

DECISION FRAMEWORK

The Outsourced Head of Tax

A Decision Framework for Mid-Market CFOs & FDs

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BOUTIQUE UK TAX & ACCOUNTANCY

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Foreword

Most mid-market UK businesses (revenue £5m–£50m) operate without a dedicated internal tax function. The CFO or Finance Director handles tax issues alongside everything else, with the year-end accountant for compliance, and reactive specialists called in for specific issues.

This works — until it doesn't. Once a business reaches a certain complexity (international operations, group structure, M&A activity, transfer pricing, R&D claims, equity schemes), the cost of NOT having proactive senior tax oversight starts to exceed the cost of having one.

This framework gives you a structured way to assess whether your business is at that point — and three honest options for what to do about it.

Who this is for

- UK businesses with revenue £5m–£50m
- Finance Directors and CFOs without a dedicated internal tax team
- Group finance leads managing tax across multiple legal entities
- Audit committee members responsible for tax oversight
- Founders preparing for funding rounds, M&A, or international expansion

How to use this framework

Read it once cover-to-cover (it's about 30 minutes), then come back to the diagnostic in Section 2 and the cost comparison in Section 3 with your own numbers. The decision matrix in Section 4 will then give you a clear position.

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CHAPTER ONE

When mid-market businesses need senior tax oversight

Tax becomes a strategic issue at predictable points in business growth. The challenge for many mid-market CFOs is that tax problems often present as urgent operational issues, not strategic ones — by the time the underlying problem is visible, the cost of fixing it has already escalated.

When mid-market businesses need senior tax oversight

The five trigger events

Event 1: International expansion

The first overseas customer, sales office, or warehouse changes the tax position fundamentally. Permanent establishment risk, withholding tax, transfer pricing, VAT/GST in destination markets, double tax treaty access — none of which existed when the business was UK-only.

A common pattern: an international sale generates withholding tax in the customer's jurisdiction. The UK accountant doesn't catch it. The customer deducts 20% from payment. Margin disappears. By the time the issue is visible, the contract is signed and the sale is loss-making.

Event 2: M&A activity

Acquiring another business — or being acquired — is when historic tax issues come out of the woodwork. Buyer due diligence will probe: VAT compliance history, R&D claim documentation, equity scheme valuations, transfer pricing positions, deferred tax workings. Issues that were 'manageable' inside the business become deal-breakers in DD.

Sellers with a strong tax narrative complete deals at higher valuations and faster. Sellers with messy tax positions face price chips, indemnities, or deal collapse.

Event 3: Group restructuring

Adding a holding company, splitting trading from IP, creating an EBT, or moving people between entities — all create tax events. Done well, restructuring locks in long-term tax efficiency. Done badly, it triggers immediate liabilities (CGT, SDLT, VAT, employer NIC) for no business benefit.

Event 4: HMRC engagement intensifies

Not just enquiries — but R&D claim challenges, transfer pricing reviews, PAYE compliance checks, VAT visits. Once HMRC opens a thread, the cost of resolving it rises sharply. Businesses with proactive senior tax oversight close issues faster and at lower cost than those reacting in real time.

Event 5: External capital event

Investors, PE buyers, IPO advisers all want a clean tax position. The diligence questions are predictable, but answering them under deadline pressure (with the deal at stake) is where tax functions break down. A pre-existing senior tax view of the business answers questions confidently; an absent one creates anxiety.

Why this matters for the CFO

In each of the five events above, tax is not the primary issue — but it can derail the primary issue. Most mid-market CFOs we work with describe the same pattern: tax problems are not the things that wake them up at night, but they're the things that make the things that wake them up at night much worse.

Senior tax oversight — whether built internally, hired full-time, or outsourced — is essentially a risk management investment. The cost is largely fixed and predictable. The benefit is avoiding the much larger downside of a tax issue compounding into a strategic one.

⚠ **Watch out** If you can't immediately answer 'what is our group's effective tax rate this year?' or 'what tax due diligence questions would a buyer ask us?' — that's a signal the tax function is under-invested for the business's size and complexity.

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CHAPTER TWO

The 12-question diagnostic

Score each question 0 (no/never), 1 (sometimes/partially) or 2 (yes/always). Total scores out of 24 give a clear signal.

