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2024 Tax Firm Technology Report

Tax & accounting firms focused on tech, but lack practical implementation

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Executive summary

It's increasingly clear: The tax & accounting world has become inextricably linked with technology. Especially given the wide variety of tools available for today's tax professionals, it is nearly possible to imagine working without computerized spreadsheets, email and client collaboration tools, and tax-specific software to aid with compliance, tax planning, and more.

In fact, given the importance of technology to today's tax professionals, a large majority of tax & accounting firms say technology is either a significant or integral part of the firm's overall strategy.

Although firms may be more focused on technology than ever before, they lack the personnel and workflow infrastructure to achieve true technology success, according to findings in the inaugural *2024 Tax Firm Technology Report* produced by the Thomson Reuters Institute, which gathered responses from 260 tax & accounting firm professionals. Indeed, despite many respondents to the survey report characterizing their firms as proactive acquirers and users of technology, just more than half said their firms actually have a person charged with leading technology strategy.

Most respondents said they feel their staff is somewhat, but not very, technologically competent. And only one-quarter said their firms actually use key metrics to track technology success within their own ecosystems. It is perhaps no surprise, then, that few respondents feel satisfied with their firms' current technology stack — and there is a disconnect between how respondents feel their firms' technology should be performing and that technology's rollout in practice.

This duality is compounded by the introduction of more tech solutions in the marketplace that are driven by artificial intelligence (AI) and generative AI (GenAI). Not surprisingly, many respondents said they believe GenAI will play a part in tax work of the future, and some firms are already moving ahead with implementation and adoption of these tools. However, these technologies are extremely complex, requiring integrated sets of data and at least a baseline understanding of how GenAI arrives at its answer. Tax & accounting firms that look to implement these tools without proper training, risk their workflows becoming less efficient and their personnel becoming more disillusioned with GenAI tools, despite the potential utility of those tools.

The result is a tax & accounting industry at a crossroads when it comes to technology. Most professionals agree about technology's importance, both now and in the future. However, many feel they do not have the resources, time, or ability to properly implement and operate critical technology tools, given the other demands of the firm. At some point, this would seem to become untenable, forcing firms to make a choice: Invest in technology, or risk becoming left behind as technology continues to rapidly advance.

Perhaps, according to this survey report, some firms are already reaching this point.

Key findings

Technology has vital importance to strategy — Survey respondents by and large said they believe that technology has a large part to play in the overall strategic direction of their firms, with 88% saying that technology was either a significant or integral part of their firms' overall strategy. As a result, many tax & accounting firms are aiming to be forward-looking, with almost half of respondents (49%) calling their firms' technology posture proactive, and just over half (55%) saying their firms have a person formally charged with leading tech strategy.

Large firm tech budgets dwarf small firms — It is perhaps not surprising that large tax & accounting firms spend more on technology than their small and midsize peers. But it's the overall size of the discrepancy that is notable, with large firms spending an average of *30-times* what small firms do on their technology. Despite this, fewer large firm respondents (29%) seemed very satisfied when rating their firm's overall technology stack, on a scale of 1-10. Overall, 37% of all respondents said they were very satisfied, while 58% said they were somewhat satisfied.

Large firms spend an average of *30-times* what small firms do on their technology.

Few track metrics measuring tech success — Few firms are actively tracking the success of their technology, with just 25% of respondents saying their firms use metrics to track tech success, although 58% of respondents from large tax & accounting firms said their firms are more likely than not to have these metrics. And when asked to rate their firms' overall tech competency, on a scale from 1 to 10, just 30% rated their personnel as very competent, and more than half (58%), said firm employees were somewhat tech competent. This is perhaps due to a lack of technology training within firms — less than half of respondents (49%) said their firms provided technology training, and of those that did, the most common frequency was just a few times a year.

Professionals preparing for GenAI — Right now, just 24% of respondents said their firm uses publicly-available GenAI tools such as ChatGPT, and 13% are using tax-specific GenAI tools. However, many think that will soon be changing. Two-thirds of respondents (67%) said their firms' attitude towards GenAI is *exploratory* or *considering*, while 63% believe that GenAI is either already a part of their daily workflow or will be so within the next three years.

Methodology

This first-ever *Tax Firm Technology Report* from the Thomson Reuters Institute aims to measure the behaviors and attitudes of tax & accounting professionals on the topics of their firms' technology strategy and budget, personnel, usage, and future plans.

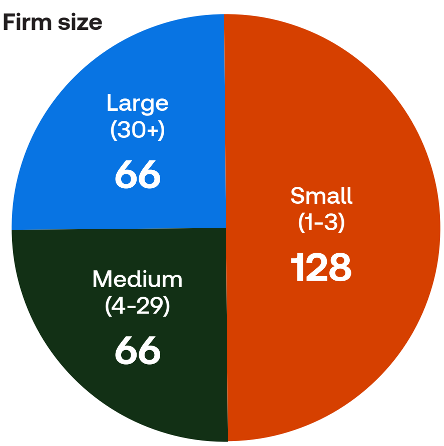
This year's survey was done via a 15-minute online survey with 260 professionals in CPA/accounting firms, conducted in August 2024. The sample was drawn from lists provided by Thomson Reuters, and participants were screened to ensure that they were decision-makers or influencers regarding purchase decisions on tax software solutions.

Roughly half of respondents were from small tax firms of between 1-3 employees, while the remainder were split between midsize (4-29 employees) and large (30+ employees) tax & accounting firms. Respondents were from the United States, the United Kingdom, the European Union, Canada, Australia, and Latin America, with more than half saying they were the primary technology decision-maker within their firms.

Respondent Profile

260
Total

Firm size



Country

US	**100**
UK/EU	**50**
Canada	**30**
Australia	**30**
Latin America	**50**

Source: Thomson Reuters 2024

SECTION 1:

Technology, strategy, and budget

For today's tax & accounting firms, technology is indistinguishable from what they envision their strategy to be. To differentiate themselves from the rest of the market, firms need to be nimble, communicative, efficient, and cost-effective. The list of reasons why clients would choose one firm over another fit hand-in-glove with the benefits that technology provides. Or put a different way, those firms that are providing what their clients want will need to use technology to do so.

