



Real Estate & Construction's Top Three Tax Priorities in 2026

Key Real Estate & Construction Findings from the 2026 *BDO Tax Strategist Survey*

Three key tax trends shaping real estate and construction in the year ahead.

Real estate and construction leaders face [converging tax pressures and opportunities](#) over the next 12 months. Escalating state audit activity, continued fallout from changes under the One Big Beautiful Bill Act (OBBBA), and a maturing transferable tax credit market are opening new doors and compounding existing challenges.

The [2026 BDO Tax Strategist Survey](#) gathered responses from 300 tax leaders across industries. Here are the top three takeaways from the real estate and construction respondents about their plans and priorities during the months ahead.

Interested in a deeper dive into the data?



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Key Finding #1: Intensifying SALT Scrutiny Is Reshaping Tax Strategy and Geographic Decision-Making

Real estate and construction industry: SALT actions taken (last 12 months)

Reevaluation of state income tax issues

68%

Reevaluation of sales and use tax compliance

74%

Upgrading technology for state and local tax compliance (e.g., rate monitoring, exemptions, filing, automated compliance)

60%

Registration with additional state tax authorities

60%

Consideration of legal structure changes

40%

Expansion and/or relocation to other states

36%

In 2025, real estate and construction companies had the highest rate of tax disputes and audits among all industries surveyed, with SALT as the most commonly reported tax issue. Twice as many respondents reported involvement in a SALT audit or dispute compared with the prior year.

Two converging forces are driving this increase. States facing budget pressure are intensifying tax enforcement, and advances in audit technology have made it simpler to identify potentially high-yield targets. Real estate and construction firms are particularly exposed, as they engage in large, repeatable transactions — which are easier for automated tools to flag.

Multistate project activity can compound this risk. Firms that own and build across state lines can establish nexus without realizing it, leading to unrecognized liability. Engaging tax teams early in project planning is essential to staying ahead of that exposure.

As shown in the data, businesses are responding to these challenges in several ways, including reevaluating sales and use tax compliance processes, [upgrading SALT technology](#) readiness, and in some cases, reevaluating their geographic footprint.

As audit volume continues to rise, the cost of being unprepared can increase over time. Firms that have not stress-tested their SALT documentation, nexus positions, and compliance workflows are increasingly at risk.

Thirty-six percent of all real estate and construction respondents said they were involved in a state and local tax (SALT) audit or dispute — double the 18% who said the same during the prior year.

Key Finding #2: OBBBA Provisions Are Driving New Financing, Investment, and Planning

Rate the level of impact the following OBBBA tax provisions will have on your business.

OBBBA PROVISION	"SIGNIFICANT IMPACT" (% OF REAL ESTATE & CONSTRUCTION RESPONDENTS)
Bonus depreciation (Section 168(k))	54%
Business interest deduction limitation (Section 163(j))	36%
State and local conformity	24%

Forty-two percent of real estate and construction respondents reported **OBBBA tax provisions will be a significant challenge in the next 12 months.**

The [OBBBA](#) reshaped much of the tax planning landscape for real estate and construction companies, with the vast majority of industry respondents reporting that implementing OBBBA tax provisions will be a significant or slight challenge over the next 12 months. Regarding the impact of specific provisions, 90% of these respondents say [Section 163\(j\) business interest deduction](#) will have a significant or moderate impact — the highest combined rating of all OBBBA provisions. Fifty-four percent rate [Section 168\(k\) bonus depreciation](#) at "significant" impact, the highest single-tier "significant" rating of all provisions measured.

Changes made to the Section 163(j) business interest deduction carry implications for real estate and construction firms that have taken on substantial debt to finance projects. The favorable changes could allow businesses to deduct more interest before the limit applies. Many real property trades or businesses elected to forgo bonus depreciation in exchange for an exception to the limit under Section 163(j). Businesses that previously made the election but would now be less sensitive to the limit under the new rules can evaluate whether to reverse the election under [recent IRS guidance](#).

The restoration of 100% bonus depreciation is also driving a sharper investment appetite, particularly in commercial real estate. Investors are revisiting capital improvement timelines and reevaluating renovation plans since many of the costs can now be fully expensed in year one. OBBBA also made 100% bonus depreciation permanent, eliminating the phase-out uncertainty that complicated planning in prior years and giving businesses a more stable foundation for long-term investments.

Key Finding #3: Transferable Tax Credits Are Becoming Both a Competitive Opportunity and an Operational Challenge

In the next 12 months, which best describes your organization's plans related to transferable tax credit strategies introduced under the Inflation Reduction Act?

Initiate our first tax credit transaction

42%

Continue selling/buying tax credits

36%

No plans to pursue transferable tax credits

22%

Responses from real estate and construction tax leaders only.

The credit and incentive opportunities for real estate and construction firms have grown over the last few years, but so too has the difficulty of capturing them. The share of real estate and construction respondents who view taking advantage of credits and incentives as a significant or moderate challenge increased by 20 points year over year. The credit landscape real estate and construction firms are navigating spans two distinct areas: longstanding industry-specific programs like the Low-Income Housing Tax Credit (LIHTC), and the broader [transferable credit market](#), the mechanics of which were introduced by the Inflation Reduction Act in 2022.

Participation in the transferable credit market is increasing, with 42% of real estate and construction firms planning to initiate their first-ever credit transfer transaction in the next 12 months. These firms face several challenges as they enter the market, as it has grown significantly in volume since first being introduced, pricing has compressed, and sourcing for transactions that net out at favorable rates are becoming more competitive. The market's standards for due diligence standards and deal structuring are also still maturing.

First-time entrants must prepare for potential risks. Credits can only be transferred once, and recapture risk can be triggered within the first five years, which underscores the importance of careful underwriting before committing.

Eighty-eight percent of respondents in this sector rate **the ability to take advantage of credits and incentives as a significant or moderate challenge.**

Looking Ahead

- ▶ **Strengthen proactive SALT readiness and audit preparedness:** As SALT enforcement activity continues to rise, firms should evaluate whether existing compliance processes, documentation standards, and technology infrastructure are sufficient to support audit readiness across jurisdictions. Nexus exposure tied to multistate project activity should be a focus — firms may be operating in more jurisdictions than current compliance posture accounts for. Organizations may also benefit from [outsourcing SALT compliance](#) to strengthen and support existing tax teams.
- ▶ **Model investment decisions through both federal incentives and state nonconformity rules:** As firms pursue opportunities tied to bonus depreciation and other OBBBA provisions, [conducting a cost segregation study](#) at the outset of a project can provide greater visibility into project spend and can help establish the foundation for more strategic tax planning.
- ▶ **Build a more strategic approach to tax credits and credit transfers:** With many businesses planning to enter the transferable credit market for the first time, organizations should move beyond opportunistic credit pursuits toward a more structured strategy. For first-time market entrants, that also means building the diligence, documentation, valuation, and governance processes needed to transact with confidence and understand recapture risk before committing. Organizations that develop fluency in credit transfer transactions now will be better positioned to act quickly and at scale as the market continues to mature.

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



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