How CFOs are striving to get past uncertainty

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Fiscal, tax and trade policies are all up in the air. CFOs are planning for scenarios and locking in rates while experimenting with agentic AI.

In brief

- CFOs are most focused on the international tax provisions in the One Big Beautiful Bill Act, while a range of futures on tariffs demand attention.
- Their hope is to eliminate uncertainty and build a more stable framework to make long-term investment and economic decisions.
- Agentic AI is still in early stages in finance functions, with the focus on setting the data foundation; the potential remains high, as does excitement.

Miss one news cycle and it's conceivable that trade and fiscal policy has dramatically changed, then been reversed to the norm, then spiraled into another direction entirely. The economic outlook? Unclear. Tax policy? Expect massive change … or a continuation of the status quo … or maybe even one of the biggest increases in history. In such an environment, CFOs' mindset is better described with one key word: uncertainty.

During the last roundtable organized by the EY Center for Executive Leadership, Fortune 250 CFOs sounded less optimistic compared to the end of 2024, right after a new administration was elected. Relative to the prior six months, 55% said they were more bearish as they look toward the rest of the year and into 2026, citing modest workforce reductions and more strategic investment planning. The rest were feeling neutral, with strategic rightsizing decisions on labor and investments. This is a more somber look compared to the post-election sentiment, where only 25% were bearish and 75% were neutral or more bullish on 2025 investments.

"One of the side effects of uncertainty is lack of action: everything is on pause," said Kristin Valente, EY Americas Chief Client Officer. "We're starting to see executives looking to the growth agenda: getting productivity in the back office and the options for commercial growth and innovation."

Beyond commiserating, CFOs discussed practical ways on how to get unstuck. Here is how they are thinking as the One Big Beautiful Bill Act churns its way through Congress and agentic AI captures more imagination and more budget. Executives shared their views in a discussion facilitated by Juan Uro, EY Americas Leader for the EY Center for Executive Leadership, with perspectives from:

- Ray Beeman, Washington Council EYLeader
- Greg Daco, EY-Parthenon Chief Economist
- Bridget Neill, EY Americas Vice Chair for Public Policy
- Courtney Rickert McCaffrey, EY Global Geostrategy Insights Leader

Chapter 1

Reconciliation bill: we know it's big, but how beautiful?

The clock is ticking on expiring tax provisions and the debt ceiling. "This bill has major implications on our decisions," a CFO said.

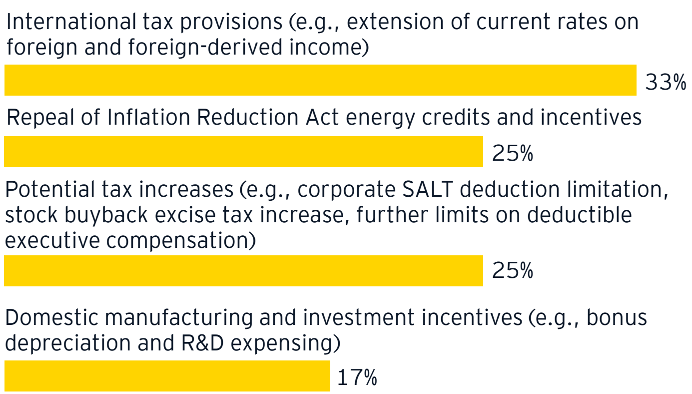
Republican leadership in the US House passed a "big, beautiful" package of tax cuts and spending cuts by a one-vote margin: and it will be rewritten by a Senate with different political and procedural realities. "They have June and July to figure this out with all the parts of the bill, particularly on the tax side and many other areas," Beeman said. If left unresolved, a fight about the debt ceiling looms. Sore points include rolling back green energy provisions in the Biden administration's signature Inflation Reduction Act, the state and local tax deduction and the overall impact on the deficit.

CFO roundtable participants were about evenly divided on what part of the bill is most relevant to them, highlighting its overall importance: with a slight edge, a third of our cohort cited international tax provisions such as Section 899. "What we need out of this and on tariffs is certainty," one CFO said. "It's so difficult making decisions in this environment, and we've shared that with the administration. This bill has major implications on our decisions."

"It's the uncertainty and volatility driving the discussion, and not really the cost impact, which is taking longer to materialize," Daco said. "That's the flip of what we were expecting after the election." He said that extending the provisions of the Tax Cuts and Jobs Act of 2017 acts as a conundrum for lawmakers because it maintains the status quo at a large cost, while not extending them would likely drag the economy into a recession. Other provisions, like eliminating the tax on tips, have a limited stimulative effect only on certain sectors.

To deal with stubbornly high interest rates, CFOs said they were securing a combination of the ten-year fixed rate and some swaps, or three- and five-year hedges, or shifts into variable rate debt.

Which area of the One Big Beautiful Bill Act is most relevant to your organization?



Description: international tax provisions are the most relevant provisions of the One Big Beautiful Bill Act, according to 33% of CFOs attending the EY roundtable, followed by repeal of Inflation Reduction Act energy credits and incentives (25%), potential tax increases (25%), and domestic manufacturing and investment incentives (17%).

Chapter 2

Tariffs and the overall US economic outlook

One of the defining differences for this administration has been the speed, scope and muscularity on trade, one EY leader says.