Thus, it's not a surprise that many firms are making technology a large part of their strategic initiatives. And in some cases, it's not only a small part of a firm's overall strategy, but an integral part of where its leaders want it to be as a firm.

FIGURE 1:

Importance of technology to firm strategy

Importance of technology to the firm's business strategy	Overall	Firm size		
		Small	Medium	Large
Not at all a part of the firm's strategy	1%	2%	0%	0%
Minor	11%	13%	12%	5%
Significant	49%	56%	45%	39%
An integral part of the firm's strategy	39%	28%	42%	56%

Source: Thomson Reuters 2024

The vast majority of respondents (88%) said their firms see technology as either *significant* or *integral* to their overall strategy, while very few view it as *minor* or *not at all* a part of the firm's strategy. This relationship is stronger in larger firms as well, as more than half of large tax & accounting firms (those with 30 or more employees) view technology as *integral* to overall strategy. This means that at most firms, technology conversations are not just the purview of a small working group of technology enthusiasts. Instead, technology is top of mind as an element of decision-making among owners, directors, and other top leaders across all sizes and geographies of firms.

Keeping this in mind, it's not surprising that many firms want to be ahead of the curve when it comes to technology. When respondents were asked where they view their firm on a technology maturity curve, ranging from *chaotic* to *predictive*, most (49%) pegged their firms in the middle, rating their firms' tech posture as *proactive*, which means the firm has integrated systems for enterprise data, is leveraging tax automation software for file-ready compliance, and is utilizing storage of documents and data.

FIGURE 2:
Firm's position on technology maturity curve

Technology maturity	Overall	Firm size: Small	Medium	Large
Chaotic	2%	3%	2%	2%
Reactive	35%	36%	32%	34%
Proactive	49%	40%	60%	58%
Optimized	9%	12%	6%	7%
Predictive	1%	2%	0%	0%
I'm not sure	4%	7%	0%	0%

Source: Thomson Reuters 2024

A few respondents (9%) said they considered their firms *optimized*, which means the firm is regularly utilizing analytics-driven decision-making and its tax workflows are completely automated across the enterprise. However, few respondents (1%) said their firms were *predictive*, meaning the firm is proactively managing risk and regularly advising key decision-makers with future-looking analysis.

Technology spending

Against this backdrop, we also see that firms spend an average of $87,980 on technology, according to survey respondents. However, budgets for technology vary widely by the size of firm. Some firms, particularly ones, are still spending yearly sums of $10,000 or less on technology. However, as the size of a firm increases, so too does its budget for technology purchases. In fact, while 93% of small firms are spending $25,000 or less on technology, 77% of large firms are spending $100,000 or more.

FIGURE 3:
Annual firm spend on technology

Annual spending on technology	Overall	Firm size: Small	Medium	Large
Less than $10,000	33%	53%	22%	2%
$10,000 to $24,999	28%	40%	29%	2%
$25,000 to $49,999	12%	5%	29%	11%
$50,000 to $99,999	5%	2%	9%	9%
$100,000 to $499,999	15%	0%	10%	55%
$500,000 or greater	5%	0%	0%	22%
Mean (USD)	**$87,980**	**$10,459**	**$35,755**	**$312,191**

Source: Thomson Reuters 2024

The result is that while the average budget for technology at small firms is $10,459, the average budget at large firms is $312,191 — or to put it another way, the average technology budget at large tax & accounting firms is nearly *30-times* the technology budget at small firms. This spending differential has the potential to continue perpetuating a widening gap between the haves and have nots within the tax & accounting world, as technology remains crucial to firm strategy and new technologies such as GenAI continue to become a daily part of how professionals work.

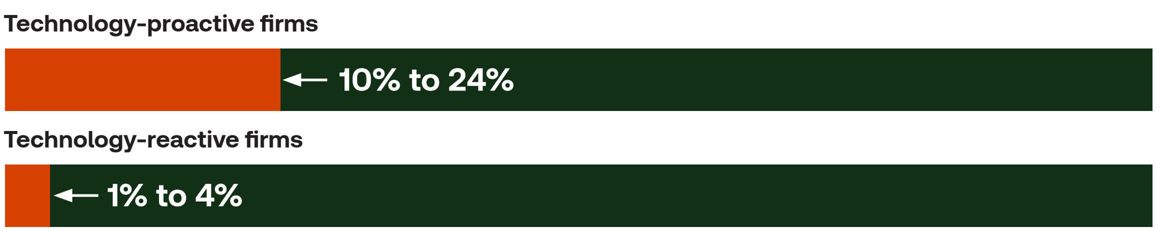
These tech budgets are being allocated to a combination of maintaining current systems and purchasing new technologies. In fact, two-thirds (66%) of respondents said their firms are trying to maintain a balance of both perfecting current systems and upgrading new technologies.

In practice, however, there is a difference in how heavily firms are investing in upgrades. Most respondents (78%) said their firms have allocated up to 25% of their overall tech budget to new upgrade technologies. However, respondents who had said their firm had a *reactive* posture were more likely to spend just up to 4% of their budgets on new technologies, while respondents who said their firms had a *proactive* posture estimated their firm spent between 10% and 24% on new technologies.

FIGURE 4:

Technology-proactive firms are more likely to spend on new technology than *technology-reactive firms*

Percent of annual technology budget spent on new technology



Source: Thomson Reuters 2024

Who's in charge of technology?

This perceived strong alignment between strategy and technology begins to falter when analyzing the details of some firms' technology implementation. For instance, although the vast majority of respondents said their firms see technology as central to their strategy, just more than half of respondents said their firms actually have a person formally in charge of technology strategy. Similarly, there are more respondents (59%) who said they believe their firms' technology maturity is *proactive, optimized*, or *predictive* than those who said their firm actually has someone in charge of guiding technology (55%). This discrepancy calls into question how mature a firm's technology structure can realistically be without the personnel to guide it.

