



2026 Corporate Tax Department Technology Report

Desire for a more proactive, higher-value role for tax is growing,
but so are feelings of frustration and urgency

In partnership with



Executive summary

When the Thomson Reuters Institute published its first *Corporate Tax Department Technology Report* in 2024, the relationship between corporate tax departments and developing tax technologies could be characterized as a push-me-pull-you exercise in bureaucratic paralysis.

The *push* is that most corporate tax departments recognize the need for technological transformation — due to regulatory changes, digital consolidation, increasing data demands, real-time tax reporting, and other pressures — and want to pursue it.

Simultaneously, the *pull* preventing so many tax departments from adopting new technologies sooner is a series of all-too-familiar constraints, including — but not limited to — budget crunches, resource deficiencies, organizational inertia, infrastructure issues, lack of trained personnel, and other common hurdles to organizational progress.

The relationship between corporate tax departments and developing tax technologies could be characterized as a push-me-pull-you exercise in bureaucratic paralysis.

Widening the “frustration gap”

The result of this push-pull dynamic has been a slower-than-hoped embrace of new tax technologies in the corporate arena coupled with a growing sense of impatience in departments that continue to lag behind technologically. Tax professionals are increasingly aware of what modern technology — especially more advanced AI — can do, but frozen budgets and organizational inertia are creating a *frustration gap* between what they want to achieve and what their current tools allow.

In this year’s report, it’s apparent that the same basic dynamics are still guiding decision-making and technology adoption in most corporate tax departments. However, several data points also suggest that those companies still on the fence about technology adoption and investment may be facing a do-or-die moment that requires action sooner than they may think. Clearly, a sense of urgency is in the air.

In the span of one year, for example, tax professionals have gone from expecting AI to become a central part of their workflow *eventually* (in 3 to 5 years) to expecting that change *imminently* (1 to 2 years). Many also say AI is *already* playing a larger role in their work.

This acceleration of expectations not only reflects the speed with which AI solutions are being incorporated by businesses in general, it also represents a wake-up call for companies that have been reluctant to install the infrastructure necessary to take full advantage of AI’s swiftly expanding capabilities. This lack of preparedness for the next wave of AI innovation also means that the chasm between the technological haves and have-nots is widening faster than ever.

And the truth is, most tax departments are caught in this bind to one extent or another. Indeed, more than half (55%) of this year’s survey respondents said their tax departments are still in the *reactive* phase of their technological development, in which some tax processes are automated but not enough to allow for more forward-looking, proactive tax work. This statistic has remained stubbornly consistent over the past few years.

Encouraging signs of progress

On a more positive note, this year's data also provides evidence that investment in tax technology over the past few years has advanced tech usage in several important areas. Further, the benefits derived from these investments are gradually accumulating, providing a record of success that is difficult to deny.

For example, companies that have invested more fully in tax automation are now reporting that the technology is indeed delivering its promised benefits — namely by improving accuracy, increasing efficiency, reducing costs, streamlining tax workflows, and minimizing penalties. In fact, two-thirds of those surveyed agreed that their company's investment in technology has enabled them to enjoy a shift from routine, reactive work to more strategic, proactive, higher-value work — a shift that has yet to happen at companies at which such investments have not been a priority.

Indeed, this is precisely where the frustration gap proves most acute. With such growing evidence of the positive benefits of proper tech investment and adoption, corporate tax professionals can now see much more clearly what good tech looks like and how it can help a department transform its operations in ways that can elevate its work in the eyes of the C-Suite. And for those in tax departments that aren't getting that kind of investment and support... well, they see that too.

While many obstacles still exist and adoption of new tax tech remains sluggish, there is growing evidence that a slow but steady progression in technological maturity and capabilities can be found throughout corporate tax departments and in this year's report. Signs that a department's performance is increasingly tied to its technological sophistication are also evident in this year's data. And that should give tax leaders plenty to think about in the months ahead.

“Tax technology will continue to hold a central role in driving innovation and efficiency within the department. Significant progress has been made in the past with automating processes, and I expect similar or greater benefits to be realized in the future.”

Key findings

- **Encouraging performance data** — As usual, larger companies with more abundant resources and more generous tax-department budgets are leading the way technologically, but their leadership goes beyond simply adopting and using the latest tax systems and software. As larger companies organize their operations around enterprise resource planning (ERP) platforms, advanced finance and business systems, automation, and evolving forms of AI, they are also tracking and measuring the ROI of these systems and collecting valuable performance data. This data, in turn, is informing other companies and the larger market about the true efficacy of these systems and the wisdom of investing in them.
- **Most valuable metrics** — Of the companies that compile technology performance metrics, about two-thirds (66%) track time savings and efficiency gains, followed by accuracy improvement and error reduction (55%), and ROI and cost savings (41%). Larger companies are more likely than their smaller or midsize competitors to measure performance data, but there are indications that reports of positive business outcomes and ROI from larger companies are encouraging these smaller and midsize companies to upgrade their own tech profiles more deliberately.
- **A brighter future outlook** — More experience and familiarity with new technologies also appears to have calmed people's nerves about the broader impact of more advanced tax technologies (AI in particular) on their jobs and profession. Indeed, an overwhelming majority of respondents described their feelings about the future of tax technology as *hopeful* or *excited*, while almost no one (1% or less) expressed fear or concern.
- **AI timeline reassessed** — In a critical development, tax teams have also shortened the timeline they expect for AI to become an integral part of their daily workflow, offering yet more evidence that the AI revolution is accelerating. Previously, the common wisdom was that it would be 3 to 5 years for AI to infiltrate tax departments; now, the most common estimate is 1 to 2 years. Also, the percentage of respondents who say AI is *already* central to their workflow has more than tripled in the past year (from 2% to 7%).
- **Taking charge** — Notably, since last year there has been an increase in the number of tax departments reporting that someone is now formally in charge of leading their tax-technology strategy. This is an important step because it indicates a commitment to leadership and action that is often missing in companies that have not formulated a cohesive technology development plan.
- **Growing dissatisfaction** — Despite a generally positive outlook toward the inevitability of more automation and AI in tax, actual adoption rates remain largely unchanged from last year. More concerning, satisfaction with current technology has also dropped dramatically, especially at larger firms. In our previous report, about one-third (34%) of survey respondents reported being dissatisfied with their tech stack, but this year the dissatisfaction rate jumped to 56%. Indeed, half of this year's respondents also said their company had not purchased any new tax technology in the past 12 months, and a majority still consider themselves in the *exploratory* or *considering* phases of potential AI adoption.
- **Continued stasis** — In another sign of the uphill battle some tax department face, budgets for new technology remain fairly stagnant as well, and even fewer respondents than last year reported receiving any ongoing technology training. Overall levels of technology maturity have changed slightly, but most corporate tax departments are still operating at the *reactive* or *chaotic* end of our Technological Maturity Curve — a statistic that, despite rapid advancements in other areas of technology, has not budged much since 2023.

Methodology

The *2026 Corporate Tax Technology Report* is a joint effort between the Thomson Reuters Institute and Tax Executives Institute. The purpose of the report is to measure and assess how corporate tax professionals are using technology, overcoming strategic obstacles, planning for the future, and managing budgets and personnel related to technology usage.

This year's survey was conducted in November and December 2025 via a 30-minute online survey taken by 170 US-based corporate tax professionals. Thomson Reuters and Tax Executives Institute provided the sample population, and participation was confined to technology decision-makers who work in corporate tax departments for businesses with at least \$100 million in annual revenue, although a majority of participants came from companies with more than \$1 billion in revenue.

Department size was also considered. Most respondents came from departments with more than four people, though a sizable portion also came from departments with one to three people. The most common job titles for survey participants were Director of Tax/Tax Director, Tax Manager, VP of Tax, and Senior Tax Manager.

The current state of tax technology

The term *tax technology* covers a broad range of systems, software, and services, all of which combine and connect in different ways to deliver the performance and results that corporate tax departments rely upon. Over the past few years, corporations of all sizes have been investing in tax technologies that automate and streamline routine indirect and direct tax processes and reporting. They’ve also invested in larger infrastructure systems — centralized ERP platforms in particular — that support those tools.

Efficiency, cost savings, and the growing digitalization of the corporate tax function are the primary drivers behind these technology investments, but there are corollary benefits as well. In fact, surveys of tax professionals over the years have shown that automating routine tax functions has gradually freed tax professionals from the spreadsheet drudgework that used to occupy so much of their time. In its place, many tax departments have gradually shifted their focus from reactive problem-solving and reporting to more strategic, proactive work, such as data analytics, forecasting, tax strategy, risk assessment, and decision-making support.

From reactive to proactive

In this year’s survey, two-thirds (67%) of respondents said their company’s technological investment over the past three years has enabled their department to shift to more strategic, proactive work focus, with 23% saying the change has been *significant*. Another 25% said they had yet to experience a significant shift in the focus of their work but expected the change would happen eventually.

FIGURE 1:

Has technology investment in the past 3 years enabled your department to shift towards more strategic, proactive work?

	Base	2025 Revenue			2025 Tax dept size		
		Total	<\$1 Billion	\$1+ Billion	Total	1-3	4+
Yes, significantly	23%	23%	21%	24%	23%	19%	25%
Yes, somewhat	44%	44%	38%	47%	44%	33%	48%
No, not yet but we expect it will	25%	25%	27%	23%	25%	29%	23%
No, and we don't expect it will	1%	1%	2%	0%	1%	2%	0%
Not applicable	8%	8%	13%	6%	8%	17%	5%

Source: Thomson Reuters 2026

The shift to more strategic and proactive work was particularly pronounced in larger tax departments (those with more than four people), in which almost half (48%) of respondents reported spending more time on strategic and proactive activities.

