

ABOUT THE BOOK

This book is the official proceedings of the One Day National Level Conference on “Future of Taxation: Empowering the Next Generation of Tax Professionals”, organized by the School of Commerce at Rathinam College of Arts and Science. It brings together research papers and expert insights on the evolving field of taxation, highlighting the growing role of technology, digital governance, AI, GST reforms, sustainability, and global tax policies. The volume serves as a valuable resource for students, academicians, professionals, and policymakers by addressing both challenges and emerging opportunities in modern tax practice. In short, the book connects academic knowledge with practical, real-world taxation in the digital era.

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ISBN : 978-93-7525-169-9



MRP - ₹ 799/-

FUTURE OF TAXATION : EMPOWERING THE NEXT GENERATION OF TAX PROFESSIONALS

Future of Taxation

*Empowering the Next Generation
of Tax Professionals*

**Dr. T. M. Hemalatha
Dr. G. Arut Geevitha
Dr. B. Geethpriya**

Future of Taxation:

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Editors:

Dr. T. M. Hemalatha

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WORDSSWIGGLE
PUBLICATION

Publisher & Distributer

The Wordsswiddle Publication

ISO 9001:2015 CERTIFIED

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BY: Dr. T. M. Hemalatha, Dr. G. Arut Geevitha, Dr. B. Geethpriya

ISBN: : 978-93-7525-169-9

Price: INR 799/-

Printed & Typeset by: The Wordsswiddle Publication

The opinions/contents expressed in this book are solely of the author and do not represent the opinions/ stands/ thoughts of The Wordsswiddle publication



*Proceedings of the
One Day National Level Conference on*

“Future of Taxation: Empowering the Next Generation of Tax Professionals”

*Sponsored by Tamilnad Goods and
Services Tax Professionals Association & ICP Academy*

23rd January 2026

Editors:

**Dr.T.M. Hemalatha
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Organized By:

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CHAPTER 63

THE FUTURE OF TAX PROFESSIONALS: EXPLORING CHALLENGES, OPPORTUNITIES, AND SKILL PREPAREDNESS

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ABSTRACT

The taxation landscape is evolving rapidly due to digitalization, policy reforms, and globalization, creating both opportunities and challenges for tax professionals. This study investigates the awareness, preparedness, and challenges faced by the next generation of tax practitioners in adapting to emerging taxation trends. Primary data were collected from 100 respondents using a structured questionnaire. Percentage and mean score analyses assessed awareness and preparedness, while factor analysis identified key challenges influencing professional growth. Findings reveal that respondents demonstrate high awareness of GST and digital taxation tools, moderate preparedness for domestic tax reforms, and lower preparedness for specialized areas such as international taxation. Factor analysis extracted two primary challenge dimensions—Skill & Knowledge Barriers and Infrastructural & Regulatory Barriers—explaining 72.22% of the total variance. The study emphasizes the importance of targeted training, mentorship programs, and improved access to digital tools to empower future tax professionals for the evolving taxation environment.

Keywords: Tax Professionals, Awareness, Preparedness, Digital Taxation, Skill Development, Challenges, Emerging Trends

INTRODUCTION

Taxation is a dynamic and complex field, continually influenced by technological advancements, digital taxation tools, and frequent regulatory changes. With the rise of e-filing, AI-driven tax platforms, and digital compliance systems, the roles and competencies required of tax professionals have expanded significantly. The next generation of tax professionals must not only understand traditional tax laws but also adapt to digital innovations, global taxation standards, and evolving regulatory frameworks.

Despite growing opportunities, young professionals face multiple challenges, including limited practical training, inadequate mentorship, frequent changes in tax regulations, and restricted access to digital infrastructure. These challenges can hinder their ability to apply theoretical knowledge in practice and limit preparedness for specialized areas such as international taxation and transfer pricing.

The current study aims to examine two key aspects of the emerging tax professional landscape: (i) the level of awareness and preparedness regarding emerging taxation trends, and (ii) the key challenges impacting skill acquisition and professional readiness. By understanding these factors, stakeholders—such as academic institutions, professional bodies, and employers—can design training programs, mentorship initiatives, and policy interventions to empower the next generation of tax practitioners. This research provides insights into both the strengths and gaps in professional preparedness and highlights the areas where targeted support can enhance career readiness in a rapidly changing taxation environment.

OBJECTIVES

- To examine the level of awareness and preparedness of the next generation of tax professionals regarding emerging trends in taxation.

- To identify the key challenges faced by professionals in acquiring relevant knowledge and skills.

RESEARCH METHODOLOGY

The study is **descriptive and empirical**, based on **primary data** collected from **100 respondents** using a **structured questionnaire**. **Convenience sampling** was used to select participants. Data were analyzed using **percentage and mean score analysis** to examine awareness and preparedness, and **factor analysis** to identify key challenges faced by tax professionals. This methodology provides a clear understanding of the factors influencing the next generation of tax professionals.

ANALYSIS AND INTERPRETATION

A. AWARENESS AND PREPAREDNESS OF TAX PROFESSIONALS

Table 1: Awareness of Emerging Trends in Taxation

Emerging Trend	Aware (Frequency)	Aware (Percentage %)	Not Aware (Frequency)	Not Aware (Percentage %)
GST and Compliance Updates	88	88%	12	12%
Digital Taxation Tools (e-filing, apps)	80	80%	20	20%

Direct Tax Reforms	76	76%	24	24%
Indirect Tax Reforms	70	70%	30	30%
International Taxation / Transfer Pricing	60	60%	40	40%

The table:1 shows that the majority of respondents are aware of GST and Compliance Updates, with 88 respondents (88%) indicating awareness, followed by Digital Taxation Tools (e-filing, apps), with 80 respondents (80%) aware. Awareness of Direct Tax Reforms is reported by 76 respondents (76%), and Indirect Tax Reforms by 70 respondents (70%). In contrast, International Taxation and Transfer Pricing has the lowest awareness, with 60 respondents (60%) indicating familiarity, while 40 respondents (40%) are not aware.