The 12-question diagnostic

Strategic tax oversight

1. Do board papers include a regular update on the group's tax position (effective rate, deferred tax, key risks)?
2. Does someone have explicit responsibility for the group's transfer pricing position and documentation?
3. Are R&D, EIS/SEIS, EMI, and other tax incentive opportunities reviewed at least annually?
4. Does the FD/CFO have a clear view of the group's tax filing calendar and main risk areas at any point in the year?

Compliance and HMRC engagement

1. Are corporation tax computations and returns reviewed by a qualified tax specialist (CTA, FCA, or equivalent) before filing?
2. Has the business engaged with HMRC on a substantive technical issue in the past 24 months?
3. Is there a documented response process if HMRC opens an enquiry, with named external support pre-engaged?
4. Are P11D, PSA, off-payroll, and employer NIC obligations reviewed annually with a tax specialist?

Transactions and structural

1. Has the business done at least one M&A or material structural transaction in the past 5 years?
2. Does the group operate in more than one tax jurisdiction (including offshore subsidiaries, UK PE risk in foreign markets, or vice versa)?
3. Are there equity arrangements (employee schemes, founder warrants, growth shares) that need ongoing tax oversight?
4. Is there a credible plan for the founders'/owners' eventual exit (sale, MBO, succession) with the tax position pre-considered?

Scoring

Score range	Indication
0–8	Tax function under-invested for business complexity. Strategic risk. Build/Buy/Outsource decision urgent.
9–16	Reactive tax management. Major events likely to surface gaps. Worth assessing OHT or part-time hire.
17–24	Strong tax oversight in place. Continue current approach; review annually.

The diagnostic is intentionally simple. If the score is below 16, the cost of senior tax capacity is almost certainly justified — but the right form (build vs buy vs outsource) depends on the next two sections.

A typical mid-market score Most £5m–£30m businesses we assess score between 6 and 12 on first measurement. Reaching 18+ usually requires either building an internal function or engaging an OHT.

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CHAPTER THREE

Build vs Buy vs Outsource: cost comparison

The three realistic options for adding senior tax capacity are:

Build vs Buy vs Outsource: cost comparison

- **Build:** hire a full-time internal Head of Tax
- **Buy:** engage Big 4 / mid-tier firm on retained or project basis
- **Outsource:** engage a specialist Outsourced Head of Tax provider on monthly retainer

Option 1: Build — full-time internal Head of Tax

Indicative annual cost:

Item	Mid-market UK range
Base salary (CTA / FCA, 8+ years experience)	£90,000 – £130,000
Bonus / LTIP (15–30% of base)	£15,000 – £40,000
Employer NIC (~14% of total cash)	£15,000 – £25,000
Pension contribution (employer)	£5,000 – £10,000
Recruitment / onboarding (annualised)	£8,000 – £15,000
Office / equipment / training	£3,000 – £6,000
TOTAL ALL-IN ANNUAL COST	£136,000 – £226,000

Pros

- Embedded in business, deep knowledge of operations
- Available daily for ad-hoc queries
- Builds long-term institutional knowledge
- Can manage internal tax team if one exists

Cons

- Significant fixed cost regardless of workload variation
- Single point of failure (illness, departure, career break)
- Limited specialist depth — one person can't credibly cover transfer pricing, R&D, employment tax, M&A, international all to expert level
- Recruitment risk — finding the right candidate at this level can take 3–6 months

- Requires sufficient, continuous workload to justify (the constraint is daily in-house demand, not revenue size alone)

Option 2: Buy — Big 4 or mid-tier firm

Indicative annual cost — project-based fees with a retainer for ongoing support:

- Annual retainer for partner-level access: £30,000 – £80,000
- Project work charged hourly: £400 – £900/hour partner; £200 – £450 senior manager
- Typical annual spend for an active mid-market client: £80,000 – £250,000

Pros

- Deep specialist bench (transfer pricing, indirect tax, M&A, international all in-house)
- Brand credibility for stakeholders (investors, lenders, board)
- Strong technology and process around compliance
- Continuity of relationship — partners typically stay 5+ years

Cons

- Hourly billing creates uncertainty — costs not predictable until the bill arrives
- Senior people delegate to managers; you may not get partner attention on day-to-day issues
- Conflict-checking can prevent engagement if firm represents counterparties
- Geared towards larger transactions; mid-market sometimes feels like a low-priority client

Option 3: Outsource — Outsourced Head of Tax (OHT)

Indicative annual cost:

