

Report
Q1

EXTRACT



MARKET

The Global Tax Advisory
Market in 2022-2023



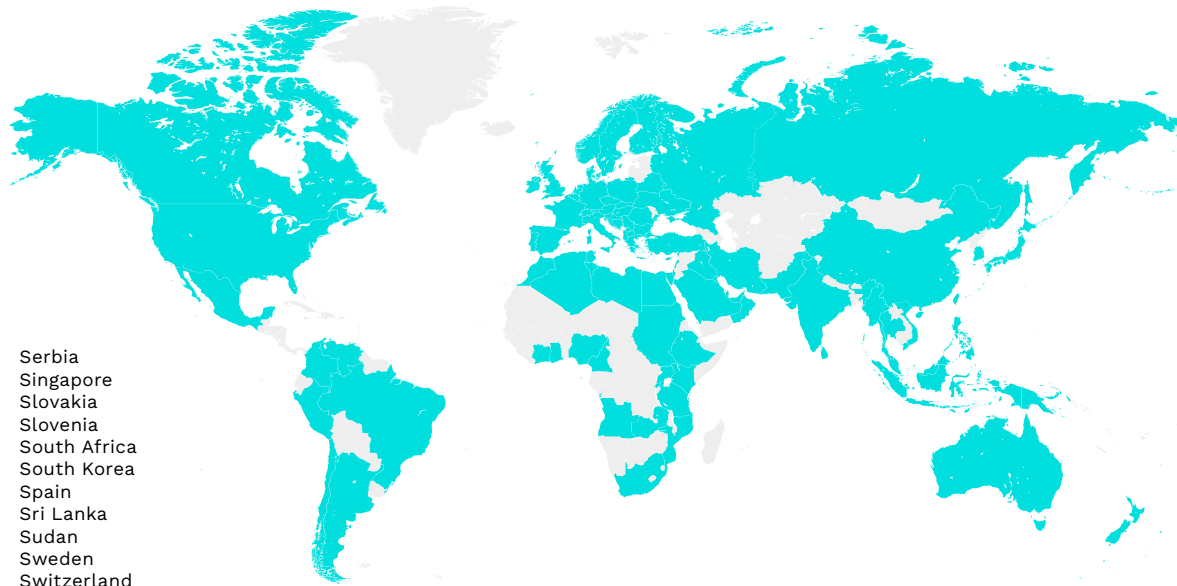
What's included in this report

Our reports offer a wealth of market sizing, growth, and forecast data alongside engaging, in-depth analysis of the trends that matter. Using our highly flexible, multidimensional model we provide firms with robust, trusted data to make informed decisions about strategic investments and plan for the future.

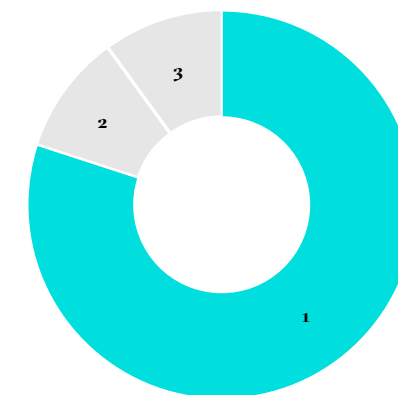
Geography model

● Regions covered

Albania	Iraq	Serbia
Algeria	Ireland	Singapore
Angola	Israel	Slovakia
Argentina	Italy	Slovenia
Australia	Japan	South Africa
Austria	Kenya	South Korea
Bahrain	Kuwait	Spain
Belarus	Lebanon	Sri Lanka
Belgium	Libya	Sudan
Bosnia	Luxembourg	Sweden
Brazil	Malaysia	Switzerland
Bulgaria	Mexico	Taiwan
Cameroon	Morocco	Tanzania
Canada	Mozambique	Thailand
Chile	Myanmar	Tunisia
China	Netherlands	Turkey
Colombia	New Zealand	UAE
Côte d'Ivoire	Nigeria	Uganda
Croatia	North Macedonia	Ukraine
Cyprus	Norway	United Kingdom
Czech Republic	Oman	United States
Denmark	Pakistan	Venezuela
Egypt	Papua New Guinea	Vietnam
Ethiopia	Peru	Zambia
Finland	Philippines	
France	Poland	
Germany	Portugal	
Ghana	Qatar	
Greece	Romania	
Hong Kong	Russia	
Hungary	Rwanda	
India	Saudi Arabia	
Indonesia		
Iran		