FIGURE 5:

Firm technology strategy leadership

Is there a person formally charged with responsibility for tax technology strategy?

	Overall	Firm size			Country				
		Small	Medium	Large	US	UK/EU	CAN	AUS	LATAM
Yes	**55%**	59%	42%	63%	72%	44%	56%	63%	31%
No	**45%**	41%	58%	37%	28%	56%	44%	37%	69%

Source: Thomson Reuters 2024

FIGURE 6:

Top 5 job titles in charge of technology strategy

Owner	Director	CEO/President	Accountant	Principal
23%	**12%**	**8%**	**8%**	**6%**

Source: Thomson Reuters 2024

There is variance based on both firm size and geographic location as to whether a firm has someone formally tasked with tax technology strategy. Interestingly, however, it's the midsize firms that are less likely to have a tax technology strategy leader than their small and large counterparts. Many small firms have a less complex reporting structure, with an owner or director more likely to take the reins on technology; and on the other end, large firms are more likely to have employees specifically dedicated to technology that can guide strategy. Midsize firms, meanwhile, seem to be caught in the middle.

The survey also found that having personnel in place to lead tax technology strategy is more common in the US, which is also the home of many of the largest tax & accounting firms in our sample. On the other side, in both Europe and Latin America — areas in which there was a higher proportion of midsize firms — less than half of respondents said their firms had a person in charge of technology strategy.

Tracking key metrics

Adding to these structural problems around tech is that many tax & accounting firms are not tracking metrics to determine the success of technology implementations, according to the survey. In fact, just one-quarter of all respondents said their firms use formal metrics to determine technology success, meaning that although many firms view technology as a key part of their strategy, they may be unable to determine with certainty whether that part of their overall strategy is successful.

FIGURE 7:

Tracking metrics to determine technology success

Does the firm track metrics to determine the success of technology?

	Overall	Firm size			Country				
		Small	Medium	Large	US	UK/EU	CAN	AUS	LATAM
Yes	25%	10%	26%	58%	35%	26%	25%	3%	19%
No	75%	90%	74%	42%	65%	74%	75%	97%	81%

If yes, metrics used to determine the success of technology

Employee satisfaction/ happiness	Client satisfaction/ happiness	Help desk tickets	Usage rates	ROI	Other
69%	66%	57%	54%	31%	3%

Source: Thomson Reuters 2024

Unsurprisingly, technology metrics tracking does vary by size of firm and geography. More than half of those respondents from large firms, for instance, said their firms track metrics to determine the success of technology. On the other hand, just 10% of those from small firms report tracking these metrics. Metrics tracking also is more likely in areas with larger firms, such as the US and Europe, than in markets such as Latin America (where only 19% track technology success metrics) and in Australia (where less than 4% of respondents said their firm tracks technology success metrics).

Further, the metrics that *are* being tracked tend to be more qualitative than quantitative. Roughly two-thirds of respondents who said their firms track technology success cited employee satisfaction and client satisfaction as the primary ways their firms determine technology success. More quantitative measures such as help desk tickets and usage rates were used by slightly fewer firms, respondents said, while only 31% reported that their firm measures technology's return-on-investment.

SECTION 2:

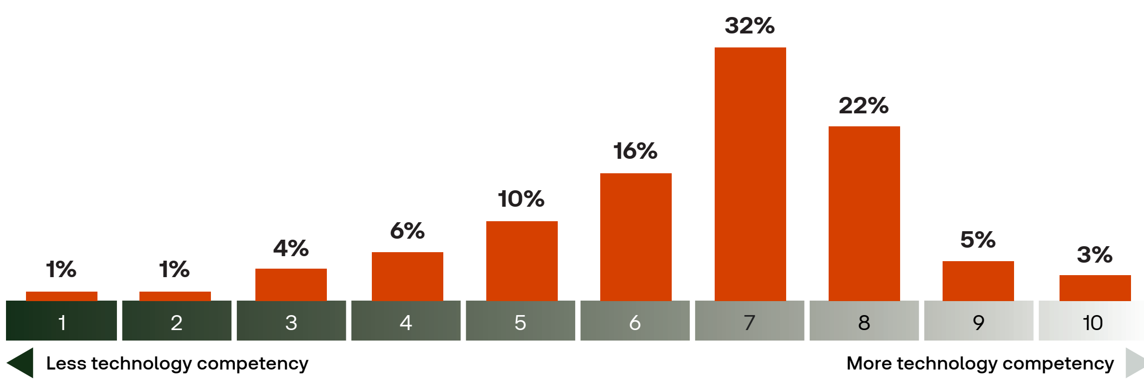
Technology personnel

All of the technology strategy in the world, however, may not mean much if a firm doesn't have the personnel to make it work. And while tax & accounting firms have taken a wide variety of approaches to acquiring high-quality technology personnel, including through outsourcing, creating dual tax-technology roles and more, the result has been firms with adequate but unspectacular tech competency.

When asked to rate their firm personnel's technology competency on a scale of 1 to 10, less than 10% of respondents rated their firm as a 9 or 10, and less than one-third considered their firm very good, rating them at 8 or above. Most respondents' ratings were between 5 and 7, indicating above-average technology competency, but certainly with room for growth.

FIGURE 8:

Technology competency of firm personnel



Source: Thomson Reuters 2024

Those firms that were rated at the higher end of the competency scale tended to be organizations with either more overall support staff or those that conducted more hands-on training. These were not necessarily only large firms either. More respondents from slightly smaller (31%) and midsize (32%) firms rated their firm's competency an 8-10 than did their larger firm counterparts (26%).

One firm owner out of Australia who gave his firm's personnel an 8, said they approached technology competency as a matter of necessity. "As a sole practitioner and only employee of the firm, I have to remain updated and competent in using technology to run my practice." Another small firm owner out of Brazil who gave their firm an 8 noted that it can be tough to keep pace, but it's a priority in a changing market. "We are constantly searching for technology, but there are always new tools to be implemented."