This shift to more strategic and proactive tax work is also changing how tax departments operate within organizations, albeit gradually. Once viewed as just another back-office business function, many tax departments — newly empowered by advanced tax technologies and access to vast amounts of financial data — now have the tools and time to demonstrate their value to the organization in myriad other ways.

Indeed, business leaders are taking notice, so much so that the tax function’s input is now being included in strategy development and decision-making efforts, particularly at larger companies that have invested more in the technology and resources that make this kind of contribution possible.

The importance of leadership

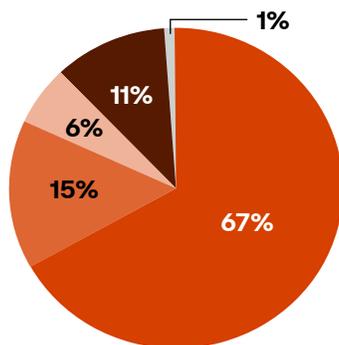
Of course, the kind of *shift* we’re talking about doesn’t happen overnight; rather, it’s the culmination of a long process of technological assimilation that involves a great deal of careful planning and execution. However, many companies create difficulties for themselves from the very beginning of this process by failing to recognize the need for strong leadership, or any leadership at all for that matter.

FIGURE 2:

Dedicated person for tax technology strategy?

2025

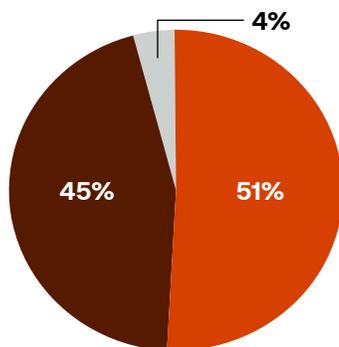
- Yes, the head of the tax department
- Yes, someone else within the tax dept
- Yes, someone outside the tax dept
- No
- I don't know



	2025 Revenue			2025 Tax dept size		
	Total	<\$1 Billion	\$1+ Billion	Total	1-3	4+
Base	170	63	107	170	48	122
Yes	88%	92%	86%	88%	81%	91%
No	11%	8%	13%	11%	17%	9%
Don't know	1%	0%	1%	1%	2%	0%

2024

- Yes
- No
- I don't know



	2024 Revenue			2024 Tax dept size		
	Total	<\$1 Billion	\$1+ Billion	Total	1-3	4+
Base	170	76	94	170	60	110
Yes	51%	49%	53%	51%	57%	48%
No	45%	47%	44%	45%	42%	47%
Don't know	4%	4%	3%	4%	2%	5%

Source: Thomson Reuters 2026

Fortunately, this too appears to be changing. In our previous report, only about half (51%) of survey respondents said their company had appointed a person to lead the department’s tax technology strategy. In this year’s survey, however, the percentage of departments with a person dedicated to tax technology strategy jumped a whopping 37 percentage points to 88%.

Two-thirds (67%) of respondents said this person was the head of their tax department, 15% said it was someone else within the tax department, and 6% said it was someone from outside the tax department.

The TR Institute's View:

Point of the spear

Regardless of who is spearheading the effort, it's hard to overstate the importance of having a point person who can organize, champion, and communicate the tax department's technology needs to the C-Suite. Establishing such leadership within the tax department is a vital step toward having those needs eventually met.

Improving enterprise infrastructure

The data and performance demands of modern tax digitalization require an extensive infrastructure of business systems that extend well beyond tax. Indeed, ERPs (such as SAP, Oracle, NetSuite, Sage) that organize an enterprise's larger business and financial systems around a central communications hub are the architectural support system that enables the operation of current and evolving forms of machine learning, automation, and AI.

These systems are also needed to run automated tax engines, which are typically third-party tools designed to connect to ERPs through plug-ins or APIs (Application Programming Interfaces) that facilitate real-time data transfers and dramatically extend the tax-calculation and reporting capabilities of the average ERP.

FIGURE 3:

Is your organization currently undertaking any enterprise-wide technology initiatives that your tax department will benefit from?

	Base	2025 Revenue			2025 Tax dept size		
		Total	<\$1 Billion	\$1+ Billion	Total	1-3	4+
ERP implementation/upgrade	42%	42%	33%	48%	42%	42%	43%
Finance system transformation	28%	28%	22%	32%	28%	19%	32%
Enterprise AI/automation initiative	28%	28%	19%	33%	28%	17%	32%
Cloud migration	17%	17%	17%	17%	17%	17%	17%
Enterprise data warehouse/analytics platform	15%	15%	8%	20%	15%	8%	18%
Other enterprise-wide technology initiative	4%	4%	0%	7%	4%	4%	4%
Unsure	24%	24%	32%	19%	24%	27%	22%

Source: Thomson Reuters 2026

Although half of survey respondents said their company had not invested in any new technology over the past year, one possible reason for this is that many companies have *already* invested in the necessary ERP enhancements and are now in the process of implementing them.

Indeed, 42% of this year’s respondents said their organization is currently undertaking an ERP implementation or upgrade. Larger companies (those with more than \$1 billion in annual revenue) are more likely to be upgrading or adding ERPs, but one-third (33%) of respondents at companies with less than \$1 billion in revenue also said ERP enhancements were underway.

Meanwhile, related transformations of organizational financial systems are reportedly in process at 28% of companies, according to respondents; and another 28% said they were undertaking enterprise-wide AI and automation initiatives.

The TR Institute’s View:

Patience is essential

Tax departments stand to benefit from enterprise-wide tech upgrades, but it takes time to implement these systems and yet more time for the business and cultural benefits from such investments to accrue. Patience and planning are the ultimate keys to success in this phase of technological development.

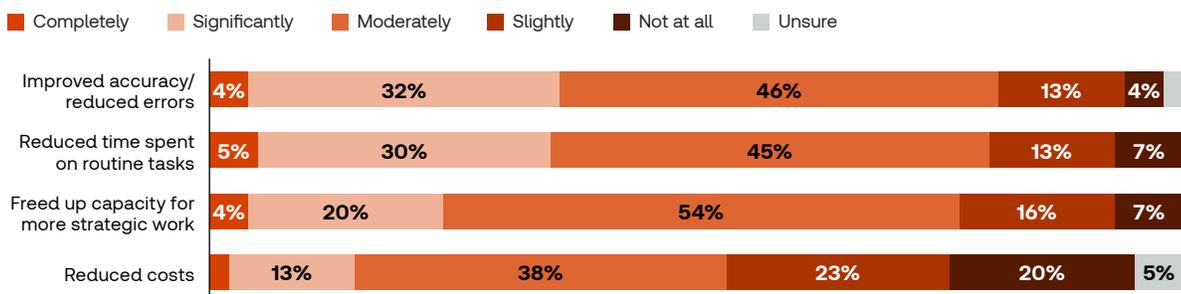
Automation outcomes

When considering new tax technologies, the prospect of automating many basic tax functions is always high on the wish list. In theory, automation improves accuracy, minimizes errors and penalties, lowers costs, and reduces the amount of time staff must spend on routine tax work.

And while that is true, survey respondents did have some qualifications.

FIGURE 4:

Extent automation has achieved outcomes



Source: Thomson Reuters 2026

When asked about the extent to which automation had achieved its intended outcomes at their organizations, more than one-third (36%) of tax professionals said automation had *completely* or *significantly* improved accuracy, reduced errors, and decreased the amount of time spent on routine tasks. However, a larger portion of respondents (between 45% and 46%) rated automation’s effectiveness in these areas as *moderate*. Most agreed however that automation had improved metrics in these areas to a measurable extent.

Fewer (23%) said they felt automation had *significantly* freed up the capacity for staff to pursue more strategic and proactive work; but again, more than half (54%) said gains in the shift toward more strategic and proactive work were *moderate*.

While different people may have varying ideas about what the words *significant* and *moderate* may actually mean, the difference here may be significantly or moderately semantic, depending on how one defines those terms.

“Technology is extremely important to reduce manual processes and help reduce errors. I don’t see a path for any tax department to not lean into technology.”

Measuring the metrics

In the past, tax departments have been rather lax about tracking success metrics to determine if the technology they have implemented is performing adequately. Thankfully, this appears to be changing. Tax departments need data to understand how a given technology is performing and to help guide decision-making on future purchases. And without such metrics, departments are unlikely to benefit fully from their technology investment.

FIGURE 5:

Metrics tracked

Which of the following metrics, if any, does your tax department track to measure technology success?

	Base	2025 Revenue			2025 Tax dept size		
		Total	<\$1 Billion	\$1+ Billion	Total	1-3	4+
Time savings/efficiency gains	66%	66%	59%	70%	66%	58%	69%
Accuracy improvements/error reduction	55%	55%	52%	57%	55%	40%	61%
ROI/cost savings	41%	41%	35%	44%	41%	42%	40%
Business outcomes	39%	39%	29%	45%	39%	29%	43%
User satisfaction	29%	29%	22%	34%	29%	17%	34%
We don’t currently track technology success metrics	22%	22%	29%	19%	22%	35%	17%
User adoption/usage rates	11%	11%	8%	12%	11%	6%	12%
Help desk tickets/support issues	9%	9%	5%	12%	9%	4%	11%
Unsure	2%	2%	3%	2%	2%	4%	2%
We track other metrics	2%	2%	0%	3%	2%	0%	2%

Source: Thomson Reuters 2026

As tech's role within tax departments expands, companies appear to have gotten the message about metrics. In this year's survey, only 22% of respondents said they did not track technology success metrics. Of the metrics they follow, two-thirds (66%) said they track time savings and efficiency gains, two of the most desired outcomes. Meanwhile, 55% said they measure accuracy and error reduction, and 41% follow ROI and cost savings, followed closely by business outcomes (39%) and user satisfaction (29%).

