service alliances this year.

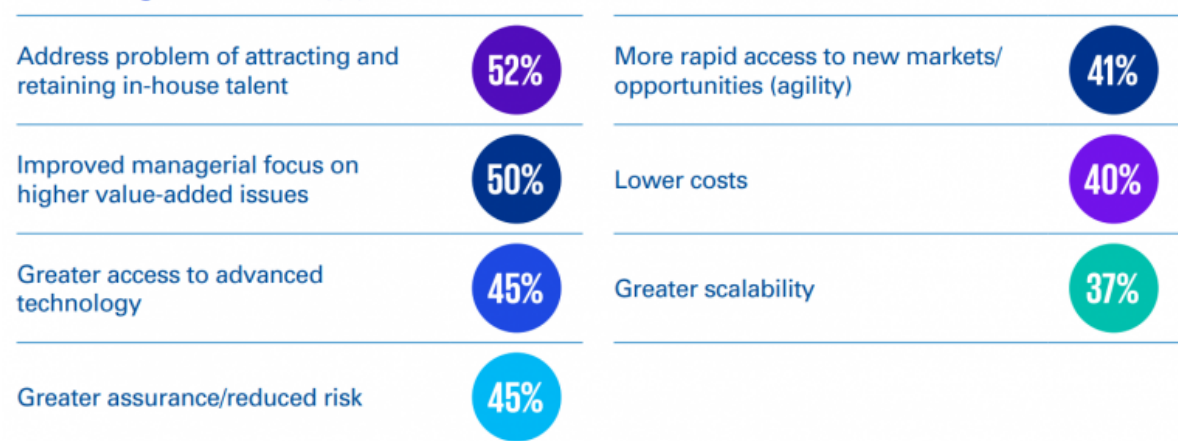**Jason Bramwell** • Feb. 02, 2023

The majority of chief tax officers recently surveyed by Big Four firm KPMG said they are turning to some form of outsourcing or cosourcing to help navigate talent and skill shortages in their tax departments.

According to KPMG's 2023 Chief Tax Officer Outlook, more than eight in 10 (83%) CTOs said they are planning to use targeted/strategic outsourcing, cosourcing with one or more advisors, or managed service alliances within the next three years.

For its fourth annual report, KPMG surveyed 300 CTOs at large public and private

What benefits do you expect to obtain from shifting to greater outsourcing or cosourcing? *(Select all that apply)*

Benefit	%	Benefit	%
Address problem of attracting and retaining in-house talent	52%	More rapid access to new markets/opportunities (agility)	41%
Improved managerial focus on higher value-added issues	50%	Lower costs	40%
Greater access to advanced technology	45%	Greater scalability	37%
Greater assurance/reduced risk	45%		

Source: KPMG

In some instances, CTOs leverage outsourcing to deal with more complex areas of tax that demand specialized subject-matter expertise, according to KPMG. Outsourcing time-intensive compliance processes can also help tax departments overcome human resource shortages, especially in foreign jurisdictions where tax may not have local people and expertise.

Cosourcing can yield similar benefits, while allowing the tax department to maintain more control, KPMG said.

"The change that chief tax officers must grapple with is rapid, relentless, and coming from all directions," said Greg Engel, vice chair for tax at KPMG LLP. "It makes perfect sense for CTOs to ramp up their interest in outsourcing models given the current economic, regulatory, and talent environment. In fact, it's best practice for companies to periodically reassess their need for these models to address changing dynamics in the market and equip themselves with the right resources to compete and succeed."

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