Meanwhile, those respondents who rated their firm's personnel between a 5-7, pointed to the difficulties of keeping up in a rapidly changing technological world. Some noted the age of tax professionals within their firm as a challenge, while others said that they didn't have the time or resources and were just getting by. Many felt that they were doing okay, but acknowledged feeling increasing pressure from clients and the competitive marketplace to do more. "I don't know what I don't know," said one small firm owner from the US. "And working on my own, I'm only implementing changes that I hear about and approve."

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In other cases, some respondents pointed to a technology purchasing cycle that did not mesh with professionals' day-to-day work. One manager at a large US tax firm said of their firm's procurement process, "I feel like sometimes they buy what is cheaper and less effective for the firm as a whole. The process has a tendency to be rushed and constantly changed."

Firm training strategies

FIGURE 9:

Technology training provided to firm personnel

Providing technology training to tax professionals	Overall	Firm size: Small	Medium	Large
Yes	49%	32%	53%	77%
No	49%	66%	44%	23%
I don't know	2%	2%	3%	0%

Source: Thomson Reuters 2024

FIGURE 10:

Technology training frequency

Technology training frequency	Overall	Firm size: Small	Medium	Large
Weekly or more often	4%	0%	9%	4%
Monthly	8%	7%	9%	8%
Every few months	20%	12%	26%	24%
A few times per year	37%	41%	34%	35%
Annually	14%	17%	6%	18%
Less often than annually or as needed	17%	22%	17%	12%

Source: Thomson Reuters 2024

These concerns over personnel tech competency are exacerbated by uneven technology training structures among many tax & accounting firms. Only half of all respondents — and less than one-third of those from small firms — reported that their firm provides technology training to tax professionals.

This can lead to a situation in which technology training provides a real differentiator for clients in the firms that provide it and those that don't. One owner of a midsize US firm said that their firm has invested specifically in this area, and it has paid dividends. "I train my team members. We take great pride in well-prepared returns and well-researched questions."

While larger tax & accounting firms do provide training more frequently, this training still may not keep up with the rapid pace of technological change. Less than one-third of respondents at firms that provide technology training do so every few months or more frequently. About the same percentage, meanwhile, say their firms provide tech training only annually or as needed.

Technology staffing strategies

The tax technology world is now changing more rapidly than ever before with the introduction of GenAI. Just two years after ChatGPT's public introduction, GenAI features already are being introduced into both general business software such as Microsoft Excel as well as tax-specific software. And some tax professionals receiving infrequent technology training are finding themselves falling behind, both in terms of working with new technology and creating better overall workflows.

"Software instruction is passed on from prior/existing personnel, so updates or new/different ways of doing things sometimes gets overlooked," says one respondent from a large US tax firm. "[We] do not do training for how to better use software, versus just new changes from the software developer for a particular year."

As to who exactly is working on technology matters, many firms either have personnel with a dual technology and tax role, or firms engage in outsourcing of technology services. Taken together, however, there seems to be no set way that the industry is approaching technology staffing, and it largely varies by the size of firm.

FIGURE 11:

Technology staffing resources in the firm

Technology resources	Overall	Firm size: Small	Firm size: Medium	Firm size: Large	Country: US	Country: UK/EU	Country: CAN	Country: AUS	Country: LATAM
We have hybrid roles for which both tax and technology are expected functions	**41%**	38%	50%	38%	43%	38%	50%	47%	32%
We outsource technology services	**32%**	26%	39%	35%	26%	32%	30%	17%	52%
We have a specific job function(s) dedicated solely to technology/IT	**17%**	2%	11%	55%	27%	22%	17%	7%	0%
We hire a consultant as a technology resource	**16%**	14%	17%	20%	18%	14%	20%	30%	4%
None of the above	**17%**	29%	8%	3%	13%	12%	20%	30%	20%

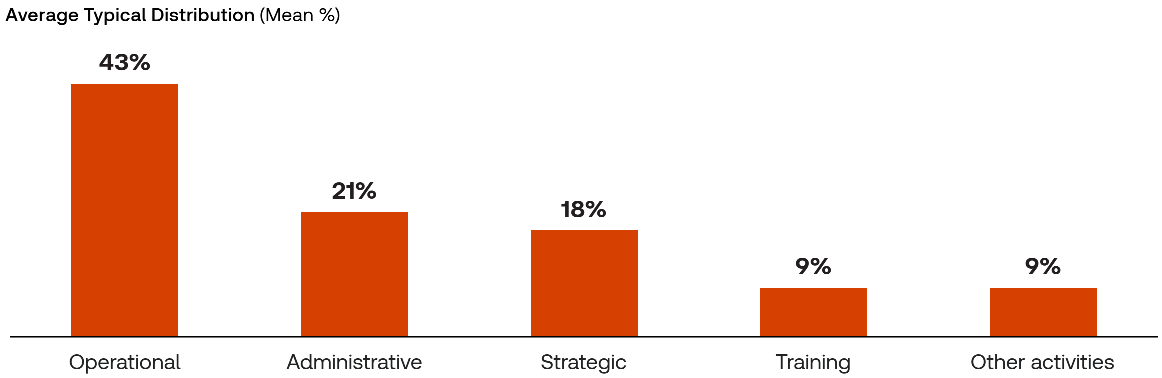
Source: Thomson Reuters 2024

Unsurprisingly, larger tax & accounting firms are much more likely to have dedicated technology or IT personnel in-house, with 55% of respondents from larger firms saying their firms have job titles focused solely on technology or IT, compared with 11% of midsize firms and 2% of small firms. Indeed, some of those small firms may not have any staffing resources around technology at all, with 29% of small firm respondents reporting their firms have neither in-house nor outsourced technology services.

