

Rolling Back the Years

Indirect tax recruitment

Here are some things to ponder: in January 1989 George Bush succeeds Ronald Reagan; birth of Rebecca Adlington, Olympic swimmer; Kylie & Jason at No 1 in the pop charts; BLT is two years old; the first issue of *The Tax Journal* is published!

One thousand issues of *The Tax Journal* on, and approximately 1,000 BLT job pages later, indirect tax has grown into an immensely profitable service line for advisers and an increasingly high-profile concern for businesses. So what's been so special about indirect tax over the last 20 years? And how has it managed to maintain continued technical and professional challenge for an ever expanding group of individuals?

Late 1980s

Back in the days when the BLT database was a box of index cards and CV submission involved licking stamps, a reliance on Royal Mail and hand-written compliments slips, the world was a very different place. Alan Thompson, now EMEA VAT Manager at Honeywell, was BLT's very first indirect tax placement back in 1987. He explains that the first wave of VAT consultants were in the main ex-Customs officials and were viewed slightly suspiciously by the professional firms! The success of these early adopters was largely based on their ability to 'go into businesses, gather information on transactions which the audit or tax departments would never have obtained, and be able to come up with planning to avoid tax'. These individuals quickly gained credibility as they were seen to have inside knowledge of how to get round particular issues.

One of the major challenges in hindsight for the 1980s VAT adviser, says Graham Gunning, indirect tax partner at PricewaterhouseCoopers, was the lack of technology as a tool of the trade to make things easier. 'Precedent systems were card-index-based, and were only being converted to digital format in 1989.'

Guy Barrand of BLT Recruitment charts the development of the indirect tax market

Tony McClenaghan, indirect tax partner at Deloitte, remembers the excitement of these early years. The big hot potato was to win over the internal market: 'we could only succeed if our colleagues could be convinced that if they introduced us to their clients we could add value to what they did and would not damage their relationships'.

Early 1990s

The Big 8 (as was) had hired a large number of Customs & Excise professionals. Tony McClenaghan recalls the job cuts in the recession of the early 1990s, when businesses simply stopped spending money. This led to more emphasis in 'getting VAT input into transactions which the firms were already advising on'. This led in turn to VAT litigation and the development of 'campaigns' – that is, selling high-value ideas to clients, often on a success fee basis.

Clients had an appetite for planning at the time, comments Tony Bullock, indirect tax partner at Ernst & Young. 'A VAT-only solution that wasn't capped to three years was generally lucrative for both the adviser and the client.' Tony mentions the NHS reviews back to 1973 generating huge refunds (and fees).

Late 1990s

In 1996 the introduction of the three-year capping legislation effectively curtailed much of the firms' VAT-only planning activities but at the same time there was also an increased recognition of indirect tax as a separate service line away from the rest of tax. The indirect tax fraternity began to develop a unique identity of its own. This distinctive 'collegiate'

atmosphere remains to this very day, despite the fact that in most firms indirect tax specialists have returned to working as part of multi-disciplinary tax teams.

Many companies decided to ramp up their in-house indirect tax presence, and looking back at BLT's placements for the class of 1998 to 2000, the diversity of organisations recruiting astounds: Barclays, BP, Britannia Building Society, British Aerospace, British Gas, BT, BUPA, Cable & Wireless, Caterpillar, Conoco, EDF Trading, Enron(!), Esso, FIAT, GE, General Motors, Gillette, HP, HSBC, Intel, Investec, Lexmark, Mitsubishi, Nationwide, Nortel Networks, Orange, SABRE Holdings, Sainsburys, Siemens, Sotheby's, Sony, Telewest, Tesco, 3Com, United Biscuits, Virgin, Woolworths, Zurich Financial Services are to name but a selection of companies who were either growing indirect tax teams or taking on their first appointment.

The Noughties

It has been an increasingly legislated environment for indirect tax specialists post Sarbanes-Oxley and the collapse of Enron. The focus has been on getting the numbers and processes 'right' – a challenging task for many organisations, and the greater scrutiny of baseline costs resulted in an increased demand for quality and delivery of effective and appropriate services from the profession.

Tony Bullock says that VAT is now very much part of a wider tax offering. Whereas initially firms had little or no in-house VAT expertise, now they have to demonstrate why work cannot be done (as) effectively by the in-house team.

‘We are often selling to the in-house VAT specialist, where we used to sell to a less informed buyer with little VAT knowledge’.

The challenge now appears to be keeping up to speed with all the latest technical developments. Graham Gunning adds that in the connected world, where information is at your fingertips, clients expect ‘immediate access to freely available standard information. With the Internet and email, clients now largely expect immediate responses to queries.’