Engagement level	Monthly retainer	Annual cost
Light-touch oversight (small group, low complexity)	£2,500 – £3,500	£30,000 – £42,000
Standard mid-market (group, transfer pricing, M&A activity)	£4,000 – £6,000	£48,000 – £72,000
Heavy engagement (complex international, multiple jurisdictions)	£6,500 – £8,000	£78,000 – £96,000

Pros

- Predictable monthly cost regardless of variable workload
- Senior CTA/FCA-level input on every engagement
- Typically 30–60% of equivalent full-time hire cost

- No recruitment risk, no employment law obligations
- Specialist depth typically broader than a single internal hire
- Easy to scale up/down as business needs change

Cons

- Less embedded than internal hire — needs structured engagement to be effective
- Day-to-day responsiveness depends on provider — quality varies
- Some processes (e.g., HMRC correspondence) may need delegated authority arrangements
- Provider needs to be carefully vetted (Section 7 covers this)

Side-by-side comparison

Factor	Build (internal)	Buy (firm)	Outsource (OHT)
Annual cost	£136k – £226k	£80k – £250k	£30k – £96k
Cost predictability	High (fixed salary)	Low (hourly)	High (retainer)
Senior input on day-to-day	Daily	Variable	Daily within scope
Specialist depth	Single person	Strong (firm bench)	Strong (specialist provider)
Setup time	3–6 months	1–4 weeks	2–6 weeks
Mid-market suitability	Constant in-house demand	All sizes	£5m – £50m revenue

Practical tip Most mid-market businesses can get the substantive benefit of an internal Head of Tax for 30–50% of the cost via the OHT route. The trade-off is that OHT providers need clear engagement structure to deliver — they're not a 'set and forget' solution.

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CHAPTER FOUR

The decision matrix

Combine your diagnostic score (Section 2) with your business profile to identify the right fit.

The decision matrix

Decision matrix by revenue and complexity

Business profile	Diagnostic 0–8	Diagnostic 9–16	Diagnostic 17–24
£5m–£15m, single jurisdiction, no M&A	OHT (light)	Annual review with CTA	Continue current approach
£5m–£15m, international or M&A activity	OHT (standard)	OHT (standard)	Annual strategic review
£15m–£30m, growing complexity	OHT (standard)	OHT (standard)	OHT or Build comparison
£30m–£50m, group structure, international	OHT (heavy) or Build	OHT (heavy) or Build	OHT (heavy) or Build — by workload constancy
£50m+, complex group	Build (with specialist support)	Build	Build

Reading the £30m–£50m band. This band is the most commonly misread. The instinct is that above a certain revenue you must build internally — but revenue is a poor proxy for the real driver. A single senior practitioner routinely carries the full tax function of groups well beyond £50m, supported by specialists on the technical edges. What actually flips a business to "Build" is not the *scale* of complexity but the *frequency and embeddedness* of demand: an in-house finance team that needs a tax person at its elbow every day. A £45m group with episodic, project-shaped senior-tax needs is usually better served by heavy OHT than by a £180k permanent hire who is under-utilised for three quarters of the year. Decide this band on workload constancy, not the revenue line.

Specific scenarios where OHT typically wins

Scenario A: Recent or imminent M&A

OHT provider can deliver concentrated input during DD/integration period without inflating permanent headcount. After the transaction, retainer steps down to ongoing monitoring level. Internal hire would need to be sized for peak workload but underused most of the year.

Scenario B: International expansion in progress

Specialist depth across multiple jurisdictions is hard for one internal hire to provide. OHT providers typically have networks (or in-house cross-border specialists) that internal generalists lack.

Scenario C: PE-backed business approaching exit

Tax position needs to be exit-ready. OHT can structure the workstream specifically for this — clean compliance history, defensible R&D claims, transfer pricing documentation, deferred tax workings — typically 12–18 months before sale.

Scenario D: Owner-managed business with succession in mind

Tax planning for the eventual exit (BADR, holding structures, family succession) requires senior input but not high frequency. OHT can deliver this efficiently; internal hire would be over-engineered.

Specific scenarios where internal hire is preferable

Scenario E: Constant daily workload across the group

Once the business has multiple legal entities, ongoing transfer pricing maintenance, regular M&A flow, and an in-house finance team needing daily tax support, the *continuity* of demand — not the revenue figure — justifies a full-time hire.