Interestingly, technology staffing strategy also varies slightly by region. Generally, the US, the UK, and the EU are more likely than other regions to keep technology resourcing in-house, whether through hybrid roles or job functions dedicated solely to technology. Latin American firms rely more heavily on outsourcing, with more than half of the region’s firms using outsourcing technology services, according to the survey. Australia, meanwhile, relies more heavily on consultants — or, in the case of 30% of Australian respondents, their firms do not have a tech resourcing strategy at all.

The job titles for firm personnel dedicated solely to technology take a lot of forms that one might expect: IT director, IT manager, chief technology officer, and IT administrator are the most common. However, when asked about the daily activities of those personnel, one thing becomes clear: They are primarily tasked with keeping the lights on, rather than engaging in higher-level strategic thinking.

FIGURE 12:
Typical activities of personnel solely dedicated to technology



Source: Thomson Reuters 2024

Most respondents say that technology is either a *significant* or *critical* part of their firms' overall strategy, particularly those respondents from the largest firms. However, when examining the daily activities of technology-specific personnel — which also tend to be from the largest firms — their firms are not entrusting them with furthering strategy. Only 18% of technology personnel's time is engaged in strategic activity, respondents say, the majority of their time is spent on either operational fixes or administrative tasks.

Once again, this represents a disconnect between what firms promote as their integration of strategy and technology, and what they do in practice. However, this can also represent another opportunity for differentiation, particularly for those firms with the ability to have solely dedicated in-house technology resources. Inviting more of those technology personnel into the room presents the opportunity for new ideas and ways of increasing firms' overall technology competency — and in doing so, providing more of the ultimate tech-enabled outcomes that today's clients desire.

SECTION 3:

Software solutions

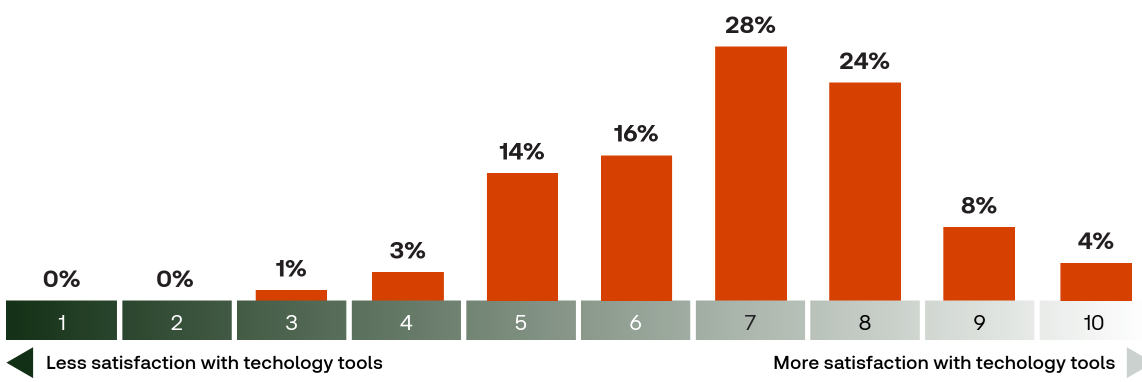
When it comes to the actual technology solutions and software being used in tax & accounting firms, many firms seem to be in a holding pattern, survey respondents noted. Long-standing technologies that directly deal with tax work such as direct tax compliance, trial balance, and tax planning are in widespread use; while some of the more management and workflow-oriented technologies are more in use primarily at larger firms or those with larger technology budgets.

Yet, across the board, firms are exploring and investigating next-generation technologies such as GenAI, although many have not yet fully invested in that technology.

Taken together, there is one clear viewpoint regardless of firm size or the technology used: Many respondents said they feel their firms' technology is okay, but firms should be getting even more out of their technology than they currently do.

FIGURE 13:

Satisfaction with technology tools



Source: Thomson Reuters 2024

Satisfaction with tech tools

When asked to categorize their overall technology satisfaction, on a scale of 1 to 10, the clear majority of respondents selected between a 5 and 8 — above-average technology usage, but with definite room for improvement. In this case, small and midsize firm respondents were more satisfied with their firms' technology than those at large firms — 40% of small and midsize respondents rated their firms' technology satisfaction between an 8-10, while just 29% of those from large firms said the same.

To be sure, many are not wholly dissatisfied with their firms' technology. A number of tax & accounting professionals simply feel their firms are playing catch up, or perhaps not utilizing their technology to its fullest potential. "Some things are easier to figure out than others," says one respondent from a small US firm. "It all just takes time to learn."

The most common software solutions used by tax & accounting firms today, unsurprisingly, are those that are regularly found in the market and deal directly with tax work for clients. For instance, 76% of all respondents — and 86% of those from large firms — have a solution for direct tax compliance. About two-thirds have a solution for trial balance, and more than half use technology for tax provision and tax planning. These solutions are widely used across the board, with large firms on average using different types of technologies more than their small or midsize counterparts.

FIGURE 14:

Technology usage by solution

No plan to purchase in next 12 months | Plan to purchase in next 12 months | Currently use

Technology solution usage	Overall: No plan to purchase in next 12 months	Overall: Plan to purchase in next 12 months	Overall: Currently use	Firm size: Small	Firm size: Medium	Firm size: Large
Direct tax compliance	16%	8%	76%	70%	77%	86%
Trial balance	26%	7%	67%	59%	70%	82%
Firm/practice management	27%	14%	59%	42%	68%	82%
Tax provision	34%	8%	58%	49%	62%	71%
Client collaboration/portal	28%	15%	57%	41%	62%	80%
Tax planning	31%	15%	53%	48%	50%	67%
Indirect tax compliance	41%	11%	48%	41%	47%	62%
Workpaper management	37%	16%	47%	34%	48%	71%
Tax workflow/project mgt.	35%	20%	45%	33%	50%	64%
Fixed asset management	47%	9%	44%	37%	38%	65%
Scan and populate (OCR)	49%	12%	39%	27%	41%	62%