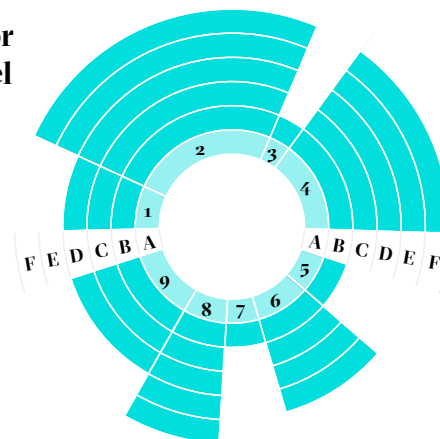


The revenue-earning model



- 1 Consulting
- 2 Managed service
- 3 Other (contingent fees, software licensing, associate networks)

Sector model

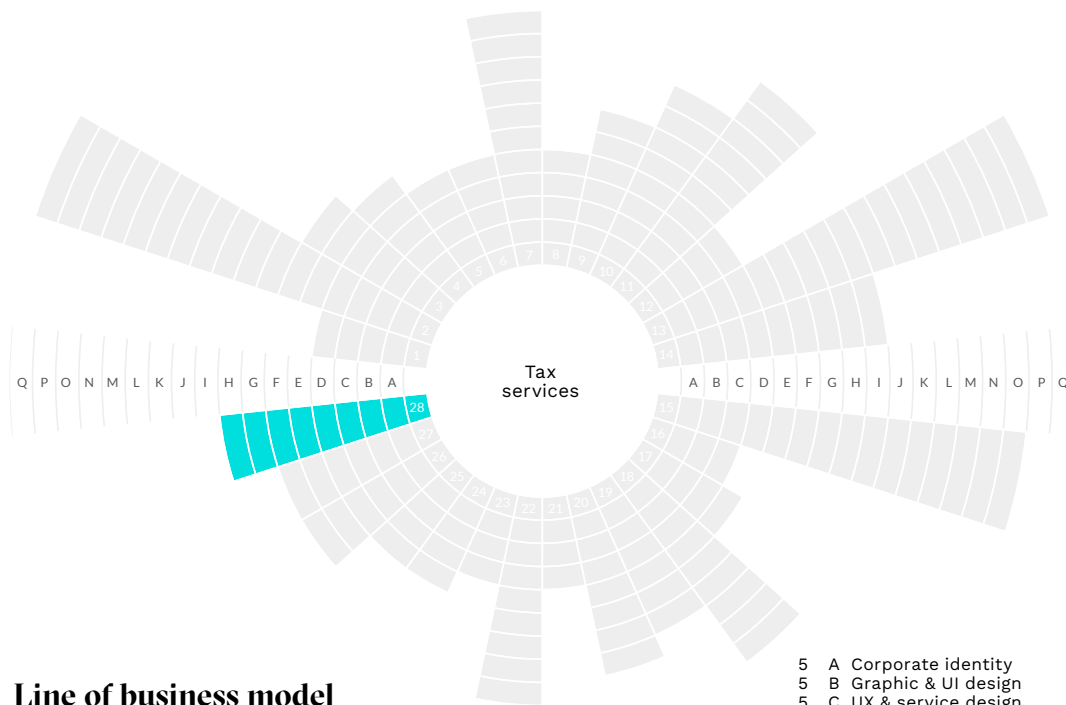


Sectors

- 1 Energy & resources
- 2 Financial services
- 3 Healthcare
- 4 Manufacturing
- 5 Pharma & biotech
- 6 Public sector
- 7 Retail
- 8 Services
- 9 Technology, media & telecoms