Scenario F: Highly regulated industry with bespoke tax issues

Sectors like financial services, life sciences, or shipping have specialist regimes that benefit from deeply embedded knowledge. Internal hire with industry expertise often outperforms generalist OHT.

Scenario G: Strong leadership pipeline / talent strategy

If part of the strategic plan is building a capable internal finance/tax leadership team — perhaps with a 5–10 year horizon — investing in the talent now (even if currently over-resourced) makes sense.

⚠ **Watch out** The 'build vs outsource' decision often pivots on factors beyond cost: business culture, leadership team preferences, succession planning, M&A pipeline. The numbers are necessary but not sufficient — the qualitative factors usually decide.

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CHAPTER FIVE

What an Outsourced Head of Tax actually delivers

Engagement scope varies, but a typical OHT relationship covers the following deliverables. Use this as a benchmark when evaluating providers.

What an Outsourced Head of Tax actually delivers

Strategic and oversight

- Quarterly board paper covering: effective tax rate, deferred tax movements, top 3 tax risks, tax cash flow forecast
- Annual tax strategy document (group-wide), updated yearly
- Tax risk register, maintained and reviewed monthly
- Pre-deal tax input on M&A, restructuring, and material commercial transactions
- Engagement with audit committee on tax matters where applicable

Compliance oversight (not necessarily preparation)

- Review and sign-off of corporation tax computations before filing
- Review of VAT positions on complex transactions (partial exemption, group registration, cross-border)
- Oversight of P11D, PSA, off-payroll workers, employer NIC compliance
- Country-by-country reporting (where applicable)
- Senior accounting officer (SAO) certification support (where applicable)

HMRC engagement

- Lead on technical correspondence with HMRC
- Manage HMRC enquiries and Alternative Dispute Resolution (ADR)
- Pre-emptive clearances on novel transactions
- Advance Pricing Agreement (APA) negotiations where transfer pricing is material

Specialist project work

- R&D tax credit claim oversight (typically delivered by specialist provider, OHT reviews)
- EMI and other employee equity scheme structuring
- Group reorganisations (CGT, SDLT, intra-group transfers)
- International expansion planning (PE risk, withholding tax, transfer pricing setup)
- Capital allowances reviews on property
- Patent box optimisation

What OHT does NOT typically include (without scope expansion)

- Day-to-day bookkeeping or VAT return preparation (handled by in-house finance team or compliance accountant)
- Annual statutory accounts preparation
- Personal tax for directors/owners (separate engagement if needed)
- Operational payroll processing (compliance only)

Practical tip A well-scoped OHT engagement gives the CFO peace of mind that 'tax is covered' without becoming a bottleneck. The aim is to take tax off the CFO's daily worry list — not to add another stakeholder to manage.

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CHAPTER SIX

Engagement scoping: month 1, month 3, month 12

Setting expectations clearly at the outset is the difference between OHT engagements that work and those that don't. The following is a typical phased timeline.

Engagement scoping: month 1, month 3, month 12

Month 1 — Discovery and quick wins

- Discovery sessions with CFO, finance team, and audit firm
- Review of last 3 years' tax filings and any open HMRC matters
- Review of group structure, intercompany positions, and any obvious risk areas
- Quick assessment of immediate compliance gaps (P11D, PSA, R&D claim deadlines, etc)
- Initial tax risk register draft
- Communication to internal team about how OHT will operate

Month 2–3 — Foundation building

- Tax strategy document drafted and signed off
- Tax risk register completed and reviewed with CFO
- Compliance calendar for next 12 months mapped
- Transfer pricing documentation gap analysis (where applicable)
- Quarterly board reporting template developed
- HMRC engagement review — any open matters resolved or escalated

Month 4–6 — Operating rhythm

- First quarterly board paper produced
- Compliance review cycle in place
- Specific project workstreams underway (R&D claim, transfer pricing documentation, etc)
- Internal team comfortable with OHT engagement model
- Refinements to scope based on first quarter learnings

Month 7–12 — Strategic value emerging

- Business benefits clear: improved compliance position, reduced HMRC risk
- Annual tax strategy refresh
- Year-end tax planning concluded
- Forward year compliance calendar finalised
- Engagement reviewed and rescoped for year 2

Beyond year 1

Mature OHT engagements settle into a sustainable rhythm. Workload typically reduces in year 2 (foundations done) and stabilises in year 3+. Many engagements run 5+ years successfully.