Source: Thomson Reuters 2024

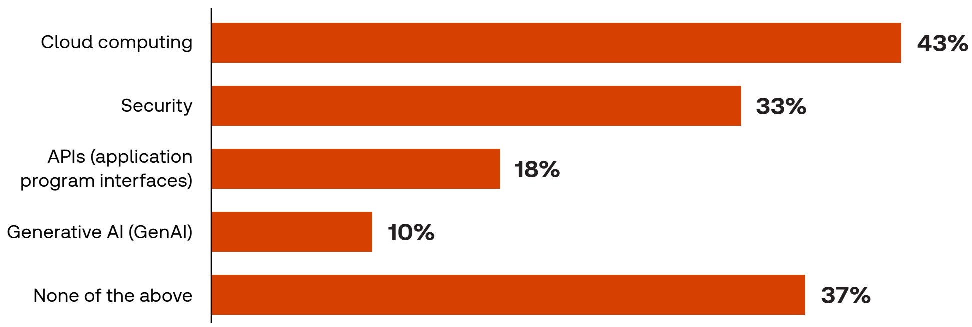
Difference in usage

Some of the solutions for management of tasks and workflow, however, show even more stark differences in usage between larger and smaller firms. When it comes to firm and practice management, for example, 82% of respondents from large firms said they use a technology solution, almost double the portion of small firm respondents (42%) who said the same thing. A similar story appears for client collaboration software or portals, which are used by 80% of large firms and 41% of small firms, according to respondents. Ditto for workpaper management and tax workflow/project management as well.

There could be a couple of different reasons for this. The first may simply be size and bureaucracy — the more people within a firm, the more management is required. But secondarily, these types of solutions could be considered *nice to have* rather than *must have* tools for midsize and smaller firms. The software solutions that directly contribute to output for client is paramount, with the more management-oriented technologies relegated the backburner, especially if there is a budget crunch.

The problem is, those types of technologies also contribute valuable sources of data — and increasingly, clients are requesting easier access to firm data through technologies such as cloud computing.

FIGURE 15:
New technologies requested by clients



Source: Thomson Reuters 2024

Overall, almost half of respondents said their firm has been requested or required by clients to use cloud computing. This is not only true of large firms, but also small and midsize firms as well — in fact, more than half (52%) of midsize firms reported receiving this request from clients, according to the survey. Larger firms are slightly more likely to have received requests around security protocols, while smaller firms are more likely to have received none of these technology requests.

Notably, only 10% of respondents said their firms have received requests around GenAI from clients. That has not stopped them, however, from investigating the technology regardless. Already, about one-quarter of respondents reported that their firms are using public-facing GenAI tools such as ChatGPT, while 13% said their firms have used tax-specific GenAI tools.

FIGURE 16:
GenAI usage for daily or regular work

GenAI tools that firm has integrated into daily work	Overall	Firm size: Small	Firm size: Medium	Firm size: Large
Public GenAI	24%	18%	27%	33%
Tax specific GenAI tools	13%	7%	18%	20%
None of the above	67%	77%	62%	53%

Source: Thomson Reuters 2024

Growing acceptance of GenAI in tax work

Perhaps as expected from the statistics around overall technology usage, large and midsize firms are more likely to be using GenAI currently. In fact, nearly half of large firm respondents said their organizations are using GenAI in some fashion currently. There is reason, however, to believe these numbers will be increasing in coming years, regardless of firm size. About two-thirds of all respondents said their firm's overall attitude towards GenAI is either *exploratory* or *considering* the technology.

About two-thirds of all respondents said their firm's overall attitude towards GenAI is either *exploratory* or *considering* the technology.

FIGURE 17:
Overall firm attitude towards GenAI

Firm's attitude toward GenAI	Overall	Firm size: Small	Firm size: Medium	Firm size: Large
Active user	7%	5%	11%	8%
Exploratory	37%	28%	36%	53%
Considering	30%	30%	27%	32%
Against	4%	6%	3%	2%
Agnostic	22%	30%	23%	6%

Source: Thomson Reuters 2024

This is particularly true among large firms, where 93% of those respondents are either active users, actively engaged with exploring the technology, or considering its use. And while midsize and small firm respondents have a larger percentage of those saying their firms are agnostic, there remains roughly three-quarters of midsize firms and two-thirds of small firms who are either active users, exploratory, or considering its use.

From these figures, it is clear that many tax professionals from firms of all sizes expect GenAI to be the future of their tax & accounting work. Many professionals at those firms that are currently exploring or considering GenAI are likely to become active users within the next couple of years. In doing so, GenAI will likely be requested more from clients who become accustomed to its use and output, creating a snowball effect in which GenAI use becomes more of a necessity for firms that are currently agnostic on its use.

Many tax & accounting professionals see that writing on the wall. In fact, more than half of respondents said they believe GenAI will be a central part of their workflow within the next three years.

FIGURE 18:

Timeline for GenAI as a central part of workflow

GenAI will be a central part of workflow within ...	Overall	Firm size: Small	Firm size: Medium	Firm size: Large
It currently is a central part of my workflow	5%	5%	5%	5%
Within 1 year	18%	16%	21%	18%
Within 3 years	40%	34%	36%	55%
Within 5 years	22%	22%	24%	18%
Within 10 years	6%	6%	8%	5%
Never	10%	17%	6%	0%

Source: Thomson Reuters 2024

Small and midsize firm respondents have a slightly longer time horizon than do large firm respondents, but across the board the message is clear: Tax & accounting professionals anticipate GenAI being a central part of their lives sooner rather than later. In fact, only two years after ChatGPT's public release, there is only 10% of all respondents that say they do not anticipate GenAI being a central part of their workflow.
Every single respondent from a large firm believes GenAI will be a part of their workflow at some point within the next 10 years.

"AI will speed up the research portion and repetitive tasks within the firm for sure," says one tax manager from a large Canadian firm. And a partner at a small Canadian firm added that in the "best case scenario, AI will add value for the 'mundane' and routine tasks, freeing up time to add value to clients."