The TR Institute's View:

Measuring the gains

Not surprisingly, larger companies and their tax departments are more likely to track technology metrics. As a result, larger companies also are more likely to report positive ROI and gains in efficiency, accuracy, and time savings.

The future of tax technology

In general, tax professionals tend to think positively about the future of technology and its role in tax management and compliance. They also appear to be shedding their skepticism of AI and accepting the possibility that AI will have an expanded presence in their working lives sooner rather than later. Some are even excited about technology’s future impact on their profession, although others appear to be somewhat less hopeful about tomorrow’s technology now than they were last year.

At the same time, evidence is also mounting that tax professionals are becoming increasingly frustrated with the slow pace of technological advancement within their departments. Indeed, as technological progress advances all around them, particularly in the public domain, tax staffers are also becoming increasingly dissatisfied with the status quo, due perhaps to the perception—accurate or not—that they are falling behind both industry standards and the competition.

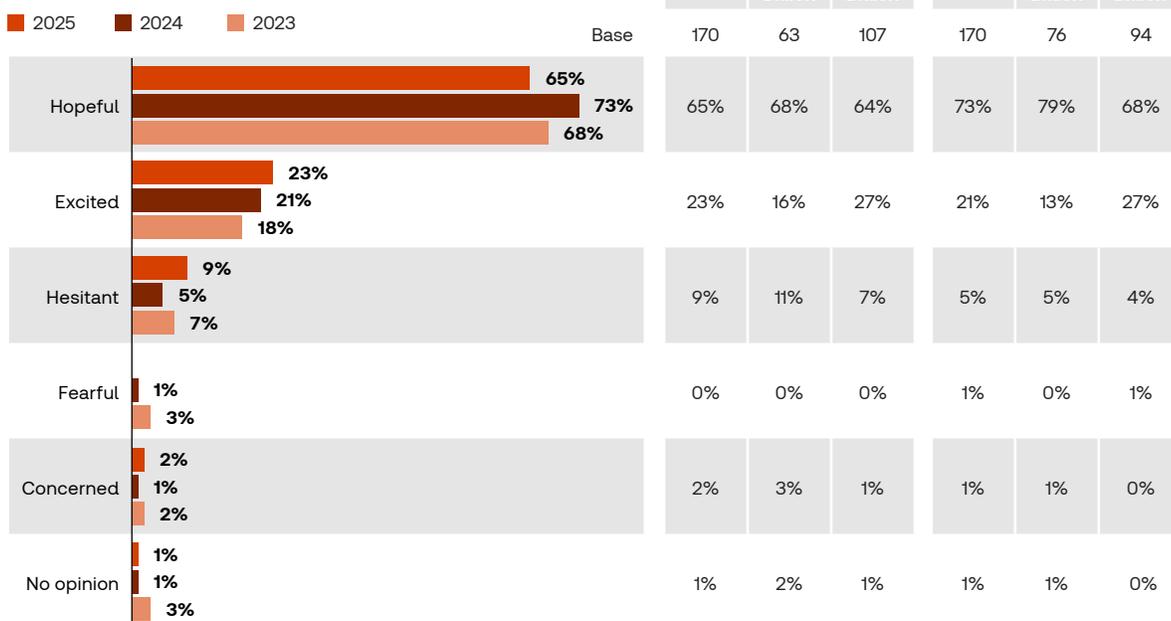
Evidence also is mounting that corporate tax professionals are becoming increasingly frustrated with the slow pace of technological advancement within their departments.

Hope and excitement

When asked about their general sentiment toward the future of tax technology, roughly two-thirds (68%) of tax professionals said they were *hopeful* — down from 73% last year, but still mostly positive. Slightly more respondents than last year (23% compared to 21%) said they were *excited* about the future of technology. In general, smaller tax departments (those with fewer than four people) tended to be less hopeful, whereas larger tax departments tended to be more excited.

FIGURE 6:

Sentiment toward future of tax technology



Source: Thomson Reuters 2026

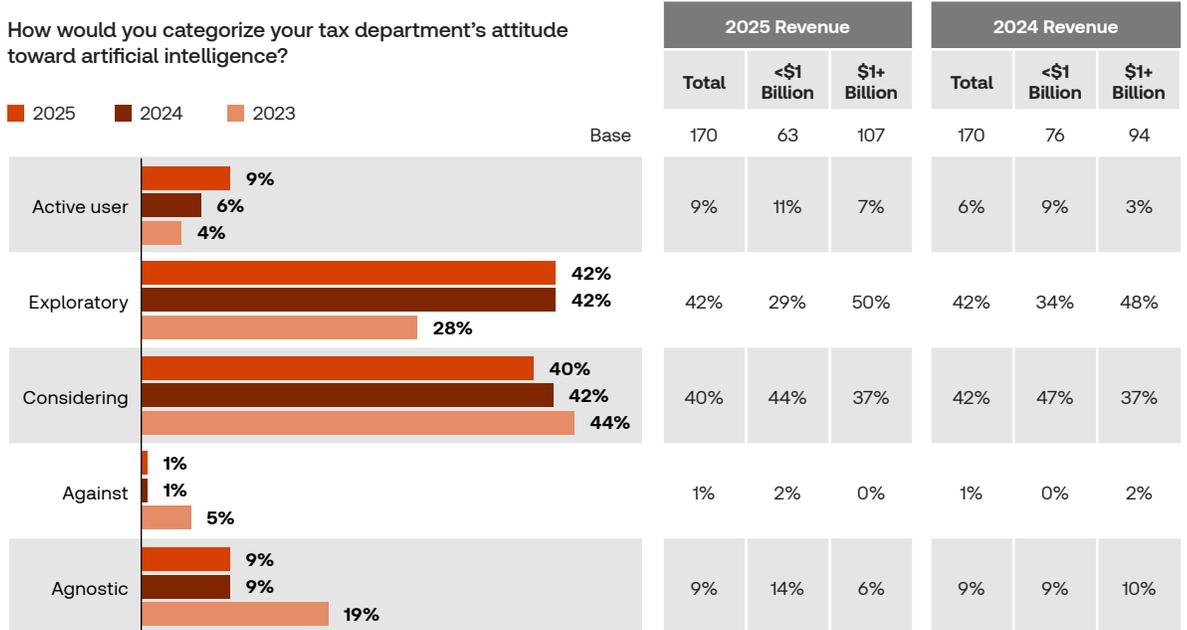
Curiously, almost no one (less than 2%) expressed fear or concern about the technological future — a sign perhaps that the promise of new technology in the workplace (at least in tax circles) is more compelling and productive than an attitude of persistent pessimism.

“We are looking at ways AI can assist in certain tasks to increase efficiency and production. I am hopeful that this will be fruitful but am looking at it with some skepticism.”

Attitudes toward AI

Of course, no discussion of the future of tax technology would be complete without delving into AI and its potential impact, even though actual usage of AI in tax departments is still relatively low. In general, a majority of respondents (81%) said their departments were still *considering* AI use(40%) or were in the *exploratory* phase (41%) of AI adoption, whereas only 9% said they were active users of AI.

FIGURE 7:
Attitude toward AI



Source: Thomson Reuters 2026

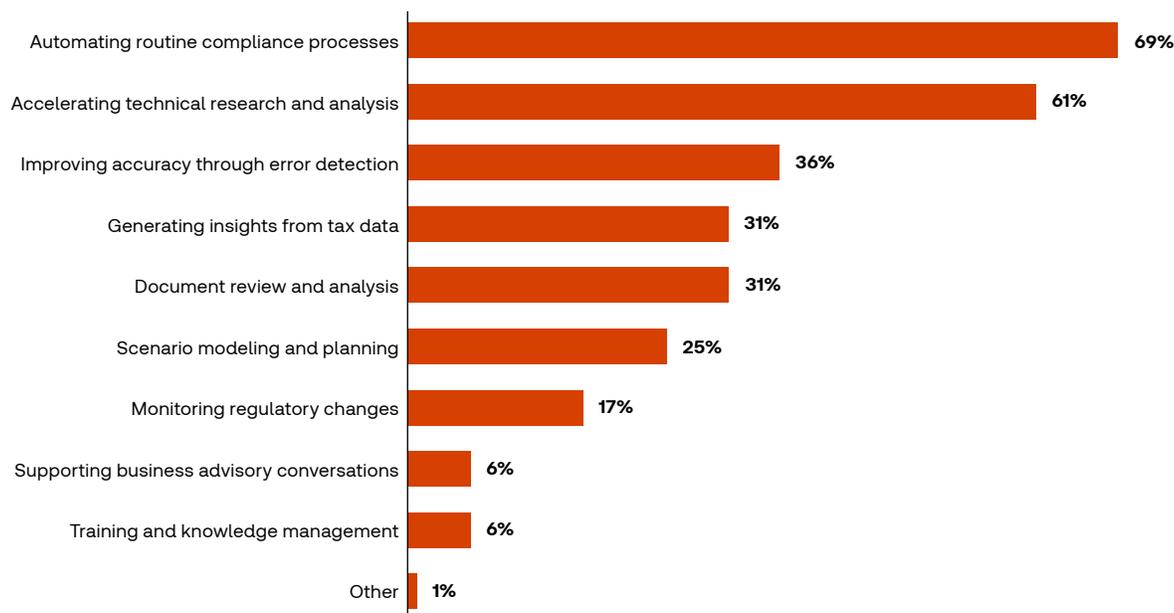
These numbers track closely with results from the past two years. However, there does seem to be a slight uptick in the active user base (9% in this year’s report compared to 6% in our previous report), as well as a small shift in the number of companies — typically on the larger side — that have moved into the exploratory phase. Still, despite all the chatter about AI over the past couple of years, tax department usage of AI beyond machine learning has yet to gain much traction.

“I was originally skeptical about AI, then horrified, but am now really excited. It’s going to be great.”

