TAX PRACTICES ARE SWAMPED: HERE'S WHY AND WHAT WORKS

Tax advisory demand is at unprecedented levels. Firms are managing three simultaneous pressures that show no signs of easing.

New tax law is driving immediate need. The One Big Beautiful Bill created fresh compliance and planning work. R&D expensing reinstatement, 100% bonus depreciation, and changes to Section 163(j) interest deductions are creating opportunities clients need help capturing. Amended return potential alone is keeping practices busy.

Talent is tightening. Senior retirements are eliminating institutional knowledge and trusted relationships. Fewer young professionals enter tax and accounting; talent gravitates toward finance, consulting, and tech. The talent pool is shrinking even as demand grows. Larger, stable firms are winning client migrations because they can provide continuity.

IRS capacity is degraded. Staffing cuts mean slower correspondence and audit response times, complicating operations. While audit work represents only 2% of most practices' time, the inefficiency creates friction. Having former IRS personnel on staff becomes more valuable for navigating appeals and controversy.

Operational adjustments that work:

Invest in team capacity and quality lateral hires. Automation tools—HubSpot for workflow, Blue J for AI-powered tax research—free expert time for strategy. Transparent client communication on tax law changes keeps relationships strong and builds proactive planning engagement. Independent firms that resist consolidation maintain better pricing, retention, and cultural fit.

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AUTOMATION IN ACCOUNTING: PICK TOOLS THAT STICK

Accountants aren't resisting automation—96% consider it essential. The real challenge is getting implementation right. Most firms either pick technology that only patches busy season problems or deploy disconnected tools that create more friction than relief.

The core issue is integration. Over half of accountants juggle systems that don't communicate, forcing constant toggling between platforms to input data, calculate, and access documents. Each disconnected tool slows work rather than improving it. New solutions must integrate into existing tech stacks, not expand bloat.

Leaders should focus automation on year-round workflow problems, not just temporary peak-season relief. Identify what frustrates accountants constantly—time-consuming tasks, heavy workloads, inadequate current tools—and pick solutions that break those recurring cycles.

Balance excitement about emerging AI with proven, available tools that deliver immediate impact. With over 300,000 accountants having quit since 2019, the shortage is real and ongoing. Better technology that enables existing staff to do more matters now, not when the perfect solution emerges.

The point isn't automation for its own sake. It's freeing accountants from menial work so they can focus on strategy and client service and making the profession sustainable enough to attract new talent.

SOPHISTICATED AI USE LOOKS NOTHING LIKE YOU THINK

A joint study by KPMG and University of Texas McCombs analyzing 1.4 million real workplace interactions found that effective AI use isn't about better prompting. It's about thinking with the model, not at it.

Researchers identified four observable signals that separate the 5% of sophisticated users from everyone else: returning to AI repeatedly, persistently refining outputs rather than accepting first drafts, making ambitious requests, and intentionally choosing tools and models for specific tasks.

The gap isn't hidden in individual prompts. It's visible in behavioral patterns. Sophisticated users frame problems clearly, direct the model's reasoning, require explanation, set boundaries, and iterate across complex tasks. They use AI as a cognitive partner for brainstorming, analysis, and problem-solving—not as a narrow productivity aid.

Why This Matters for Your Firm:

Giving staff access to AI tools without training in these behaviors leaves significant capability on the table. KPMG embedded research-backed behaviors into firmwide learning programs, making effective human-AI collaboration an expected competency, not a perk.

For client advisory: if you're helping businesses scale AI adoption, this study gives you a concrete framework for measuring what's working. It's the difference between tool rollout and genuine organizational capability.

GETTING CLIENTS PAID FASTER: THREE SIMPLE CHANGES

Late payments drain cash flow and waste accounting time chasing invoices. An estimated $100 trillion in B2B trade settles after delivery. For many businesses, even a 5% improvement in payment speed matters.

Three practical fixes work consistently:

Invoice faster and set clearer expectations. Don't batch invoices weekly—send them the day work is done. Shorter payment terms (Net 7 or Net 14 instead of Net 30) reset expectations. Then send reminders on a predictable schedule: a few days before due, on the due date, then 3 and 10 days after. Most late payments happen because the invoice gets buried, not because customers won't pay.

Make paying easy. The more steps a customer has to take—find bank details, log into a portal, forward it internally—the longer payment takes. Embed payment links directly in invoices. Better yet, set up ACH autopay for recurring customers so they don't have to approve each invoice manually. Remove friction and people pay faster.

Stay organized internally. Have a weekly A/R check-in. Review invoices, fix disputes before they age, schedule reminders, look at what's outstanding. Send monthly statements so customers can reconcile their own books. Fix problems immediately—the longer an invoice sits unresolved, the longer cash is stuck.

MARCH 2026 CPE COURSES

CPE Course Title	Date	Link
Q1 2026 IFRS Accounting Standards Quarterly Update	Apr 15, 2026 12:00 PM EDT	https://engage.bdo.com/wcc/eh/4850573/lp/5124172/q1-2026-ifrs-accounting-standards-quarterly-update?

YOUR CLIENTS' INSURANCE JUST GOT WORSE (AND THEY MIGHT NOT KNOW IT)

The 2026 insurance renewal season looked promising. Pricing stabilized after two years of steep increases. Except one thing shifted: what insurers will cover.

Deductibles rose. Coverage definitions tightened. Exclusions expanded.Attachment points climbed—meaning companies now absorb the first $5M or $10M of loss instead of $1M before any carrier capital responds. The premium line looks flat. Balance sheet exposure grew significantly.

Why insurers stopped absorbing volatility:

Claim severity, not volume, is the problem. U.S. liability claims jumped 57% over the past decade. Median nuclear verdicts hit $51 million in 2024, up from $44 million in 2023. Reinsurance capital now treats catastrophic loss as a predictable pattern, not a rare shock—2024 saw 27-billion-dollar weather disasters in the U.S. alone.

When reinsurers price that way, primary carriers respond by limiting exposure. They shift risk back to the client.

What this means for you:

Quantify true risk cost beyond premium. Include retained losses, uninsured exposures, legal costs, operational disruption. Model how expanded loss retention affects liquidity, cash flow forecasts, and debt covenant headroom under stress scenarios.

Consider formalized risk structures. Self-insurance programs, captive arrangements, and alternative risk vehicles allow intentional capital allocation rather than reactive loss absorption through operating results.

Update renewal analysis protocol. Focus on deductible levels, sublimits, aggregates, and coverage definitions—not premium alone. Ensure insurance programs align with actual exposure profile and financial capacity to retain risk.

The 2026 market requires explicit risk funding strategy rather than passive acceptance of renewal terms.

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