⚠ **Watch out** If month 6 has come and you don't yet have a clear tax risk register, quarterly board paper template, or working compliance calendar — the engagement is under-delivering. Have an honest conversation with your provider before the contract auto-renews.

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CHAPTER SEVEN

Procurement checklist for selecting an OHT provider

Use this checklist when evaluating potential OHT providers. Score each provider 0 (no), 1 (partial), 2 (yes) — total out of 30.

Procurement checklist for selecting an OHT provider

Credentials and capability

- Lead engagement partner is a Chartered Tax Adviser (CTA) — not just an accountant
- Practice has at least 5 years' track record in the OHT/Outsourced Tax model (not a generalist firm trying it out)
- Documented experience with businesses of similar revenue, sector, and complexity
- Specialist depth available across at least: corporation tax, VAT, transfer pricing, employment tax, R&D
- Practice has Professional Indemnity Insurance at appropriate level (typically £5m+ for mid-market work)

Engagement model

- Clear monthly retainer with defined scope (not 'pay-as-you-go')
- Named partner accountable for delivery — not a rotating bench
- SLAs for response time and deliverable cadence
- Clear out-of-scope process (when additional work triggers separate fee)
- Transition plan if engagement ends — knowledge handover, document transfer

Practical workability

- Geographic and time zone fit (London/UK working hours, can attend in-person meetings if needed)
- Technology compatibility (can work with your accounting/compliance software)
- Data security and confidentiality posture (Cyber Essentials, ISO 27001, or equivalent)
- References from at least 2 mid-market clients of similar profile
- No conflicts with existing relationships (audit firm, M&A advisers, etc)

Scoring

Score range	Recommendation
25–30	Strong fit — proceed to commercial discussion
18–24	Acceptable — clarify gaps before signing
10–17	Significant concerns — negotiate scope or look elsewhere
0–9	Not fit for purpose — do not engage

Red flags to walk away from

- Provider can't name 2 similar clients (whether or not they can be referenced)
- 'Pay as you go' billing model — no fixed retainer
- Lead person is not a CTA or equivalent (chartered tax qualification, not just chartered accountant)
- Vague scope of services ('we'll handle your tax needs') with no specific deliverables
- Refusal to commit to SLAs
- Engagement letter that's heavily one-sided (e.g., unlimited liability cap, no service guarantees)
- Pressure to sign quickly without due diligence

Practical tip Most successful OHT engagements start with a paid scoping exercise (typically £2,500–£5,000) where the provider does a structured 4-week diagnostic and proposes a tailored retainer. This is much more reliable than committing to a 12-month retainer based on a sales pitch.

About The Tax Lead

The Tax Lead is a specialist firm of Chartered Certified Accountants and Chartered Tax Advisers with a working presence near Liverpool Street in the City of London. We work with mid-market UK businesses, specialising in tax-led advisory and outsourced senior finance services.

Our Outsourced Head of Tax service

Our OHT service is structured exactly as described in this framework: monthly retainer, named partner accountable, clear scope, defined deliverables. Typical engagements run £2,500–£8,000/month depending on complexity.

What we do

- Quarterly board reporting on group tax position
- Tax strategy and risk register maintenance
- HMRC engagement and enquiry management
- Corporation tax computation review and sign-off
- Transfer pricing strategy and documentation
- M&A tax workstreams (vendor and acquirer side)
- R&D claim oversight
- Equity scheme structuring (EMI, growth shares)
- International expansion planning
- Group restructuring (CGT, SDLT, intra-group)

Our Virtual Finance Office service

For businesses needing broader outsourced finance capacity (FD-level support beyond just tax), we also offer a Virtual Finance Office service from £1,500/month. This includes management accounts, cashflow forecasting, board pack preparation, and statutory compliance — with senior finance attendance at management meetings.

Credentials

- Regulated by the Association of Chartered Certified Accountants (ACCA)
- Tax body member: Chartered Institute of Taxation (CIOT)
- UAE FTA Registered Tax Agent
- Founder's background includes Forvis Mazars

Ready to assess your position?

If you're a CFO or Finance Director considering whether OHT is right for your business, we offer a structured 4-week paid scoping engagement (£3,500). This delivers a tailored proposal with clear scope, deliverables, and pricing — you decide afterwards whether to proceed to a longer-term retainer.

Book a discovery call

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