

Healthcare's Top Three Tax Challenges in 2026

Key Healthcare Findings from the 2026 *BDO Tax Strategist Survey*



The healthcare industry is facing a year of heightened tax risk.

According to the [2026 BDO Tax Strategist Survey](#), healthcare organizations are increasingly turning towards transactions to spur growth, which can lead to the discovery of hidden tax risks or create new risks if the transaction is not structured properly. At the same time, regulatory changes, driven in part by the downstream impacts of the One Big Beautiful Bill Act (OBBBA), are leading to increased tax complexity, especially at the state level.

To navigate this landscape, healthcare organizations are investing in tax technology. But are these organizations well-positioned to capitalize on these investments, or will interoperability challenges stand in their way?

Read on to learn how healthcare organizations can set themselves up for success in an environment of increased tax risk.

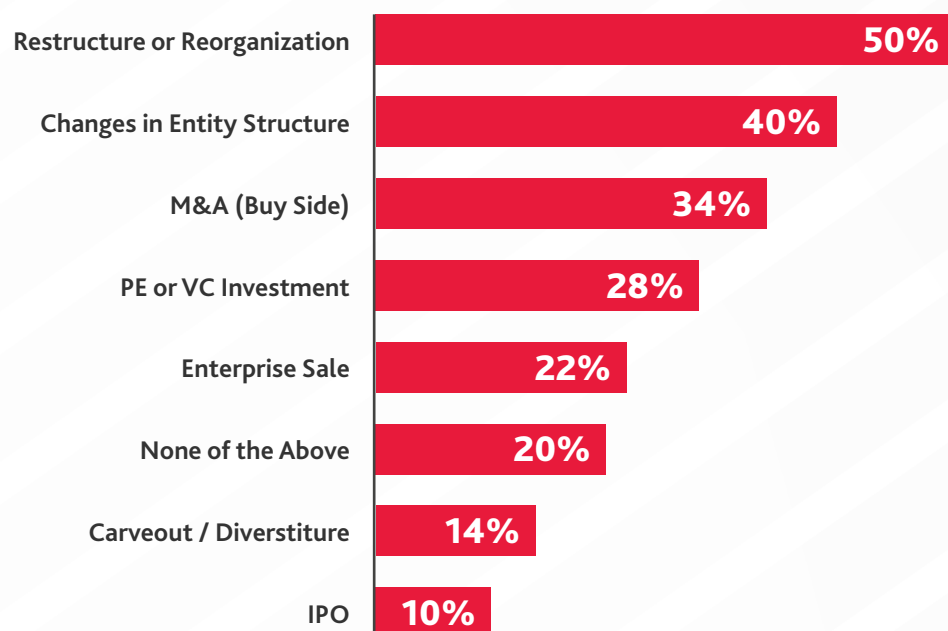
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Key Finding #1: Tax's Role in Transaction Structuring

Is your healthcare organization planning any of the following in the next 12-24 months?



As healthcare organizations seek economies of scale and financial stability in an exceptionally challenging fiscal environment, we expect to see an increase in inorganic growth tactics in 2026.

Just 44% of healthcare respondents report their tax function is involved in transaction structuring. Often, healthcare organizations work primarily with their attorneys to structure their transactions, who may lack a full picture of the organization's total tax liability.

When tax leaders are not involved early in the transaction process, they cannot address tax risk areas in advance. As a result, tax issues with financial implications, such as missed elections, sales tax issues, and failure to file in all relevant states, can arise late in the deal process. Such issues can delay the deal or even lower the sale price.

Twenty-four percent of healthcare tax leaders say **structuring transactions for optimal tax outcome** is their top M&A-related tax challenge.

Key Finding #2: State Tax Complexity Challenges Healthcare

How would you rate the level of challenge the following pose to your healthcare organization in the next 12 months?