Expected applications for AI

If and when more sophisticated forms of AI find their way into tax departments, the majority of respondents (69%) said they expect that its most valuable application will be the further automation of routine compliance processes, an area in which machine-learning forms of AI have already proven their worth.

FIGURE 8:
Highest value AI opportunities



Source: Thomson Reuters 2026

The next most valuable application respondents see for AI is accelerating technical research and analysis (61%), areas in which popular AI chatbots such as CoPilot and ChatGPT have already established some remarkable capabilities and through which most people are familiar from personal use. After that, the expected value proposition for AI is more or less split between improved accuracy and error detection (36%), tax data analysis (31%), document review and analysis (31%), and scenario modeling and forecasting (25%).

For those tax professionals navigating the relentless pace of regulatory changes — particularly the complex, multijurisdictional landscape of State and Local Tax (SALT) — the introduction of generative AI (GenAI) tools represents a paradigm shift. GenAI's emerging capacity to synthesize massive volumes of statutory updates, case law, and multijurisdictional nuance into actionable insights promises to dramatically reduce the friction of daily compliance research, freeing up significant bandwidth for higher-level strategic planning.

"I am generally a little hesitant about the use of AI because without reviewing and checking the data, it is hard to have confidence in it."

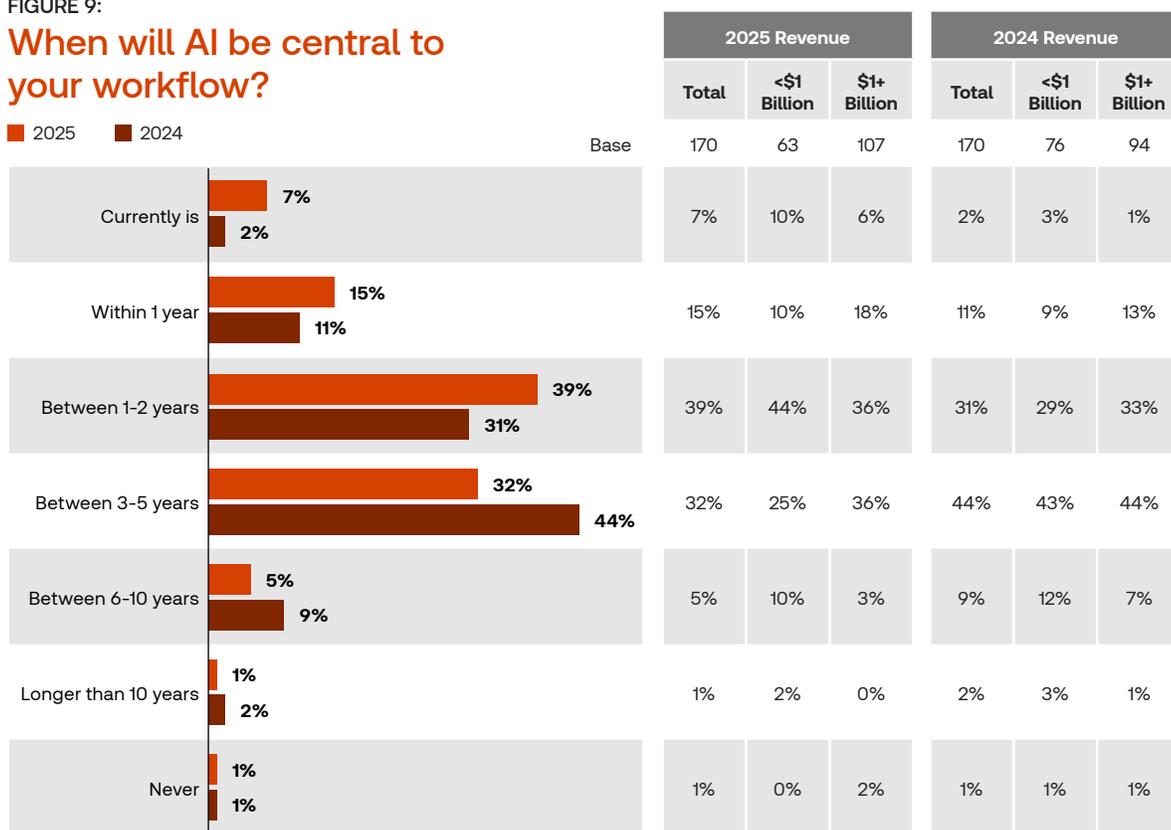
Accelerated AI timeline

As for *when* these capabilities might be available and even central to tax department workflows, many respondents appear to have accelerated their expectations for AI adoption. Last year, the most common estimation — made by 44% of respondents — was that AI would be central to their workflow sometime in the next 3 to 5 years. This year, however, the largest portion of respondents (39%) now say the more probable timeline was 1 to 2 years. This year too, more respondents (15% this year compared to 11% last year) also thought it would happen within a year, and more (7% compared to 2%) said their workflow already is revolving around AI.

FIGURE 9:

When will AI be central to your workflow?

■ 2025 ■ 2024



Source: Thomson Reuters 2026

These expectations may soon become reality; and they are yet another indication that the ever-increasing acceleration of AI adoption is going to be a force with which everyone will have to reckon, one way or another.

“AI will greatly assist small tax departments like ours. It will allow us to follow the massive changes in tax laws at both the federal and state level, with minimal research time.”

“AI is a scary but necessary change.”

Obstacles and hurdles: What is holding departments back?

As discussed above, changes in the overall sophistication and usage of technology in most corporate tax departments have been incremental at best. Indeed, many factors prevent tax departments from obtaining the technology, expertise, and resources they desire. For example, how budgets are managed and allocated; the extent to which the department shares its budget and decision-making with other departments; the organization's overall tech strategy and leadership— all of these factors and more comprise the maze of hurdles many departments must navigate to meet their tech needs, many of which are beyond department leadership's direct control.

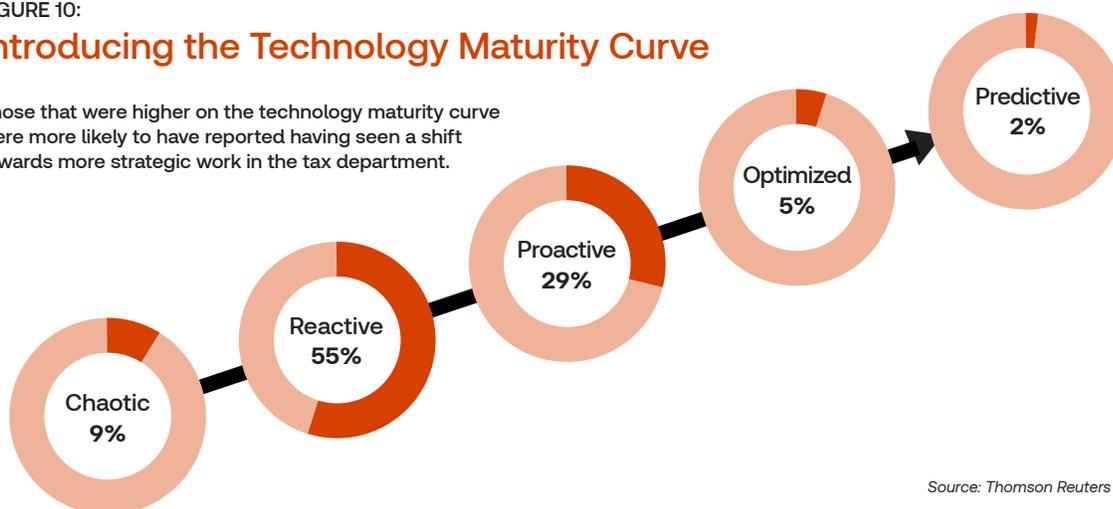
The Technological Maturity Curve

The term we use to describe the relative advancement of a company's tech stack is *technological maturity*, which refers to the typical stages that a corporate tax department travels through on its technological journey toward a more proactive approach to tax work. The *Technology Maturity Curve* illustrates this progression.

FIGURE 10:

Introducing the Technology Maturity Curve

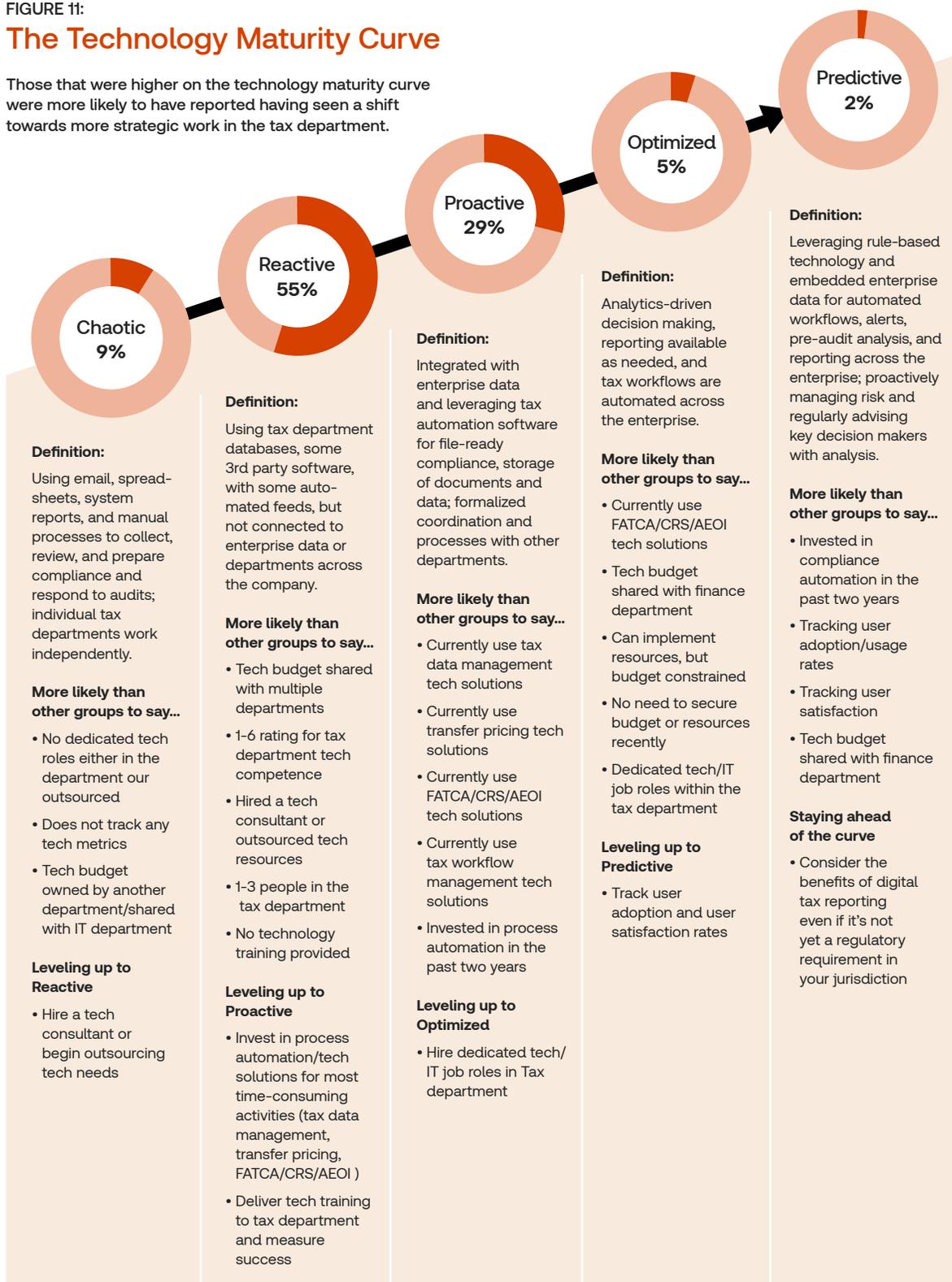
Those that were higher on the technology maturity curve were more likely to have reported having seen a shift towards more strategic work in the tax department.



Source: Thomson Reuters 2026

FIGURE 11:
The Technology Maturity Curve

Those that were higher on the technology maturity curve were more likely to have reported having seen a shift towards more strategic work in the tax department.



Source: Thomson Reuters 2026

At the lower end of the curve, tax departments are moving away from more *chaotic*, old-school, manual approaches to tax compliance and into the *reactive* phase, in which some tax functions are automated but there is little or no coordination or connection with other departments across the company.

Many tax departments caught in the reactive phase of their technological development are struggling with the all-too-familiar combination of competing priorities, anemic budgets, and organizational inertia. However, even companies that have committed substantial resources to their own technological development can find themselves mired in the complex matrix of cultural challenges that often accompany enterprise-wide technological transformations.

Moving up the curve

The big jump in tech maturity happens when a company tames its techno-cultural demons and moves beyond the reactive stage into the *proactive* phase. This transition is often an extended one in which operations hover between the two phases, gradually automating routine tasks and restructuring workflows as the department works toward a more progressive model of tax management. When all the pieces are in place, these more progressive-focused departments enjoy the kind of automated tax compliance and enterprise-wide data-sharing that empowers department professionals to engage in more strategic, higher-value tax activities.

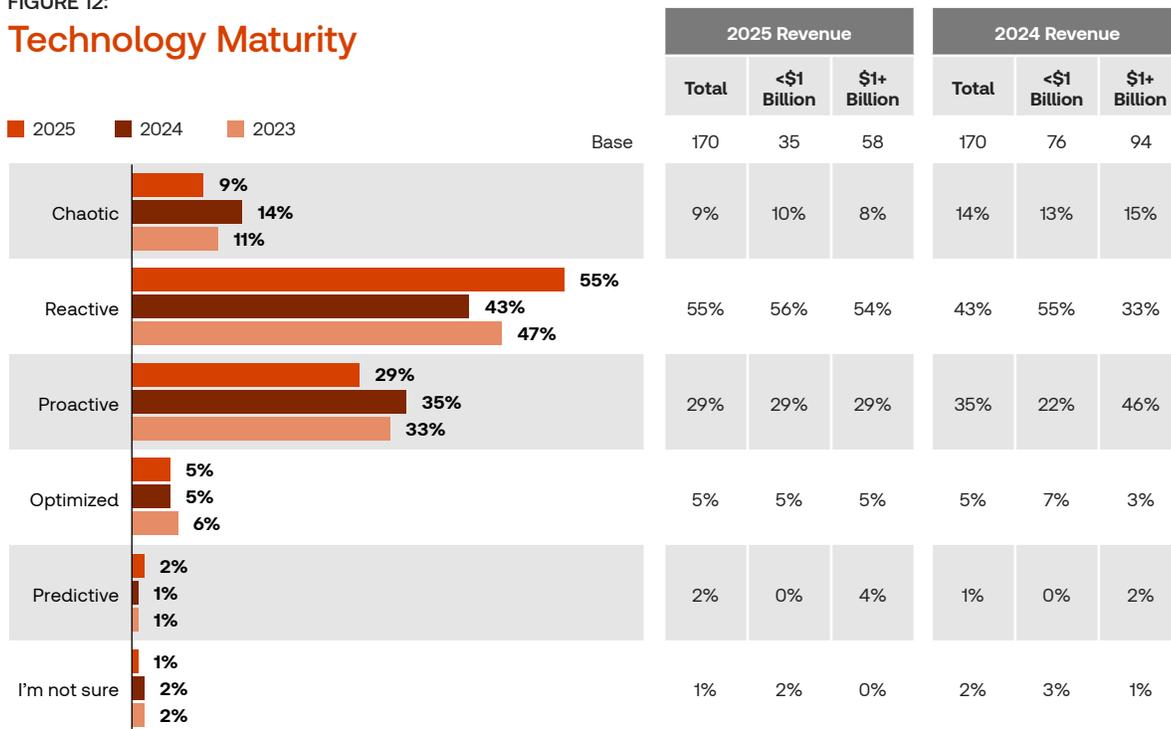
To make this leap, however, companies must organize their business systems around centralized ERPs, invest in tax automation and data-management solutions, and restructure their workflows to coordinate data management and communication with other departments. Only then can their tax departments move higher on the *Curve* to the *optimized* and *predictive* stages, in which most tax workflows are automated, and the department's responsibilities shift toward more forward-looking work such as data analysis, forecasting, risk mitigation, decision-making support, advisory services, and other value-driven activities.

Moving up the *Technology Maturity Curve* is the very definition of a *process*, and one that entails a great deal of planning and fortitude, to say nothing of the leadership, vision, and resources involved. The reward for this effort, however, is a more dynamic, efficient, cost-effective tax department that operates in close partnership with the company's decision-makers and provides them with valuable strategic intelligence.

For too many companies, however, this higher level of operational dexterity remains frustratingly aspirational.

FIGURE 12:

Technology Maturity



Source: Thomson Reuters 2026

Indeed, for the past few years, more than half of the respondents surveyed have reported that their departments are stuck in the *chaotic* or *reactive* phases of their technological development, and a majority still are. This year, almost two-thirds of respondents (64%) reported being in the chaotic or reactive stages, which is higher than last year when 57% said that. However, this year more respondents seemed to be moving from *chaotic* to *reactive*, which does represent some progress.

This upward movement suggests that smaller companies are introducing more automation and taking active steps to improve their infrastructure. However, it is also true that fewer departments considered themselves *proactive* this year (29% now compared to 35% in the 2024 report), and fewer than 5% said they had reached the rarified air of an *optimized* or *predictive* tax department — yet another indication that moving up the *Technological Maturity Curve* is a marathon, not a sprint.

The TR Institute's View:

Moving up the Curve

In general, larger companies tend to reach the *proactive* stage sooner than do smaller and midsize companies. Larger companies also tend to benefit from more from tech-savvy talent and an abundance of resources. However, size has its disadvantages, too. For example, ERP implementations at smaller companies are not nearly as labor-intensive as those at a large multinational corporation, so smaller companies often can move up the *Technological Maturity Curve* faster after the key components are in place.

Systemic hurdles and headaches

There are many reasons why the efforts of tax departments to upgrade their technology might not progress as quickly as their leaders may hope. At many companies, for example, the speed and success of tax-tech initiatives is heavily influenced by how much control (or not) the tax department has over its own budget. And if the tech itself involves interaction with other departments, such as IT and Finance, the discussions, logistics, and implementation can become exponentially more complicated as well.

FIGURE 13:

Securing budget and resources

Which statement best describes your department's ability to secure budget and resources for tax technology initiatives?