Sub-sectors

- 1 A Energy
- 1 B Primary resources
- 1 C Utilities
- 2 A Banking
- 2 B Capital markets
- 2 C Insurance
- 2 D Investment and wealth management
- 2 E Private equity
- 3 A Healthcare
- 4 A Aerospace
- 4 B Automotive
- 4 C Construction
- 4 D Consumer electronics
- 4 E Consumer packaged goods
- 4 F Industrial products
- 5 A Pharma
- 6 A Defence
- 6 B Education
- 6 C Not-for-profit
- 6 D Public sector
- 7 A Retail
- 8 A Business services
- 8 B Leisure
- 8 C Logistics
- 8 D Real estate
- 8 E Transportation
- 9 A High-tech
- 9 B Media
- 9 C Telecoms



Line of business model

Line of business

- 1 Cybersecurity
- 2 Risk
- 3 Forensic
- 4 Financial management
- 5 Design & UX
- 6 Innovation
- 7 Technology
- 8 Data & analytics
- 9 Research
- 10 Deals
- 11 Strategy
- 12 Real estate
- 13 Operations
- 14 Sustainability
- 15 HR & change
- 16 Architecture
- 17 Audit & assurance
- 18 Business process outsourcing
- 19 Civil engineering
- 20 Legal
- 21 Litigation
- 22 Marketing & creative
- 23 Network engineering
- 24 Product engineering & R&D
- 25 Recruitment
- 26 Software engineering
- 27 System integration
- 28 Tax

Capabilities

- 1 A Cybersecurity advice
- 1 B Cybersecurity implementation
- 1 C Cybersecurity incident response
- 1 D Penetration testing & wargaming
- 2 A Risk governance
- 2 B Actuarial
- 2 C Compliance risk
- 2 D Crisis & reputation management
- 2 E Environmental risk
- 2 F Financial assurance
- 2 G Internal audit
- 2 H Operational risk
- 2 I Physical security solutions
- 2 J Physical security strategy
- 2 K Programme risk
- 2 L Responding to regulation
- 2 M Risk management
- 2 N Third-party assurance
- 2 O Transactions-related risk
- 2 P Treasury risk
- 2 Q Technology & security risk services
- 3 A Anti-corruption services
- 3 B eDiscovery
- 3 C Forensic accounting
- 3 D Forensic technology solutions
- 3 E Fraud mitigation
- 3 F Investigation services
- 4 A Budgeting/financial planning process
- 4 B Debt advisory
- 4 C Finance function
- 4 D Financial advisory
- 4 E Financial restructuring & insolvency

- 5 A Corporate identity
- 5 B Graphic & UI design
- 5 C UX & service design
- 5 D Customer journey & UX benchmarking
- 6 A Ideation
- 6 B Innovation management
- 6 C Innovation strategy
- 6 D Strategies for growth from innovation
- 7 A AI advice & implementation
- 7 B Cloud advice
- 7 C Cloud implementation
- 7 D ERP consulting
- 7 E Geospatial advice & implementation
- 7 F IT strategy, planning & review
- 7 G IT training
- 7 H Programme management
- 7 I Robotics advice & implementation
- 7 J Vendor selection
- 8 A Advanced analytics
- 8 B Data visualisation, business intelligence & semantic layer
- 8 C Data warehousing & database management
- 8 D Machine learning
- 9 A Customer feedback
- 9 B Customer segmentation
- 9 C Employee feedback
- 9 D Environmental & social impact research
- 9 E Macro/microeconomic research
- 9 F Market research
- 10 A Capital allocation strategy
- 10 B Commercial due diligence & valuation
- 10 C Financial due diligence
- 10 D M&A transaction strategy
- 10 E Operational due diligence
- 10 F Portfolio & investment strategy
- 10 G Public-private partnerships
- 10 H Technology due diligence