Implementation of Tax Provision in the One Big Beautiful Bill Act (OBBBA)



State Tax Audit Activity



Ability to Take Advantage of Available Business Incentives/Credits



Customs and Trade Compliance and Planning, Including Changes to U.S. Tariffs



OECD Pillar Two Requirements



Taxation of Digital Assets



New Accounting Rules



Transfer Pricing Audit Activity Globally



■ Significant Challenge ■ Slight Challenge ■ Not a Challenge

State-by-state tax compliance is a longstanding challenge that frequently results in high state audit activity in the healthcare industry. Now, changes introduced by the OBBBA are creating downstream effects that in some cases increase state tax complexity.

The OBBBA has lowered federal taxable income for corporations in many states, resulting in a decrease in state tax revenue. To offset these decreases, states like New York, California, and Illinois have begun ["decoupling" from the federal code](#). Many states are also revisiting their sales and use tax requirements to increase revenue. The result is an influx of state-level tax changes, which can increase not only compliance complexity, but also the potential for errors and state audit activity.

Tax technology can help healthcare organizations improve state-level tax compliance by automatically updating the taxability of supplies and products when state laws change and by generating reports that identify situations where vendors may have failed to apply tax correctly. However, these solutions often require significant investment, which may not be practical for healthcare organizations, particularly in today's fiscally constrained environment.

Twenty-four percent of healthcare organizations were involved in a **tax dispute or audit around state and local tax income** in the last 12 months, the most common type of tax dispute for the industry.

Key Finding #3: Mitigating Risk with Tax Technology

How would you describe your healthcare organization's approach to tax risk?

We have a tax risk mitigation and response strategy, and we take a proactive approach to preparing for changes that affect our tax risk profile.

64%

We leverage tax technology to help mitigate risk of human error and highlight data anomalies.

50%

The tax team has a culture of compliance that is embedded into everyday workflow.

46%

We have a documented set of operating procedures for the tax function that is updated regularly.

42%

Non-tax personnel that handle responsibilities with tax implications (such as HR for workforce taxes) have a defined process for working with the tax team on tax-related responsibilities.

40%

We do not have a formal approach to manage tax risk.

2%

When it comes to managing tax risk, healthcare leaders are turning to technology. Technology can play a key role in mitigating major tax risks, for example, by increasing visibility ahead of a transaction process or helping organizations manage evolving and disparate state and local regulations.

Many healthcare organizations face challenges when attempting to integrate their tax technology with existing systems. Nearly one-third of healthcare respondents (32%) say interoperability with legacy technology and processes is the top reason tax technology initiatives underperform at their organizations, the top-cited response. Additionally, organizations often fail to understand the linkages between different technology systems and how changes to one system, such as an ERP, will impact other platforms. Integrating these systems properly can require significant investment of time, money, and skilled resources.

Most healthcare organizations (72%) plan to **increase investment in tax technology** over the next 12 months, and technology is cited by half of healthcare respondents as their **main approach to tax risk**.

Looking Ahead

Over the next 12 months, we expect to see an increase in tax risk, transaction activity, and regulatory compliance complexity. Tax leaders will need to closely monitor business decisions such as deals and capital investments, as well as state-level regulatory changes, to proactively respond to evolving tax risk.

Here are some actions healthcare tax leaders can take to mitigate risk in the year ahead:

- ▶ **Seek early involvement in transaction processes** and make sure to include all necessary members of your department (such as compliance professionals) to identify and proactively address all relevant tax considerations.
- ▶ **Consider piloting tax technology, especially automation, for state tax compliance.** This is a function where technology can have tangible and immediate ROI while addressing a top risk area.
- ▶ **Work with your organization's technology leaders to assess your ERP before investing in tax technology.** Any changes to the ERP should be made first; otherwise, you will need to update your tax technology to integrate with the upgraded or new ERP.

Looking for more data-backed insights into this year's tax landscape? Read the *2026 BDO Tax Strategist Survey*. ▶



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