mid management roles talk about collaboration and Partner, Director and Head of Tax roles talk about leading teams. Look at the different ways employers ask for this skillset:

- Strong team player who is able to work across multiple functions.
- Ability to work with a diverse range of people and cultures.
- Build relationships within the firm to support the identification of opportunities and provide deep specialist assistance to clients.
- Team player with ability to build effective relationships at all levels.
- You will understand the services offered by our colleagues and seek to build relationships across the firm.
- Collaborative, able to work with and through others as part of a team, trustworthy and self-motivated.
- Diplomatic negotiator, works well under pressure, happy working alone or in a team.
- Responsible for providing coaching and support to more junior of team to support them on client work and through personal development.

It always makes me smile ruefully that in tax you get promoted for doing one role really well such as meeting deadlines and preparing and submitting tax returns and suddenly your expected to have this other set of behaviours to do the next role – management of a team is a classic example of this. You can however help improve

your team playing skills and indeed your management skills by working out what role you normally play in a team. Many accountancy firms use personality tests such as Myers Briggs to work this out. It is particularly common when looking at promoting someone to partnership – try this free test to find out where you fall. Of all the softskills training, management courses and indeed management books can help you improve. I remember going on one called the Billing Manager which helped you to prioritise running a portfolio, with day to day client demands and managing a team of fee earners. It gave me tips on time management and working out what motivates different members of a team, tips that I still use some 15 years later.

The next few competencies were less evenly distributed across the job specs but four that caught my attention were:

Process improvement

This is a skill that has really gained ground in the last couple of years, I think that now tax professionals are unable to save their clients tax by coming up with clever schemes using loop holes in legislation (anyone else remember platinum sponge?), that firms and in-house teams have had to focus on other ways of adding value to their clients. If you can improve the processes within a business so that the end result is more timely and accurate tax figures you can help businesses improve their cashflow and better manage reserves. I have noticed a marked increase in roles in practice which skirt a line between tax and management consultancy where there is a strong IT and systems focus, This is how this skillset translates to paper:

- Identify areas of potential noncompliance, develop solutions and implement changes to comply.
- Review indirect tax processes to identify opportunities for improved controls, efficiency savings and then establish plans to realise benefits.

ERP and systems experience

Aligned with process improvement I have definitely seen an increase in demand for strong IT and systems skills. Traditionally a desire for experience of ERP systems such as Oracle tended to be the realm of indirect tax roles in industry – now I see this capability being listed in both direct and indirect tax roles. This for example comes from a job spec for a corporate tax role in an oil business

- Experience with Excel is critical, whilst knowledge of an ERP system (e.g. Oracle) and tax software is highly desirable.

I'm sure that the next stage of development in the tax industry will be tax advisers analysing the algorithms used by HMRC to identify risk and then using this to advise clients on how to mitigate this risk. I suspect there will also be demand from HMRC and practice for people with strong IT backgrounds to train in tax. Across all junior level roles experience of Excel is still in great demand.

Risk management

Process improvement and systems experience ties in rather neatly with risk management. This can be focused on risk within a business or client – such as the risk of creating a 'Permanent Establishment' by setting up a sales team in a new territory to the risk to an accountancy firm of not getting an engagement letter signed before commencing client work. Risk management cuts across all areas of tax and across both practice and industry. Fines from the regulators and the threat of litigation are why several of the larger accountancy firms are considering hiving off their audit practices. A key skill for a tax partner is being able to quantify risk and make the commercial decision of whether to take on a piece of work or not and to price that piece of work to reflect the risk to the reputation of the firm. Next time your boss nags you about that engagement letter and money laundering checklists remember that his bonus and profit share is directly linked to whether he has been sued this year, Several of my clients have now entered into joint ventures with insurance businesses helping insure their clients against the risk of tax investigations or offering broader insurance services.

Transfer pricing

If there is one technical skill set that tends to give you the edge in tax at the moment then it is transfer pricing (TP). Whilst traditionally the preserve of specialist teams in the Big 4 and larger Top 20 firms now it has crossed in to in-house teams and law firms. I spend a lot of time explaining to CFO's that most newly qualified corporate tax specialists do not have transfer pricing experience. Most in-house roles expect an understanding of transfer pricing issues and accompanying risks. So if there is one secondment that you might want to do before you decide whether to move in-house or if you are looking for a step up to manager in practice then six months in a TP team can be what gives you the edge over other applicants. It is the

best advice I can offer apart from wear sunscreen.

I often wonder what the Transfer Pricing for the next 10 years will be and at present I suspect it will be systems linked.

If you are applying for a new role or internal promotion you should always analyse the competencies listed in the job specification. Using the list above you can test yourself on what your strengths and weaknesses are and can think about what you can do to improve your skill set. I found the Myers Briggs personality type testing fascinating – although I was initially sceptical I couldn’t believe how accurate a profile of me it came up with (CONSUL (ESFJ-A). It is an enjoyable exercise that you can put down to a management training code.