- 11 A Business & financial modelling
- 11 B Category management
- 11 C Channel management
- 11 D Corporate recovery & turnaround
- 11 E Corporate restructuring
- 11 F Corporate strategy
- 11 G Market analysis & strategy
- 11 H Policy formulation
- 11 I Pricing
- 11 J Strategic sourcing/offshoring services
- 12 A Corporate, occupier services & facilities management
- 12 B Integrated real estate developer services
- 12 C Real estate deal/transaction services
- 12 D Real estate strategy
- 13 A Benchmarking
- 13 B Business continuity & recovery
- 13 C Cost cutting
- 13 D Customer service
- 13 E DevOps
- 13 F Distribution strategy
- 13 G Lean & Six Sigma
- 13 H Operational review
- 13 I Outsourcing advice
- 13 J Post-M&A integration
- 13 K Process design, re-engineering & automation
- 13 L Procurement/purchasing
- 13 M Property & estate management
- 13 N Sales & distribution planning
- 13 O Sales force effectiveness
- 13 P Supply chain management
- 13 Q Target operating model
- 14 A Clean technology
- 14 B Green IT
- 14 C Purpose-led strategy & change
- 14 D Resource-efficiency implementation
- 14 E Resource-efficiency strategy
- 14 F Social impact & trust
- 14 G Sustainable investment
- 14 H Sustainable supply chain
- 14 I Sustainable workforce
- 15 A Benefits, compensation & pensions, excluding actuarial & investment advice
- 15 B Change management
- 15 C Diversity & inclusion
- 15 D Employee engagement
- 15 E Governance & board effectiveness
- 15 F HR strategy & effectiveness
- 15 G Leadership
- 15 H Organisational design & culture
- 15 I Organisational training & development
- 15 J Outplacement
- 15 K Pension fund evaluation & advice
- 15 L Performance management
- 15 M Stakeholder management
- 15 N Talent management
- 15 O Team effectiveness & collaboration
- 16 A Exterior building design
- 16 B Interior building design
- 16 C Landscape design
- 17 A Accounting operations assurance
- 17 B Accounting systems assurance
- 17 C Corporate reporting
- 17 D IFRS & regulatory reporting
- 18 A Contact centre outsourcing
- 18 B Document management outsourcing

- 18 C Finance accounting outsourcing
- 18 D Human resources outsourcing
- 18 E IT outsourcing
- 18 F Other outsourcing
- 18 G Payroll outsourcing
- 18 H Regulation & remediation outsourcing
- 18 I Supply chain management & distribution outsourcing
- 19 A Building & engineering analytics
- 19 B Engineering project management
- 19 C Infrastructure design
- 19 D International development
- 19 E Transport infrastructure, planning & engineering
- 19 F Urban design & planning
- 20 A Corporate & transaction law
- 20 B Criminal law
- 20 C Digital & technology law
- 20 D Domestic & family law
- 20 E Intellectual property law
- 20 F International trade, regulatory & government law
- 20 G Labour & employment law
- 21 A Dispute advisory services
- 21 B Expert witness
- 21 C Trial services
- 22 A Brand activation
- 22 B Brand strategy
- 22 C Creative production
- 22 D Customer relationship management
- 22 E Marketing & communication production
- 22 F Marketing & communication strategy
- 22 G Marketing mix optimisation
- 22 H Public relations & affairs
- 23 A Network installation
- 23 B Network optimisation
- 23 C Network strategy & architecture
- 24 A Physical product quality assurance & testing
- 24 B Physical product R&D
- 24 C Product & industrial design
- 24 D Technical feasibility assessment, prototyping & mock-ups
- 25 A Contract staffing supply
- 25 B Executive interim
- 25 C Executive search
- 25 D Talent sourcing
- 26 A Application development
- 26 B Digital product quality assurance & testing
- 26 C Digital product R&D
- 26 D IoT and connected devices
- 26 E Solution architecture
- 26 F Virtual, augmented, and mixed reality
- 27 A Functional & industry application integration
- 27 B Microsoft
- 27 C Oracle
- 27 D Salesforce
- 27 E SAP
- 27 F Workday
- 28 A Corporate tax
- 28 B Global employer/mobility services
- 28 C Indirect tax
- 28 D International tax
- 28 E Private wealth tax
- 28 F Tax dispute resolution & controversy
- 28 G Transaction tax
- 28 H Transfer pricing

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What **really** **matters**

Three things for firms to act on



Market Overview



Introduction

In last year's report, we talked of the tax advisory market's "modest recovery" from the pandemic. Having suffered less than many other professional services in 2020, there was less ground to make up. We also saw a market that had two parts to it: The high-end work often supporting complex changes to large businesses and transactions, and the more commoditised work around tax compliance. We predicted the result would be growth of around 6% per year in 2021 and 2022, slightly down on growth levels immediately before the pandemic.