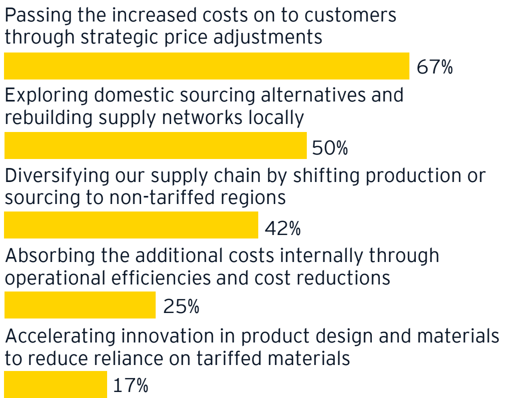
Courts have rebuked the administration for tariffs implemented under the International Emergency Economic Powers Act, but there are other levers to pull, such as Section 232 of the Trade Expansion Act of 1962. "The outcome can be tough, but with more transparency, that helps business in the long run," Neill said. "With Section 232, you can be more engaged in the process."

CFOs are prepared to deploy several tactics in response to tariffs, with 67% of participants saying they'd pass through costs and 50% exploring domestic sourcing alternatives and rebuilding local supply networks.

One CFO in a customer-facing industry spoke about trying to respect the price fatigue in the market while balancing the reality of higher costs. "If you take more price, you're losing volume," he said. "We should be thoughtful about whether these are sustainable adjustments or temporary. Tariffs are inflationary, and consumers will have to pay; it's a question of when." Another CFO in the IT sector added: "Things are reasonably steady now, but when you add this with interest rates and inflation, it's lots of uncertainty for customers."

With regard to local production, one CFO for a manufacturer discussed improving its local assets while trying to avoid the potential fallout from tariffs. "We're trying our best not to erect new walls and rooftops," he said. "Our changes recognize there's a better use of that facility in a tariffed world, given the volume."

How do you plan to mitigate the potential impact of increased tariffs on your company in the next 12 months? (multiple choice)



Description: when asked about the potential impact of tariffs within the next year, CFOs in our roundtable said they would pass increased costs on to customers (67%). Other popular responses included exploring domestic sourcing alternatives and rebuilding supply networks locally (50%) and diversifying supply chains by shifting production or sourcing to nontariffed regions (42%).

On geopolitics, Rickert McCaffrey urged executives to take a scenario-based approach to deal with uncertainty on tariffs. "What we're hearing from clients is they are taking action to increase agility," she said. "Not just productivity and growth, but also agility in supply chains and financing." She sees four potential scenarios worth debating:

- **US-China blocs harden:** US and China retain tariffs on each other while the EU and others agree to work with the US to limit Chinese imports. Emerging markets engage in trade with both blocs.
- **US stands alone:** US and China retain tariffs on each other. The US unpauses "reciprocal" tariffs that go into full effect. The EU and China agree on a framework for mutually beneficial trade.
- **Protectionism proliferates:** The US and China retain tariffs on each other while US negotiations with other countries and the EU fail. US trading partners impose retaliatory tariffs, while the EU imposes barriers on Chinese imports and China retaliates.
- **The grand bargain:** The US and China agree to remove bilateral tariffs as part of a larger negotiation on multiple issues. The US and other key trade partners reach bilateral deals to reduce or eliminate tariffs.

But aside from the specifics, CFOs are watching the general strength of the economy. "Everything has slowed down," one executive said. "But is there a next leg? We're seeing investment decisions on the next leg rather than just tariffs and supply chains, which we know will be uncertain for a while. The cloud about the economic outlook is a fairly large cloud."

Daco echoed that sentiment, although he does not predict a recession in the US. "We have to look at all the factors that supply our economy: trade, tax, immigration — that are influencing how much we can produce and at what cost," he said. "They're inflationary, and they weigh on demand via the supply side. That's a paradigm that we're heading to and that we're not accustomed to."

Chapter 3

Agentic AI: Still moving from theory to reality

Naturally, artificial intelligence (AI) is on the agenda: CFOs want more certainty today to try to free up capital for tomorrow, and agentic AI is often the target of that investment.

While controllers are excited about agentic AI, most of today's use cases are more evolutionary than revolutionary. Representing some of the biggest companies in the world, CFOs who took part in the roundtable largely had the same message: They needed more time to resolve foundational data issues, and many were already in multiyear transformations and were trying to evolve mid-flight.

"With GenAI, I saw surveys where most companies are in a piloting phase, and that's where we are: broader company-wide initiatives relative to prospects on productivity gains and growth," a CFO said. "A lot of it is data. How do we get data from all these ERPs?"

"There's no shortage of areas across the business to create savings to invest in AI, but the discussion on what to do with the money – the actual use cases – gets quieter," another added. "I want to connect it to workforce planning to slow hiring in areas where you're exploring and implementing."

This conversation recalled the early days of the internet as it entered the mainstream in the 1990s. Did you know what to do with an internet browser? Was it immediately apparent to you how connectivity would enter your life and change society and business? It probably seemed like a vaguely powerful diversion from the normal course of the world. It's easy to see the potential of Generative AI (GenAI) and agentic AI but harder, so far, to realize it and place it into a future context.

Summary

CFOs are currently navigating a landscape of uncertainty because of fluctuating fiscal, tax and trade policies, which complicate decision-making. In our roundtable, 55% of CFOs expressed a more bearish outlook, indicating a trend toward cautious investment and workforce decisions. They are particularly focused on international tax provisions before Congress and tariffs, emphasizing the need for certainty in their operational decisions. Although agentic AI is seen as a promising tool for the future, CFOs report that foundational data issues are hindering its current implementation.

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