> **"Best case scenario, AI will add value for the 'mundane' and routine tasks, freeing up time to add value to clients."**

Next Steps with GenAI

The introduction of new technologies such as GenAI will mean different things to different firms, of course. However, if the tax & accounting industry is truly at a crossroads, one in which firms need to decide quickly whether to explore GenAI technologies or place their efforts elsewhere, then it's worthwhile taking a quick look at what the potential ramifications of each decision may be.

Fully embracing GenAI and integrating the new technology into daily workflows — and crucially, doing it properly — is not an easy task, to be sure. It requires alignment of firm strategy with procurement and resourcing, proper personnel that understand not only the technology but its place within the firm, and the ability to nimbly pivot to new ideas as the technology continues to develop. If this path is taken, the pay-off for the investment could be massive and become a primary differentiator a firm could leverage with clients.

A separate Thomson Reuters Institute survey from earlier this year, *Generative AI in Professional Services*, asked corporate tax department leaders whether they wanted their outside tax firm to be using GenAI tools. At the time, more than half (56%) said yes, only 14% said no, and the remaining 30% were not sure. Clearly, most corporate clients already are in favor of GenAI use, and over time some those who were not sure will fall into the most-positive camp. It's reasonable to believe that individual tax & accounting clients will want the same.

GenAI is becoming not just a value-add, but an expectation to best meet client desires for cost-savings and efficiency.

And as this all occurs, tax & accounting firms will see that GenAI is becoming not just a value-add, but an expectation to best meet client desires for cost-savings and efficiency — indeed, an expectation that those firms which adopt GenAI earlier will be better equipped to meet.

On the other side, not diving fully into new technology is a legitimate business decision for firms to make in certain case. Undoubtedly, there are a lot of areas to invest in today's tax world, such as business development, talent upgrades and the replacement hiring of an aging workforce, new business lines such as

continued

advisory services, and more. Particularly for a newer technology such as GenAI, many firm leaders may experience some reticence surrounding the technology's actual utility and its current accuracy and security.

That said, taking a narrow view of GenAI as simply a tool for tax work, and thus not a necessity, risks placing a firm far behind. Take, for example, the business priorities we just mentioned — in each case, GenAI plays a role. For business development, clients want to see more GenAI. For hiring lateral and new professionals, an updated workplace is a key selling point for both internal workflows and to better serve clients. New business lines are much easier to start if they are tech-enabled — and in some cases, the technology itself can be the starting point for a new offering. Technology such as GenAI has a lot more utility than simply performing the work that tax & accounting professionals do right now.

For firms currently agnostic towards GenAI, if that decision comes following a thorough examination of the risks and rewards, then that is reasonable. What is not reasonable, however, is avoiding the conversation about where GenAI may fit in the modern tax & accounting firm. Because if — and when — the day soon comes that GenAI-integrated services is a client expectation, having to start from square one could be a critical mistake.

SECTION 4:

The future of tax tech

With GenAI imminent and on the minds of both tax firm leadership and professionals, planning has already begun for the upcoming shift in how professionals work. Even in a profession (such as tax & accounting) that has historically reacted slowly to technological innovation, most professionals said they expect jumps in tech capabilities, budgets, and new technology-enabled job opportunities within the next three to five years. And in emerging markets such as Latin America, these shifts may be even more dramatic.

Over the medium-term horizon of the next 3 to 5 years, many professionals across the board, expect firm tech capabilities and budgets to increase, in some cases dramatically.

FIGURE 19:

Technology capability changes over next 3-5 years

Firm's technology *capabilities* to change over the next 3 to 5 years	Overall	Firm size: Small	Firm size: Medium	Firm size: Large
Large increase	31%	20%	38%	44%
Small increase	53%	58%	48%	48%
Stay the same	15%	20%	14%	8%
Small decrease	0%	1%	0%	0%
Large decrease	1%	2%	0%	0%

Source: Thomson Reuters 2024

FIGURE 20:

Technology budget changes over next 3-5 years

Firm's technology *budget* to change over the next 3 to 5 years	Overall	Firm size: Small	Firm size: Medium	Firm size: Large
Large increase	21%	14%	27%	29%
Small increase	58%	62%	50%	61%
Stay the same	18%	21%	21%	11%
Small decrease	1%	2%	2%	0%
Large decrease	1%	2%	0%	0%

Source: Thomson Reuters 2024

Generally, larger firms are expecting more dramatic increases than are smaller firms. Yet, across the board, there is a palpable sense of forward momentum. A large majority (84%) of all respondents said their firms will have greater technology capabilities within the next 3 to 5 years, and that growth will be driven by higher technology budgets, which 79% said they were expecting.

There is one particular note of interest to these expected changes, however. While many of the results in this survey do not vary widely by geography, future planning is one particular area in which one region stands out from the rest. While much of the English-speaking world is expecting slow but steady increases in technology capabilities and budgets, Latin American respondents are expecting large amounts of growth — and quickly.

FIGURE 21:

Technology capability changes over next 3-5 years by region

Firm's technology *capabilities* to change over the next 3 to 5 years	Overall	Country				
		US	UK/EU	CAN	AUS	LATAM
Large increase	**31%**	24%	28%	27%	10%	62%
Small increase	**53%**	61%	54%	60%	53%	32%
Stay the same	**15%**	14%	16%	13%	33%	6%
Small decrease	**0%**	0%	2%	0%	0%	0%
Large decrease	**1%**	1%	0%	0%	3%	0%

Source: Thomson Reuters 2024

Nearly two-thirds of Latin American respondents said they expect *large* increases in their firms' technology capabilities over the next 3 to 5 years, compared with less than one-third of respondents from other regions. Similarly, 42% of Latin American respondents expect large budgetary increases for technology, while no other region topped 20% who said the same.