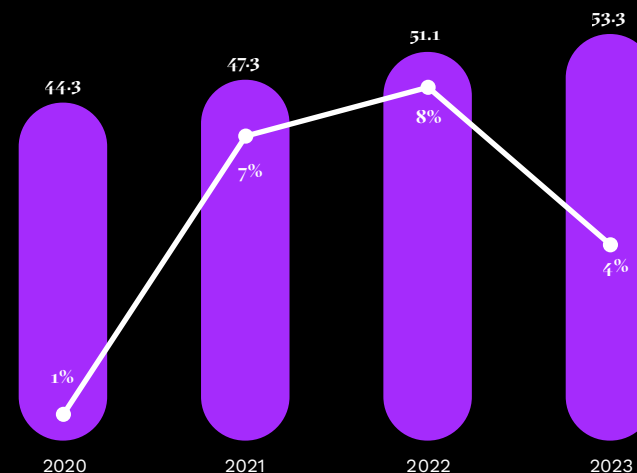
2021 turned out to be slightly better than we expected. Deal volumes were up, both among corporate and private equity firms. The "end" of the pandemic was accompanied by vast amounts of investment aimed at driving growth in a market where consumer and investor confidence were strong. Much of that activity flowed into 2022, but by the early summer it was coming up against an array of macroeconomic forces that have been compelling companies to reconsider their priorities. In particular, PE firms were quick to pull deals and the rest of the transactions market has followed suit.

Research that we have carried out elsewhere suggests that nine out of 10 clients have lower confidence about the global economy than they did at the start of the year; unsurprisingly, most of those recognise their ability to invest has been reduced as a consequence. However, the need for external, professional support remains strong, partly because clients are looking for advice on how to best negotiate the range of challenges they now face, and partly because "The Great Resignation" has left many client organisations severely short-staffed. The volume of high-value work may be down, but it has been more than offset by an increase in staff augmentation work.

We estimate the result of those ups and downs will be growth of 8% in 2022, up from 7% in 2021, but still lagging behind the rest of the advisory market, where the rate of growth is expected to have been around 9%. Looking ahead to 2023, we think the market will soften further, but relatively slowly as the impact of macroeconomic uncertainty penetrates further into the world's economies.

Figure 1

Size (US\$bn) and year-on-year growth of the global tax market



*All figures given in this report are in US dollars

[Explore the data >>](#)

Client perspective

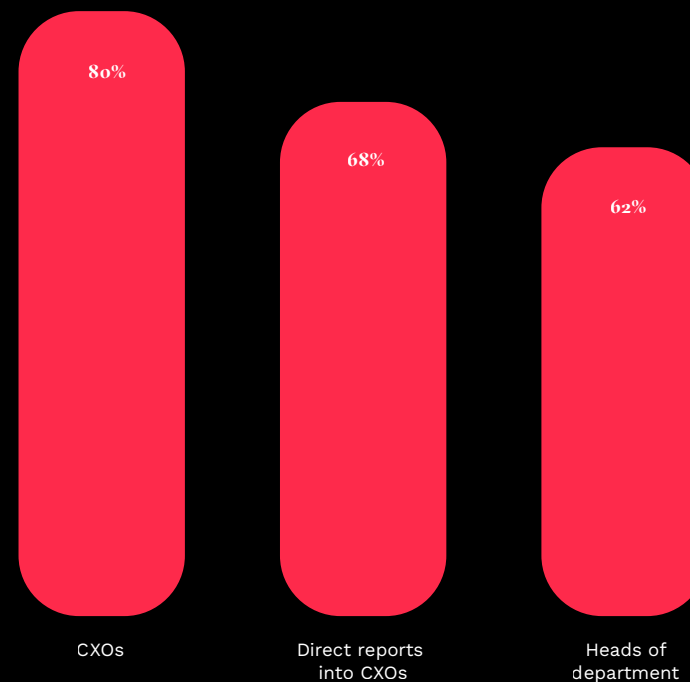


Clients' ambitious **post-pandemic** goals are **threatened** by economic instability