Table 2: Preparedness of Respondents in Handling Taxation Trends

Preparedness Area	Mean Score (1–5)*	Interpretation
Handling GST and Compliance	4.2	High preparedness
Using Digital Taxation Tools	3.9	Moderate to high preparedness
Applying Direct Tax Reforms	3.7	Moderate preparedness

Applying Indirect Tax Reforms	3.5	Moderate preparedness
Managing International Taxation / Transfer Pricing	3.1	Low to moderate preparedness

The mean score analysis indicates that respondents feel most prepared to handle GST and compliance updates (4.2) and reasonably confident in using digital taxation tools (3.9). Preparedness decreases for direct and indirect tax reforms (3.7 and 3.5) and is lowest for international taxation and transfer pricing (3.1). This highlights that while young professionals are relatively confident with domestic taxation practices, advanced or specialized taxation areas require further training and skill development.

B. CHALLENGES FACED BY TAX PROFESSIONALS: FACTOR ANALYSIS

Table: 3 KMO and Bartlett's Test

Measure	Value
KMO Measure of Sampling Adequacy	0.79
Bartlett's Test of Sphericity – Approx. Chi-Square	362.45
Degree of Freedom (df)	36
Significance (p-value)	0.000

The Kaiser–Meyer–Olkin (KMO) measure value of 0.79 indicates that the sampling adequacy is satisfactory, confirming that the dataset is suitable for factor analysis. Bartlett's Test of Sphericity is statistically significant ($\chi^2 = 362.45$, $df = 36$, $p < 0.05$), demonstrating that the correlation matrix is not an

identity matrix. This implies that the variables are sufficiently correlated, making factor analysis appropriate for identifying the underlying dimensions of challenges faced by tax professionals.

Table 4: Total Variance Explained (Rotated Component Matrix)

Factor	Eigenvalue	% of Variance	Cumulative %
Factor 1: Skill & Knowledge Barriers	3.85	42.78	42.78
Factor 2: Infrastructural & Regulatory Barriers	2.65	29.44	72.22

The rotated component matrix extracted two main factors with eigenvalues greater than one.

- **Factor 1 – Skill & Knowledge Barriers** (Eigenvalue = 3.85) explains 42.78% of the total variance, indicating that challenges such as lack of practical training, inadequate academic preparation, complex taxation laws, and fear of compliance errors are the most critical obstacles to professional development.
- **Factor 2 – Infrastructural & Regulatory Barriers** (Eigenvalue = 2.65) accounts for 29.44% of the variance, highlighting the impact of limited access to digital tools, frequent regulatory changes, and restricted professional opportunities.

Together, the two factors explain 72.22% of the total variance, suggesting that the majority of challenges encountered by tax professionals are captured by these two dimensions.

Step 5: Rotated Component Matrix (Factor Loadings)

Challenge Variables	Factor 1	Factor 2
Lack of practical training / exposure	0.81	—
Complex taxation laws	0.77	—
Inadequate academic preparation	0.75	—
Fear of compliance errors	0.72	—
Lack of mentorship / guidance	0.70	—
Limited access to digital tools	—	0.79
Frequent changes in tax regulations	—	0.76
Limited professional opportunities	—	0.73
Difficulty understanding international taxation	0.68	0.54

The rotated component matrix shows a clear separation of challenge variables across the two factors.

- **Factor 1** – Skill & Knowledge Barriers includes variables such as lack of practical training/exposure (0.81), complex taxation laws (0.77), inadequate academic preparation (0.75), fear of compliance errors (0.72), and lack of mentorship (0.70). High loadings indicate that deficiencies in skills, knowledge, and guidance are the primary obstacles to professional growth.
- **Factor 2** – Infrastructural & Regulatory Barriers comprises variables like limited access to digital tools (0.79), frequent regulatory changes

(0.76), and limited professional opportunities (0.73), emphasizing external and infrastructural constraints.

- The variable difficulty in understanding international taxation shows moderate loadings on both factors (0.68 on Factor 1 and 0.54 on Factor 2), suggesting it is influenced by both skill gaps and infrastructural/regulatory challenges.

CONCLUSION

The study concludes that young tax professionals show **good awareness** of mainstream taxation trends, particularly **GST and digital taxation tools**, but have lower awareness of specialized areas like international taxation and transfer pricing. Preparedness is highest for routine tasks such as GST compliance (mean score = 4.2) and moderate for direct and indirect tax reforms, while preparedness is lowest for international taxation (mean score = 3.1), highlighting the need for skill enhancement in complex areas.

Factor analysis revealed **two main challenge dimensions**:

1. **Skill & Knowledge Barriers** (Eigenvalue = 3.85, 42.78% variance), including lack of practical training, inadequate academic preparation, complex laws, and fear of compliance errors.
2. **Infrastructural & Regulatory Barriers** (Eigenvalue = 2.65, 29.44% variance), including limited access to digital tools, frequent regulatory changes, and restricted professional opportunities.

Together, these factors explain **72.22% of the total variance**, confirming that both skill-related deficiencies and external constraints significantly influence professional development. The findings highlight the importance of **targeted training programs, mentorship initiatives, and access to digital resources**

to prepare the next generation of tax professionals for the rapidly evolving taxation environment.

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