	Base	2025 Revenue			2025 Tax dept size		
		Total	<\$1 Billion	\$1+ Billion	Total	1-3	4+
Both budget and implementation resources are constrained	34%	34%	27%	37%	34%	25%	37%
We can secure the budget and resources we need when we need them	27%	27%	29%	26%	27%	23%	29%
We can usually secure budget, but implementation resources are constrained	23%	23%	25%	21%	23%	25%	22%
We can usually secure implementation resources, but budget is constrained	11%	11%	13%	9%	11%	17%	8%
We have not needed to secure budget or resources recently	5%	5%	6%	5%	5%	10%	3%
Unsure	1%	1%	0%	1%	1%	0%	1%

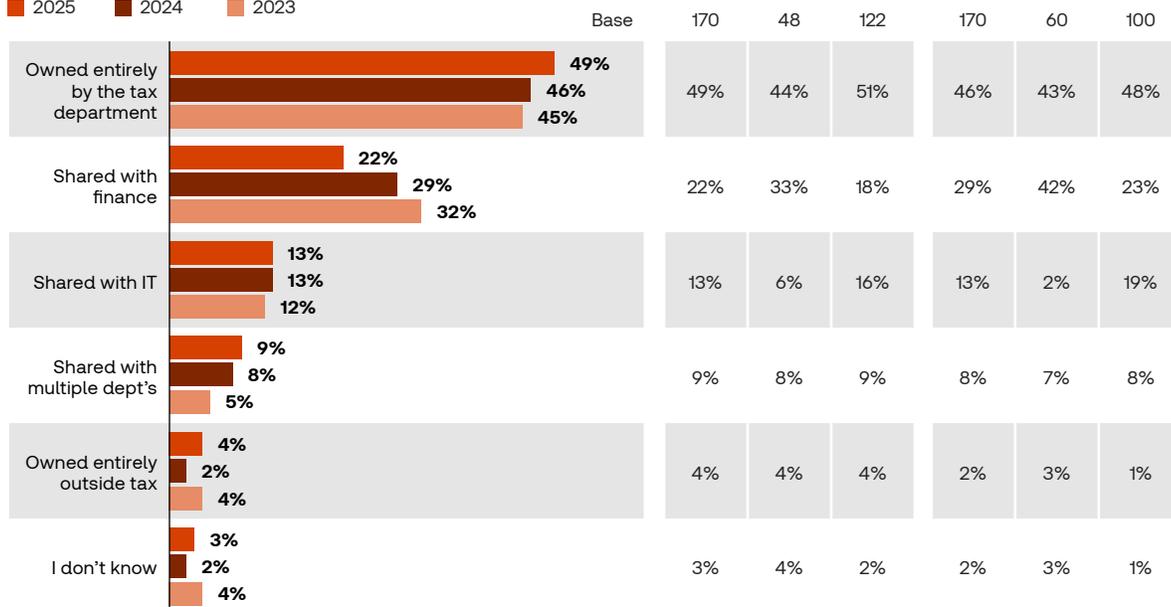
Source: Thomson Reuters 2026

Unfortunately, only about one quarter (27%) of respondents to this year's survey said they had the luxury of being able to secure the budget and resources they need. Everyone else in the survey said they faced various obstacles. In fact, more than one-third of respondents (34%) said *both* their budget and implementation resources were constrained. Others said they could secure the budget but not the implementation resources, or they could secure implementation resources, but their *budget* was constrained. Either way, these constraints compromise the tax department's autonomy and progress.

FIGURE 14:

Tax department technology budget ownership

■ 2025 ■ 2024 ■ 2023



Source: Thomson Reuters 2026

In general, about half of the survey’s respondents said their department’s budget is controlled solely by the tax department, but the rest share budget control with other corporate departments, particularly IT and Finance. And, because larger companies and multinationals have more complex IT infrastructures and more involved tax profiles, sharing budget control with IT is the most common practice.

The frustration and fortitude of today's corporate tax department

It may be understandable for those professionals within corporate tax department to see their departments as largely stuck in a reactive or transitional state. More pointedly, they seem to be well aware of the strategic value of advanced technology and AI and are increasingly frustrated by their departments' slow progress, stagnant budgets, and skills gaps, even as expectations for imminent transformation continue to accelerate.

Yet, it is that fortitude that keeps corporate tax professionals going, as they continue to ramp up their tech purchases and training and, despite this frustration, work constantly toward improving the way they conduct their operations.

Purchases and usage

Over the past couple of years, one of the more consistent results from our surveys has been that more than half of the respondents surveyed said their departments *did not* purchase any new tax technology the previous year. Aside from departmental frugality, possible reasons for this may be that they have already purchased the tax tech they need, are still in the planning stages of purchasing new tech, or are still in the process of assimilating and optimizing the tax technology they already have.

If a company *did* purchase tax technology in the past year, it was most likely for indirect and direct tax compliance or tax provision, although there was a significant jump in the purchase of indirect tax determination engines this year (with 17% of respondents saying this in this year's survey, compared to 4% last year).

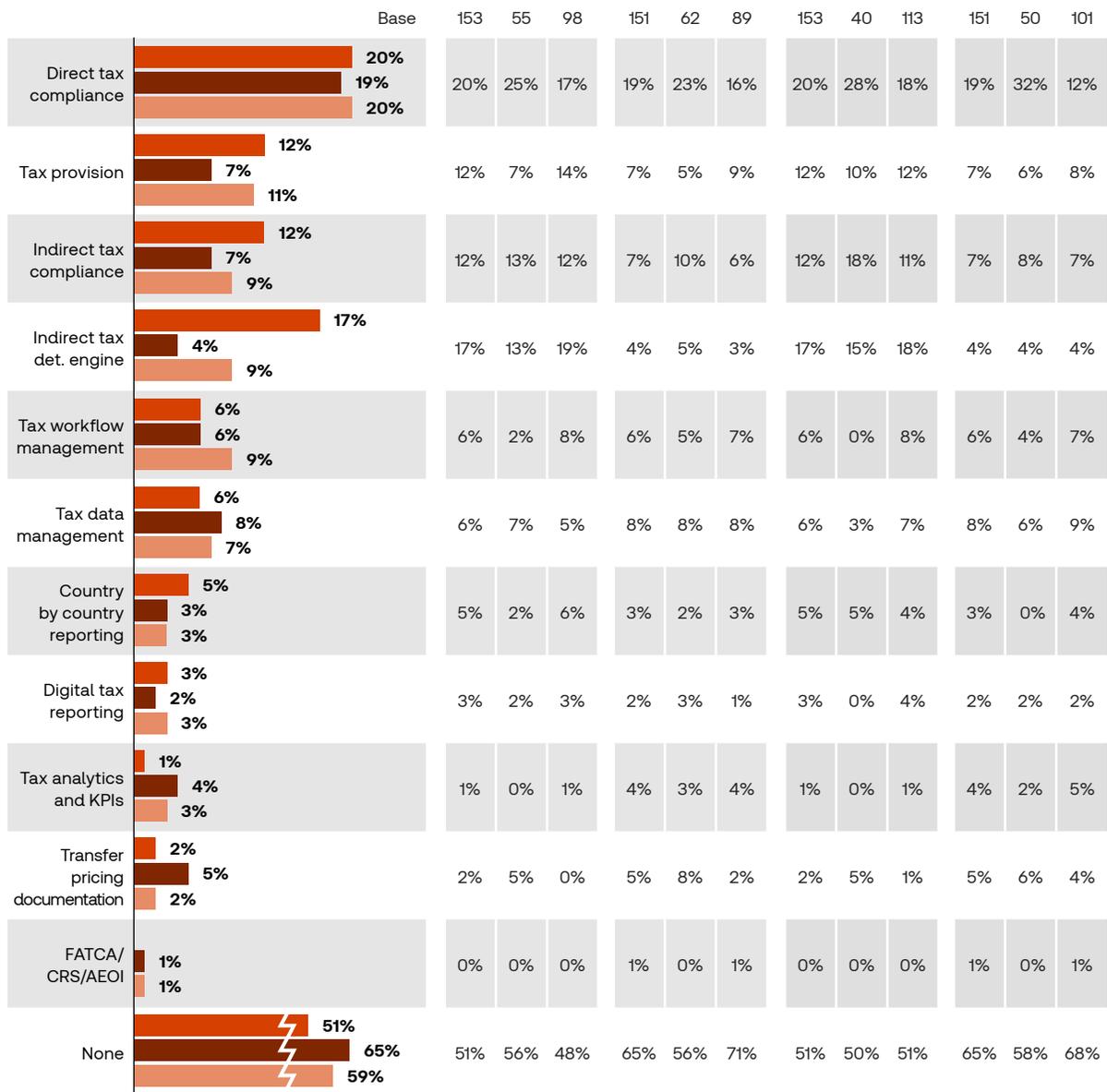
Likewise, direct and indirect tax compliance and tax provision continue to be the most popular tax technologies, a fact that has not changed much in recent years.

FIGURE 15:

Technology purchases

Which of the following technologies, if any, were purchased in the past 12 months?

2025 2024 2023



Source: Thomson Reuters 2026

Declining satisfaction with the tech stack

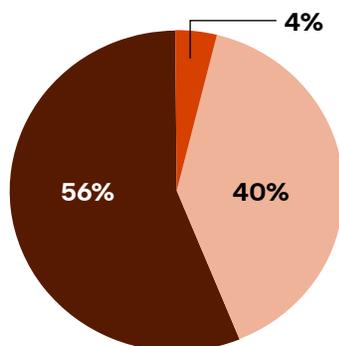
Interestingly, even though tech adoption and usage remained relatively stable over the past year, overall *satisfaction* with a department’s tax technology — or at least the technology that companies are using — has dropped precipitously over the past year. This year, more than half (56%) of respondents said they are dissatisfied with their department’s tech stack, compared to just about one-third (34%) who said that in the 2024 report. And the portion of those who said they are *somewhat satisfied* with their tech stack dropped to 40% in this year’s survey, compared to 55% previously.

FIGURE 16:

How satisfied are you with your department’s tech stack?

2025

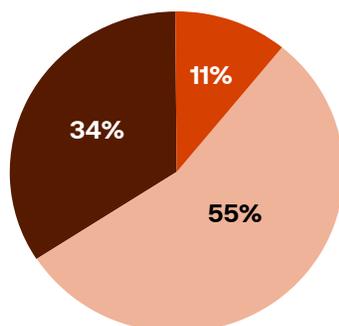
- Very
- Somewhat
- Not



	2025 Revenue		
	Total	<\$1 Billion	\$1+ Billion
Base	170	63	107
Very	4%	3%	4%
Somewhat	40%	40%	40%
Not	56%	57%	56%

2024

- Very
- Somewhat
- Not



	2024 Revenue		
	Total	<\$1 Billion	\$1+ Billion
Base	170	76	94
Very	11%	12%	10%
Somewhat	55%	49%	61%
Not	34%	39%	30%

Source: Thomson Reuters 2026

In past years, larger firms tended to have a more positive view of their technological capabilities, but now the size of the company doesn’t seem to matter as much because the folks in the tax department are equally discontented.