Whilst the current recession has inevitably had an impact, it’s been great to see that indirect tax professionals have largely remained under the radar when it has come down to job cuts to date. Whilst certainly it can be said that Fleming/Condé Nast claims are one of the areas that have kept indirect tax specialists busy and profitable, it is also a great message about the value of indirect tax expertise to the business world as a whole.

How has indirect tax recruitment evolved?

Looking back at the yellowing pages of BLT’s ‘placement book’ for the month of *The Tax Journal’s* birth, Debbie Jennings was on the move from Deloitte Haskins & Sells to Spicer & Oppenheim in January 1989. Now Director of VAT Services at PKF LLP, Debbie remembers the transition when she left Customs and moved into the profession. ‘Standards in the private sector were much higher, and a move involved leaving one’s comfort zone.’

A big sea-change happened in 1997 and 1998, when BLT helped Ernst & Young, Deloitte & Touche, Price Waterhouse, Arthur Andersen and Coopers & Lybrand initiate their first indirect tax graduate appointments. Since the influx of fresh graduates into indirect tax there has been less and less scope for moving from the public sector into the profession, with firms preferring to ‘grow their own’ talent, encouraging individuals to undergo structured training towards the CTA, ATT and AIIIT qualifications. Gary Campbell, now VAT Director at Deloitte, was one of these early graduates (and my very first placement!). When he joined Arthur Andersen’s graduate training programme in 1998 the senior people within indirect tax were virtually all ex-Customs; a distinct difference from direct tax at the time. Gary comments that ‘undertaking tax exams (with indirect-tax-specific questions and papers) allowed me to build up my VAT technical knowledge and was an effective way of making up for the lack



Guy Barrand

of VAT experience I had in not having an HMCE background’.

I’ve mentioned the boom of in-house indirect tax roles in the late 1990s and going into the new millennium; since then, whilst the initial flood of moves in-house has slowed down somewhat in comparison, there has remained a relatively constant stream of fresh in-house roles arising which have often piqued the interest of the indirect tax fraternity. Coupled with this, the consultancy practices have been constantly evolving and adapting their services according to their clients’ needs, resulting in regular requirements for commercially minded, technically able client relationship developers.

The numbers of individuals operating in indirect tax has increased, that’s for sure. One may feel though that these days there are fewer options for indirect tax specialists looking for a new ‘home’: the Big 8 is now the Big 4; and the mergers of a number of the mid-tier firms have resulted in a dearth of VAT teams of any notable size found in firms smaller than the top 15 (with a few notable exceptions). To offset this, over recent years there has been the continued steady flow of in-house roles, the advent of indirect tax software providers, a larger number of independent indirect tax consultancies and sole practitioners in existence as well as those who have taken advantage of the opportunities afforded overseas. As Debbie Jennings says, ‘VAT is now a career that can take you all over the world and does not just limit you to the UK job market’.

What makes a good indirect tax specialist in 2009?

Whereas in the early years being a VAT specialist and ex-Customs was enough,

Tony Bullock feels that these days you need to specialise in a particular part of indirect tax in order to be credible/distinctive. Tony says that you ‘have to be a business adviser, trusted to be told early on what the business is planning, and clients have to like us as individuals rather than just VAT specialists. It is a people business, and clients buy from people they like.’

Tony says that it is the items round the edges that make a difference when clients are choosing their advisers – that is, time of delivery, price, follow-up, general client care, etc.

Tony McClenaghan agrees – the archetypal indirect tax specialist has evolved from someone who ‘gives a piece of one-off advice to that of a trusted business adviser whom your client can rely on to look after their best interests and join all the dots’. It’s evident that these days successful indirect tax specialists need to be so much more than technically knowledgeable.

Key highlights of the last 20 years

Alan Thompson mentions the not-for-profit sector setting up subsidiaries to reduce VAT costs, new (and still complex) changes to property legislation, the Single Market in 1993 (and now again in 2010), the globalisation of VAT and a never ending supply of case law, which not only requires advice but possibly further planning.

We at BLT would add in the explosion of in-house indirect tax roles at the turn of the millennium, the introduction of the indirect tax graduate training programmes and the continued diversity of future opportunity for indirect tax specialists, both in the UK and overseas.

The way it looks is that the so-called ‘simple tax’ will continue to get more and more complex, continuing to provide myriad opportunities going forward for those who choose VAT and the other indirect taxes as their career. We are particularly grateful to *The Tax Journal* for affording the ever-evolving intricacies of indirect tax such a high profile over the years; many congratulations to the Editor and her team on Issue 1000, and I’ll no doubt still be writing our weekly job advertising copy in Issue 2000!

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