- The overwhelming majority of client organisations now have more ambitious goals than they did pre-pandemic. This is a trend that emerged late in 2020, as senior leadership teams worldwide looked back on what they had survived and been able to achieve during the height of that crisis, and sought to maintain that focus and energy. The array of crises clients have experienced since the middle of 2022 have—if anything—strengthened that determination.
- On average, 71% of the senior executives, from the tax, finance, risk, and legal functions surveyed for this report, say their goals are more demanding than ever, and this—as we will see in this report—has had an impact on investment and the use of professional services.
- However, it is worth stressing that the people at the top of these organisations—the CXOs— are likely to be significantly more ambitious than those who report to them. And mid-sized organisations are more ambitious than larger ones.

Figure 7

Proportion of respondents indicating their organisation has more ambitious goals than it did prior to the pandemic, by seniority



The **implications** for tax advisory firms



About this report



Methodology—The MegaModel

Megamodel: Our Global Data Model

The quantitative market data in this report comes from our unique model of the global professional services market.

Rather than making high-level assumptions, this model has been built from the bottom up, sizing the market capability by capability—assessing how much work a firm earns delivering each professional capability within each sector and country. This results in a robust view of the size of the supply-side market, which can then be broken down to view the size of the market by country, sector, line of business, capabilities, and service.

Alongside this market segmentation, we also limit our market sizing and analysis to what we at Source call “big consulting”—work done by mid and large-sized firms (those with more than 50 people). Please note that we don’t track the long, thin tail of work done by contractors and very small firms, as most readers of this report would not seek or be able to compete in this part of the market.

All of the data in the model is calibrated through extensive interviews with, and surveys of, professional services firms and their clients, allowing us to discuss broader trends in the market alongside detailed dimensions such as headcount. These interviews and surveys are supplemented with desk research, which allows us to assess the impact of wider macroeconomic trends on professional services. This, combined with our detailed modelling, results in a long-term view of the market that is able to support both historic and forecast data.

All figures given in this report are in US dollars.

The data in all charts has been rounded to the nearest whole number. This may result in some totals that do not equal 100%.

US dollar to British pound US\$1 = £0.73

US dollar to euro US\$1 = €0.84

Client perspective

We carry out a client survey to help us build a rich picture of how different trends in the tax advisory sector are affecting clients' organisations and their use of consulting. Our survey focuses on trends in the tax advisory sector, providing detailed insights into the nuances of the market. For this, we surveyed 100 senior clients of consulting firms from across the tax advisory sector, all of whom work in organisations with more than 500 employees. This survey focuses on the following areas:

- How they expect to use consultants during 2022 and the first half of 2023
- Factors that affect the way clients work with consulting firms
- The ways consulting firms market themselves to clients and the impact this has on client decision making.

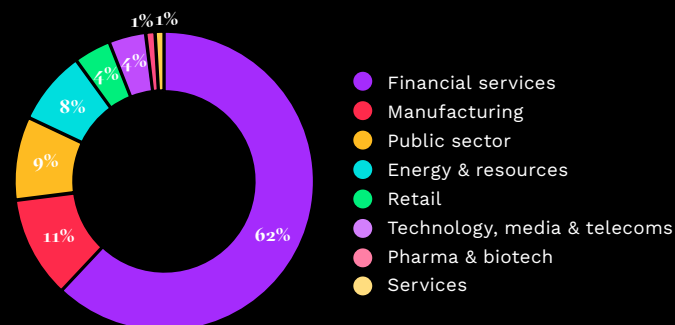
Insights from consultants

Throughout the year, Source analysts remain plugged in to the global consulting market through our bespoke research and consulting projects, adding further depth to our understanding of the consulting industry.