This discrepancy could be driven by a number of factors. First, the current level of technology usage in Latin America is low. Latin American firms currently are using some of the most common categories of technologies — such as direct tax compliance, trial balance, and tax planning — at a much lower rate than their counterparts from other parts of the world. As such, there is likely an element of needing to catch up. Thus many tax professionals in that region are expecting to see technology capabilities increase dramatically as those technologies begin to be implemented more broadly.

Second, there also may be an element of increased willingness to embrace new technologies among Latin American firms. Take for instance GenAI: 30% of Latin American respondents said their firms are already using public-facing GenAI tools such as ChatGPT in daily work, the highest of any region surveyed. And this focus on new technologies also extends to client requests — 40% of Latin American respondents said their clients had requested data sharing through API networks, compared to just 10% of US respondents.

The result is that these new technologies may not only change how Latin American professionals conduct their daily work, but how the region's labor markets operate as well.

FIGURE 22:

Anticipated new job roles as a result of technology

Do you anticipate new job roles/titles within the next 3-5 years as a result of technology?

	Overall	Firm size			Country				
		Small	Medium	Large	US	UK/EU	CAN	AUS	LATAM
Yes	39%	26%	53%	52%	28%	38%	43%	17%	74%
No	61%	74%	47%	48%	72%	62%	57%	83%	26%

Source: Thomson Reuters 2024

For example, 39% of all respondents expect new job roles and titles — such as chief technology officers, AI consultants, and security analysts — to arise as a result of new technology. As in previous findings, there is a notable difference here between smaller and larger firms, with more than half of respondents from midsize and large firms saying they expect new job roles to arise, while only about one-quarter of those from small firms said the same.

However, in Latin America, tax & accounting professionals are expecting a large shift, with almost twice the portion (74%) saying they expect new job roles and titles to evolve with the new technology, despite the fact that many firms in the region fall into the small or midsize buckets.

Indeed, when asked what new roles they are expecting, one Brazilian midsize tax firm owner said they expect to see "a person who is responsible for your equipment, people authorized to use these tools, [and a] call center for post-sales and customer satisfaction." But another Brazilian midsize firm director is looking for roles such as "AI and data analyst, BI [business intelligence] management with B2B or B2C clients, [and] strategic/statistical planning analyst."

Indeed, it's clear that most tax & accounting professionals anticipate a rapidly shifting future, regardless of region or firm size. Rather than recoil from the shifting landscape, however, many are taking a positive view towards the future of tax technology.

FIGURE 23:

Sentiment towards the future of tax technology

Sentiment toward the future of tax technology	Overall	Firm size		
		Small	Medium	Large
Excited	17%	12%	18%	26%
Hopeful	50%	47%	42%	64%
Hesitant	15%	16%	23%	6%
Concerned	11%	16%	9%	5%
Fearful	2%	3%	3%	0%
No opinion	5%	7%	5%	0%

Source: Thomson Reuters 2024

Half of all respondents report being *hopeful* about tax technology's future, while an additional 17% said they are *excited* about these changes. Those in larger firms are particularly positive, with 90% feeling one either hopeful or excited about the trajectory of tax technology.

In general, these positive feelings about tax tech's future clearly point to the time and cost efficiencies the technology brings, the survey shows. One director from a large US tax firm is excited about "better solutions for tax return scheduling and workflow management, freeing up time for our people to dedicate to more technical aspects of the job and not tedious administrative tasks." Another Canadian small firm owner says they are hopeful about the ease of use of future products. "I'm mostly curious to see how rapidly things progress and some of the tools available to assist practitioners," the owner said. "It would be amazing to see more integration and user-friendly interfaces in the research realm of tax practice."

Meanwhile, only 13% of respondents said they were feeling the negative emotions of *concerned* or *fearful*, including slightly more from smaller firms. Some of those respondents who noted these emotions still have some questions about the output of technology, such as one European small firm director who said they are "concerned that future technology and AI will give incorrect accounts and tax reporting." Others are worried about the effect of new technologies on the profession, such as one Australian small firm CEO who added, "I fear that the basics will be lost as staff become used to the God in the box and no longer think for themselves."

Some of these accuracy and practical concerns may be assuaged as professionals become more familiar with new technologies such as GenAI. Yet, given the rapid rollout of GenAI tools within both professional business software as well as tax-specific products that professionals use every day, that day may come sooner rather than later. However, the prevailing point is clear: Firms and their professionals should be preparing *now* for wide-scale change.

"Technology is always improving in ways we aren't even thinking about," says one US small firm president and CEO. "Something groundbreaking (even more so than GenAI) may come to fruition within the next 10 years that is not on anyone's radar. Anything we can do to automate our workflows for speedier, more accurate tax returns/processes is a win in my book."

Conclusion

The tax & accounting industry clearly realizes that change is coming through technology. Whether it comes by way of new technologies such as GenAI introducing new ways of work, clients expecting greater efficiencies and cost savings, or a new generation of professionals desiring technology-enabled workplaces, there will be no escaping the technological revolution, regardless of the size of firm or region of practice.

But are tax & accounting firms ready for that change? That may be a different answer altogether. Some are already planning, to be sure. Technology budgets are expected to rise, many tax firm leaders indicate their firms are exploring or considering GenAI's impact, and some are even restructuring their staff to get the most out of new innovation. At the same time, however, there remains a relative lack of technology training, too few ways to measure technology projects' success, and merely adequate satisfaction with current technology tools.

Many tax & accounting firms are rapidly approaching a cross-roads for technology.

Many tax & accounting firms are rapidly approaching a cross-roads for technology. And for those firm leaders who see technology as a significant or integral part of their overall firm strategy, there will be an impetus to purchase and implement new software solutions. Yet, today's technology is more than just a plug-and-play proposition — it requires personnel to run efficiently, processes and workflows to make sure it is used effectively, and communication both internally and externally to make sure all relevant parties are on the same page about its use.

This coming technological revolution waits for no one. Now, the onus is on the leaders and professionals in each tax & accounting firm to decide whether they are willing to put the necessary time, talent, and resources into keeping up.

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