NAVIGATING 2026

Jurisdiction: United States
Tax Type: SALT
Issue: State Tax Risk
Date: July 14, 2026

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SYNOPSIS:

As we pass the halfway point of 2026, here's a question every CFO and business owner should be asking:

What state and local tax (SALT) issues could catch us off guard before year-end?

State tax risks rarely appear overnight. More often, they develop quietly as a business expands into new markets, launches new products or services, hires employees, completes acquisitions, or experiences operational changes throughout the year. Taking time now to evaluate your state tax position can help avoid costly surprises and last-minute compliance challenges in December.

Five Questions Every CFO and Business Owner Should be Asking:

- **Where Do We Have State Tax Filing Obligations?** Business growth can often outpace tax compliance efforts. Activities such as hiring remote employees, expanding into new markets, increasing sales into additional states, or acquiring businesses may create new filing obligations for income tax, sales tax, payroll tax, or other state taxes.
- **Has Our Product or Service Mix Changed?** Changes to your offerings can significantly affect the taxability of your revenue. New product lines, subscription models, digital products, SaaS offerings, and changes in how products or services are delivered may create new tax collection and reporting requirements.
- **Do We Have Adequate Internal Controls for SALT Compliance?** Confirm exemption certificates are complete and current, ensure ERP tax settings are aligned with the most current taxability rules, assess whether critical compliance processes rely excessively on manual spreadsheets rather than automated controls.
- **Have We Created Nexus in New States?** Operational change often creates unintended tax consequences. Opening new locations, hiring employees, storing inventory, or increasing sales activity in new jurisdictions can trigger income tax, sales tax, franchise tax, payroll tax, and business registration obligations.
- **Are We Taking Full Advantage of Credits, Incentives, and Planning Opportunities?** Many organizations overlook valuable state tax incentives related to hiring, job creation, capital investments, research activities, and facility expansion. A proactive review can help identify opportunities to reduce tax liabilities and improve cash flow.

INSIGHT:

The most successful finance organizations view state tax as an ongoing business process rather than a year-end compliance exercise. As operations evolve, so do state tax obligations. By regularly evaluating nexus, taxability, exemption documentation, internal controls, and available incentives, CFOs and business owners can identify risks earlier, strengthen compliance, and uncover valuable tax-saving opportunities before they become year-end issues.

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