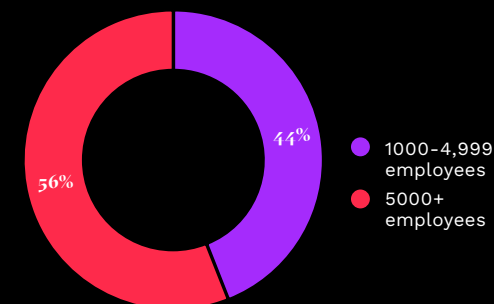
In-depth desk research

We also conducted a thorough PEST analysis in the tax advisory sector that drills down into finer macroeconomic details on a holistic and sector-by-sector basis and allows us to fit our research into a wider macroeconomic picture.

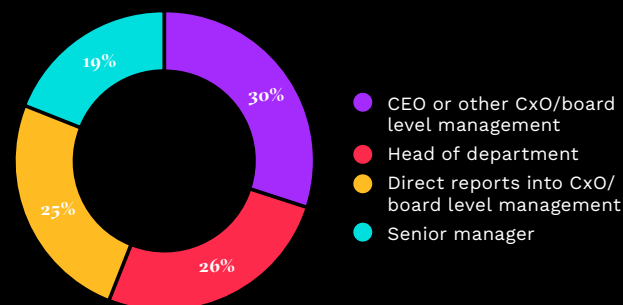
Respondents by sector



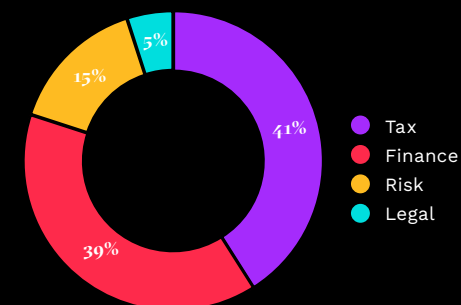
Respondents by organisation size



Respondents by seniority



Respondents by function



Definitions of sectors and services

Sectors

Energy & resources

Energy

Includes the exploration and production of energy, including oil, gas, coal, and renewables.

Utilities

Includes the delivery of electricity, gas, water, sanitation, and other related services.

Primary resources

Includes agriculture, chemicals and chemical products, commodities, forestry, fishing, metals, mining, and plastics.

Financial services

Banking

Includes retail banking, commercial banking, and lending.

Insurance

Includes general insurance (e.g., motor, home, pets, health—anything on an annual contract), life insurance, pension products, and retirement planning.

Private equity

Includes both consulting work for private equity firms and consulting work with private equity portfolio businesses.

Capital markets

Includes investment banking, trading of stocks and financial products, corporate finance, and broking.

Investment and wealth management

Includes private banking, high net-worth banking, investment management, trust funds, the management of pension funds, and asset management.

Manufacturing

Aerospace

Includes space research and technology, the manufacture of aircraft, aircraft parts, rockets and other space equipment, and tanks and ammunition.

Automotive

Includes the manufacture of motor vehicles, industrial vehicles, and vehicle supplies and parts.

Construction

Includes surveying, architectural, and engineering services, heavy construction, house building, and the building of infrastructure.

Consumer packaged goods

Includes the manufacture of clothes, foods, alcohol, tobacco, furniture, home furnishings, cleaning products, small arms, children's toys, and sports equipment.

Consumer and industrial electronics

Includes electrical components, household and industrial appliances, commercial and professional equipment.

Industrial products

Includes industrial machinery, steel and metal products, and plastic products.

Pharma & biotech

Includes research into and the production of drugs, biological products, medicinal chemicals, and life sciences.

Healthcare

Includes private and publicly-funded healthcare, hospitals, laboratories, and medical equipment.

Public sector

Government

Includes federal/national, state/regional, local government, emergency services, justice, social services, public transport, and conservation.

Education

Includes public and private schools, universities, and libraries.

Defence

Includes national security and consulting around defence issues.