There may be several reasons for this growing disenchantment. For instance, departments that have invested in new technology may not have seen the returns on that investment yet. Indeed, they may be caught in a *trough of disillusionment*, in which reality fails to live up to expectations. If so, one might expect attitudes to improve when the benefits of the new tech become more tangible.

Alternatively, departments that operate lower on the *Technology Maturity Curve* may be seeing their peers in other departments advance more rapidly and hence have begun viewing their comparative lack of resources in a harsher light. Additionally, one cannot dismiss the psychological impact of accelerating innovation beyond the corporate walls, as personnel see institutions of all kinds adopting and assimilating new technologies at a relentless pace, especially in the areas of AI and data management. Frustration may also be building as the years go by and various promises and possibilities of tech-driven efficiency fail to materialize.

In any case, a general dissatisfaction with the technological status quo does appear to be growing, although it remains to be seen if that trend will persist in the future.

“I think our tax department will be slow to adopt significant changes in technology. Our company as a whole is making significant changes, but the tax department is typically an afterthought in those decisions.”

Budgets and capabilities

Hope springs eternal, however — even in tax departments. Despite their frustrations and impatience, the majority of respondents said they expect both the budgets and capabilities in their departments to improve over the next 3 to 5 years. Indeed, more than two-thirds (69%) of respondents said they expect their budgets to continue increasing and a whopping 92% expect their capabilities to improve.

Expectations are not reality, however. Survey respondents were equally optimistic about budget increases in last year’s survey, but most said they never received the expected budget boost. Indeed, only about 39% of respondents reporting their department got a budget increase in the past year. Most other departments experienced either budgets cuts or a continuation of the status quo, according to respondents.

Interestingly, it appears that almost all respondents (92%) see the capabilities in their departments improving whether or not they receive any additional budget. This optimism is likely grounded in the fact that most people who work in corporate tax departments are accustomed to doing more with less and can reasonably expect to continue performing minor miracles. However, it could also stem from an awareness that their department’s current resources are not being deployed as efficiently as they could be, regardless of the quality of the technology at the department’s disposal. Capabilities are not necessarily budget-dependent, either, which can leave greater room for optimism.

FIGURE 17:

Anticipated changes in capabilities and budget

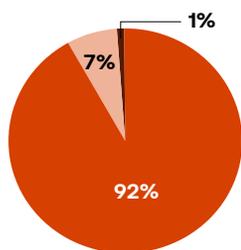
2025

■ Increase ■ Stay the same ■ Decrease

	2025 Revenue			2025 Tax dept size		
	Total	<\$1 Billion	\$1+ Billion	Total	<\$1 Billion	\$1+ Billion

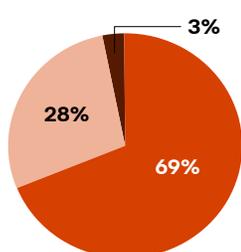
Base 170 63 107 170 48 122

Capabilities



Increase	92%	87%	94%	92%	94%	91%
Stay the same	7%	11%	5%	7%	6%	7%
Decrease	1%	2%	1%	1%	0%	2%

Budget



Increase	69%	70%	69%	69%	75%	67%
Stay the same	28%	30%	27%	28%	25%	30%
Decrease	2%	0%	4%	2%	0%	3%

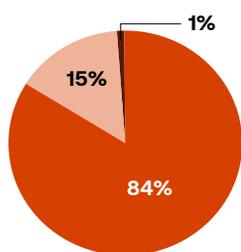
2024

■ Increase ■ Stay the same ■ Decrease

	2024 Revenue			2024 Tax dept size		
	Total	<\$1 Billion	\$1+ Billion	Total	<\$1 Billion	\$1+ Billion

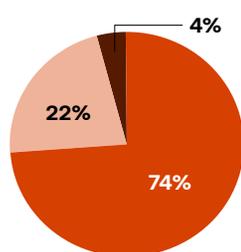
Base 170 76 94 170 60 110

Capabilities



Increase	84%	76%	90%	84%	78%	87%
Stay the same	15%	24%	7%	15%	22%	11%
Decrease	1%	0%	2%	1%	0%	2%

Budget



Increase	74%	71%	77%	74%	72%	75%
Stay the same	22%	26%	19%	22%	25%	21%
Decrease	4%	3%	4%	4%	3%	4%

Source: Thomson Reuters 2026

The TR Institute's View:

Plan for the budget you have

While disappointing budget decisions may contribute to a growing sense of malaise in many tax departments, they are also a reminder that it is wise to plan for the budget you are most likely to get, not the budget you expect or hope to get. When in doubt, a more realistic plan would likely prioritize relatively low-cost initiatives such as additional tech training or mentorships, as well as the data-gathering necessary to make a more solid business case for further tech investment.

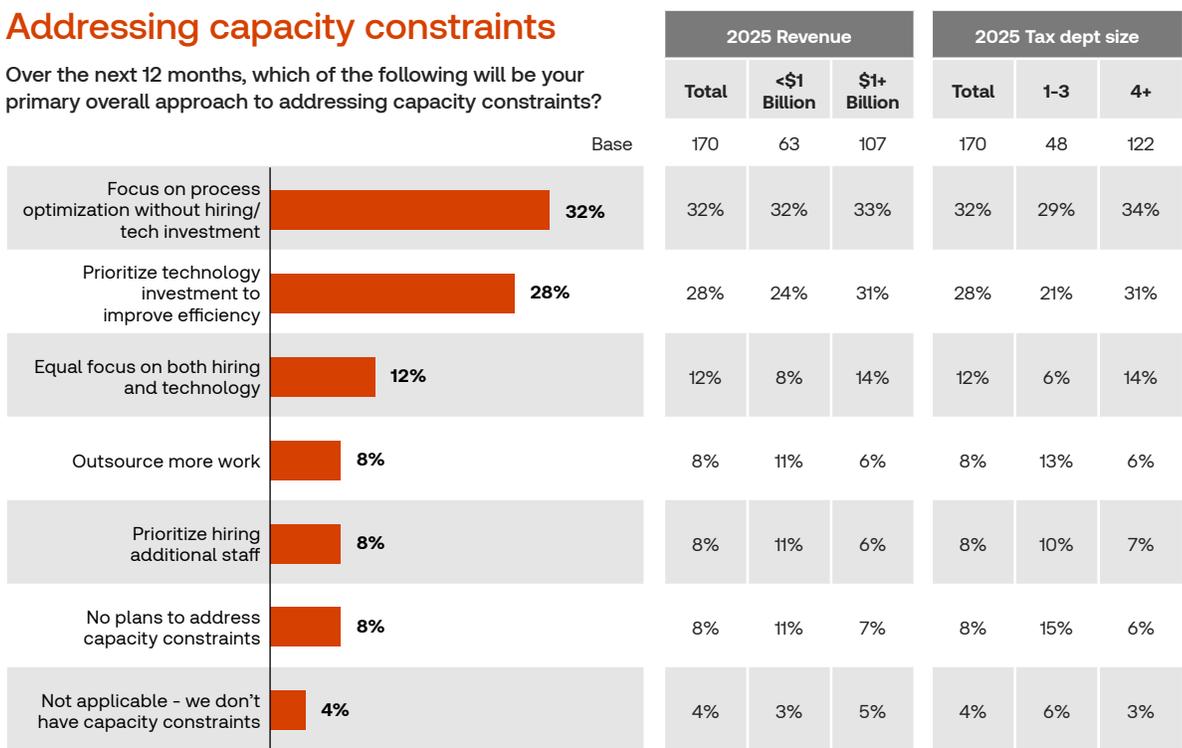
Tech training and competence

Regardless of whether they are investing in new technology or not, most tax departments are under pressure to extract more efficiency and better performance out of whatever resources are (or are not) available to them. How they go about achieving these better results varies, however, depending upon the preferences and priorities of the department and its leadership.

FIGURE 18:

Addressing capacity constraints

Over the next 12 months, which of the following will be your primary overall approach to addressing capacity constraints?



Source: Thomson Reuters 2026

For example, 32% of respondents to this year’s survey said they were addressing their capacity constraints by focusing on process optimization without any additional hiring or tech investment. A somewhat smaller proportion (28%) said they were prioritizing tech investment to improve efficiency. Some (12%) said they were focusing equally on new hiring and tech investment, while fewer than 10% said their strategy was to outsource work or hire additional staff.

Notably, additional training was not mentioned as a strategy for gaining efficiency, even though additional training has been proven to help maximize the benefits of any given investment in technology. Of course, that doesn’t mean that companies aren’t training people — many companies are, particularly larger ones with more resources. Still, only half of respondents said they receive regular technology training, and usually that occurs just a few times a year or less.

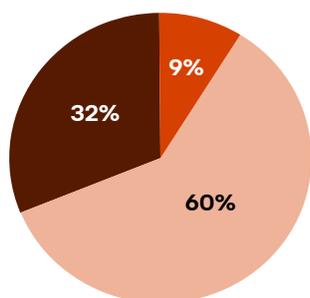
FIGURE 19:

Tax department personnel technology competency

How would you rate the overall technology competency of your Tax department’s personnel?