Not for profit

Includes non-commercial research organisations, religious, political and professional membership organisations, trusts, labour unions, and business associations.

Retail

Includes the selling of clothes, food, consumer goods, and automobiles.

Services

Logistics

Includes warehousing, storage, packing and crating, and distribution including cargo, freight, and haulage.

Business services

Includes services relating to law, accountancy, IT maintenance, security systems, advertising, employment agencies, and vehicle leasing.

Leisure

Includes museums, art galleries, theatre, golf courses, hotels, hospitality, travel agencies, restaurants, and bars.

Real estate

Includes estate agencies and operators of residential and commercial buildings.

Transportation

Includes private and people-related transportation, including airlines, airport management, train operators, rail infrastructure management, water transportation, courier services, and private bus services.

Technology, media & telecoms

Telecoms

Includes telephone, mobile, digital, and other communication services.

High-tech

Includes IT-related devices, computer and computer-related devices, audio and video equipment, broadcasting and communication equipment.

Media

Includes radio, television, and digital broadcasting stations and services as well as printing and publishing of newspapers, periodicals, and books.

Services

For the purposes of this report, we've categorised the tax advisory market into sub-services that cover direct and indirect tax services including local, national, and multi-jurisdictional tax advisory. It also covers private wealth and business tax management including risk management and regulatory compliance

Where mergers and acquisitions work is concerned, advising on deals is included (under M&A), but corporate finance fees on deals themselves are generally not included although it is not always straightforward to separate the two.

Corporate tax

Multi-jurisdictional tax advisory, including corporation tax compliance, reporting, and risk management for direct/indirect taxes.

Global employer/mobility services

Tax advisory services relating to a global workforce: compliance, tax, immigration, social security, risk, and reporting.

Indirect tax

Commercial solutions, including compliance, administration, optimisation, automation, business risk, and legal, relating to VAT and other sales tax, customs & excise duties, international trade, environmental taxes, insurance premium tax, etc.

International tax

Managing global tax compliance and risks and meeting cross-border reporting obligations. Includes financing and structuring, transfer pricing, business model optimisation, and Base Erosion and Profit Shifting (BEPS).

Private wealth

Financial advisory for private individuals, families, family offices, and private trust companies, including wealth and family tax planning, investment strategies, risk and governance, compliance and regulation, technology and processes.

Tax dispute resolution & controversy

Services contributing to the mitigation, management, resolution, and post-exam improvement of tax disputes (often multi-jurisdictional), usually relating to income taxes, transfer pricing, and indirect or other taxes.

Transaction tax

Tax advisory services relating to mergers, acquisitions, joint ventures, equity investments, or divestitures.

Transfer pricing

The management of transactions—for tax purposes—between connected parties, including strategic alignment, automation processes, resource models, enabling technology, and risk and compliance.

Meet the expert

Fiona Czerniawska

Fiona is the founder and CEO of Source. She's one of the world's foremost commentators on the global professional services and consulting industry.

Before starting Source, she had almost 20 years' experience as a management consultant, primarily working in the areas of marketing and strategy, initially with PwC, before moving on to be head of strategy and business planning for EY in the UK.

She's the author of a dozen books including *Business Consulting: A Guide to How it Works and How to Make it Work* and *Buying Professional Services*, both of which were published by The Economist.

Fiona Czerniawska

✉ fionacz@sourceglobalresearch.com



About us

We help professional services firms understand what really matters when facing decisions of vital importance.

The best decisions are based on evidence, objectivity, and a willingness to change. That's why, at Source, we tell you what you need to hear, rather than what you want to hear.

We draw upon our deep roots within the professional services sector to provide firms with a clear picture of their clients' worlds. Through comprehensive research and meticulous analysis, we pinpoint what truly matters and deliver actionable insights that help firms map out the right way forward.

We believe in thriving individually and succeeding together. And we would love to help your firm crack its latest conundrum.

Source Information Services Ltd
20 Little Britain | London | EC1A 7DH
UK +44 (0)20 3478 1207
US +1 800 767 8058
info@sourceglobalresearch.com
www.sourceglobalresearch.com

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