2025

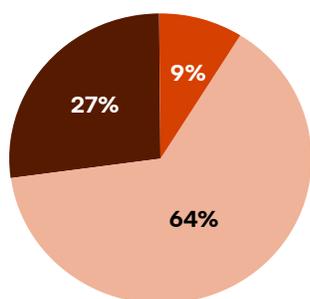
Very Somewhat Not competent



	2025 Revenue			2025 Tax dept size		
	Total	<\$1 Billion	\$1+ Billion	Total	1-3	4+
Base	170	63	107	170	48	122
Very (9-10)	9%	11%	7%	9%	15%	6%
Somewhat (7-8)	60%	70%	54%	60%	71%	56%
Not competent (1-6)	32%	19%	39%	32%	15%	39%

2024

Very Somewhat Not competent



	2024 Revenue			2024 Tax dept size		
	Total	<\$1 Billion	\$1+ Billion	Total	1-3	4+
Base	170	76	94	170	60	110
Very (9-10)	9%	11%	9%	9%	12%	8%
Somewhat (7-8)	64%	67%	61%	64%	67%	62%
Not competent (1-6)	27%	22%	31%	27%	22%	30%

Source: Thomson Reuters 2026

Whether they have received extra training or not, tax department personnel are not especially impressed by their colleagues’ competence with technology. Consistent with our previous survey, only 9% of respondents thought their tax-department colleagues were *very competent* with technology. Most (60%) graded their colleagues as either *somewhat competent* or *not competent* (32%) when it comes to technology. Paradoxically, despite more overall training, representatives from larger companies were almost three times more likely (39%, compared to 15% at smaller and midsize companies) to say that technological competence was lacking in their department.

Hiring: IT vs. Tax

Another interesting trend coming out of our survey data that is well worth watching is that hiring for roles dedicated to tech and IT, once in high demand, suddenly appears to be less important than roles involving tax expertise, especially among new hires. In our previous survey, for example, the majority (57%) of roles for which tax departments were hiring were dedicated to tech and IT and only 24% were roles that emphasized tax expertise. In this year’s survey, the script flipped dramatically.

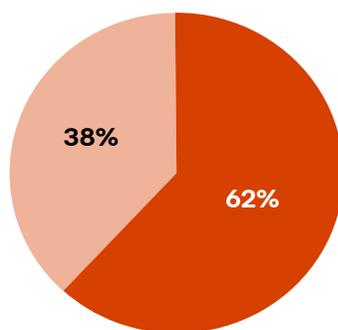
FIGURE 20:

New hire background

What was the primary background of the new hire(s) dedicated solely to technology / IT, and dedicated solely to the Tax department?

2025

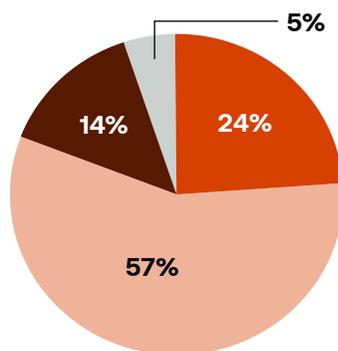
- Tax
- Technology
- Some other background
- I don't know



	2025 Revenue		
	Total	<\$1 Billion	\$1+ Billion
Base	16	2	14
Technology	38%	0%	43%
Tax	63%	100%	57%
Some other background	0%	0%	0%
I don't know	0%	0%	0%

2024

- Tax
- Technology
- Some other background
- I don't know



	2024 Revenue		
	Total	<\$1 Billion	\$1+ Billion
Base	21	8	13
Technology	57%	50%	62%
Tax	24%	25%	23%
Some other background	14%	13%	15%
I don't know	5%	13%	0%

Source: Thomson Reuters 2026

Overall, 38% of respondents to this year’s survey said their departments were hiring for tech or IT roles, whereas 62% were once again looking for people with tax expertise. These averages don’t tell the whole story, however, because respondents from smaller companies (those with less than \$1 billion in revenue) basically said they were no longer interested in hiring for tech and IT roles, and that 100% of their new hires are going to be in tax. That’s right, 100%.

The starkness of these numbers is likely due to a smaller sample size from departments with fewer than 4 people, but the hiring trend in favor of tax expertise is apparent at larger companies as well. At larger departments, this year's survey shows that 63% of respondents said their new hire positions were tax experts, whereas only 32% are for tech and IT hires. In our previous survey, the numbers were reversed, with 61% saying their new hires were dedicated to tech and IT and only 22% saying they were dedicated to tax.

The TR Institute's View:

Rising to the top of the food chain

Reading too much into the swinging of the tax vs. IT pendulum may not be warranted, because the probable cause of the swing back to tax is that there was so much emphasis on tech and IT hires in the preceding years. Those hires — combined with more technological maturity and fewer tech/IT issues to deal with in general — have likely created a situation in which tax expertise has once again risen to the top of the value chain. Interestingly, hiring for hybrid tax/tech roles is also on the rise.

TRI analysis and recommendations

Although progress in the adoption of tax technology has been slow by some measures, it is important to remember that technological transformations take time and may involve more than simply switching machinery and software. Lasting tech transformation also necessitates cultural change in the workplace and likely may affect how people work and communicate with each other. These changes in turn affect workflows, processes, timelines, and expectations, all of which involve a complex labyrinth of decisions and interactions that can take years to fully sort out.

As our survey demonstrated, one of the biggest challenges facing corporate tax departments is transitioning from the early *reactive* stage of the *Technology Maturity Curve* to the later *proactive* stage. Truth be told, tax departments can spend years operating in a reactive mode, managing data and compliance with sub-optimal resources and trying, with limited success, to carve out time for more proactive pursuits, only to be thwarted over and over again by time and resource constraints. It can be frustrating, and as the data here indicates, levels of dissatisfaction and impatience are on the rise among corporate tax department professionals.

It's also true that a certain level of technological infrastructure is necessary to move into the realm of proactive tax management, but there are several actions that tax leaders and their teams can take to increase their department's technological acumen and boost performance without busting the budget.

Action 1: Develop an automation game plan

Our data shows that almost two-thirds (64%) of respondents still see their companies as operating at the chaotic or reactive end of the Technology Maturity Curve. To move up the curve, action is required. However, action without a plan is pointless. Moving up the Curve is largely about deciding where, when, and how extensively to use automation; so that means every tax department should develop an automation strategy.

Beyond simply identifying routine, repetitive tax tasks that can be automated, tax department leaders should also consider the wider impact of automated processes on the department's overall workflows and capabilities. Automation isn't just about offloading work to a machine, after all, it's also about using the time saved to entertain possibilities that were previously out of reach.

Action 2: Invest in technology training

Despite being one of the most cost-effective levers available and a proven driver of maturity progression, levels of technology training have declined since our previous report, with only 50% of respondents in this year's report saying their companies provided training, compared to 59% who said that in our previous report.

While formal training sessions are optimal, mentoring and knowledge-sharing among team members can also work wonders. And because training can take different forms and target different skillsets, it is inherently flexible. Further, if the industry is pivoting back to hiring deep tax expertise over IT backgrounds — as this year's data is showing — the burden of cross-training those tax professionals on advanced technology and data management is higher than ever. Without robust, ongoing tech training, the shift to hiring tax purists will exacerbate the technology competency gap, not improve it.

Indeed, training doesn't just improve a staff's collective technical skills, either; it also ensures that a department is getting the most out of the technology it already has and helps prepare team members to take full advantage of new technologies when they arrive.

Action 3: Track performance and ROI

The more technology a department implements, the more important it becomes to track how that technology is performing. Time savings, workflow efficiencies, error reduction, and ROI are the metrics most companies track, according to our data, but some companies also consider business outcomes and user satisfaction.

In any case, tracking technology performance metrics is the key to understanding and appreciating the chosen technology's many benefits. Critically, it can also identify areas for improvement. Having those stats in hand is also essential when it comes to persuading corporate leadership to support future technological investments for the tax function.

Action 4: Build the business case for new tech

More than half of the respondents surveyed this year said they are dissatisfied with their department's current tech stack and did not receive any additional budget to help change the situation. But tax department leaders need to justify larger budgets. Efficiency metrics are great for internal department morale, but hard ROI and cost-saving metrics are what will actually convince the IT and Finance departments — which frequently share control of the budget — to release additional funds.

Tax departments that aspire to progress beyond a *chaotic* or *reactive* status quo need to develop an ironclad business case that will convince the company to invest in new tax technology. First, establish a baseline of current performance, then identify areas in which new technology could offer improvement, including workflows and processes. Also, use scenario modeling to compare desired new technology with the old, and try (as much as possible) to identify ROI along with the likely timeline for recouping investment costs.

Looking ahead and moving up the Curve

In looking at our past years of data on corporate tax departments, a few important trend lines are emerging — and some cases, diverging.

One concerning trend is that over the past three years most respondents have said their tax departments have not progressed very far up the *Technology Maturity Curve*, if at all. Larger companies are implementing ERPs and adding automation more rapidly, but the pace of adoption is still relatively low overall compared to the speed at which other technology timelines are accelerating. AI technology in particular is poised to have a significant impact on business operations across the board now and in the coming years, and the digitalization of interactions with tax authorities in governments around the world is swiftly making the ability to conduct real-time tax remittance and reporting a requirement, not an option.

This disconnect between the pace at which technology is progressing and the ability of companies to keep up means the gap between where corporate tax departments are now and where the technology is heading is widening, and quickly. How big a problem this will eventually become remains to be seen, of course, but if companies and their tax departments want to avoid a cascade of unfortunate outcomes, they need to see *the problem* first.

Unfortunately, our data thus far suggests that most corporate tax departments are not operating with a tremendous sense of urgency, even if their leaders recognize the issue and are taking some halting steps to address it. These diverging trend lines suggest that pressure to confront technological shortcomings will continue to grow in the very near future and will, at some point, demand more motivated action.

Our hope is that companies and their tax functions will take this opportunity to point things in the right direction rather than waiting until a breaking point — or worse, a point of no return.

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