Current Developments for the Real Estate Industry

Summer 2026

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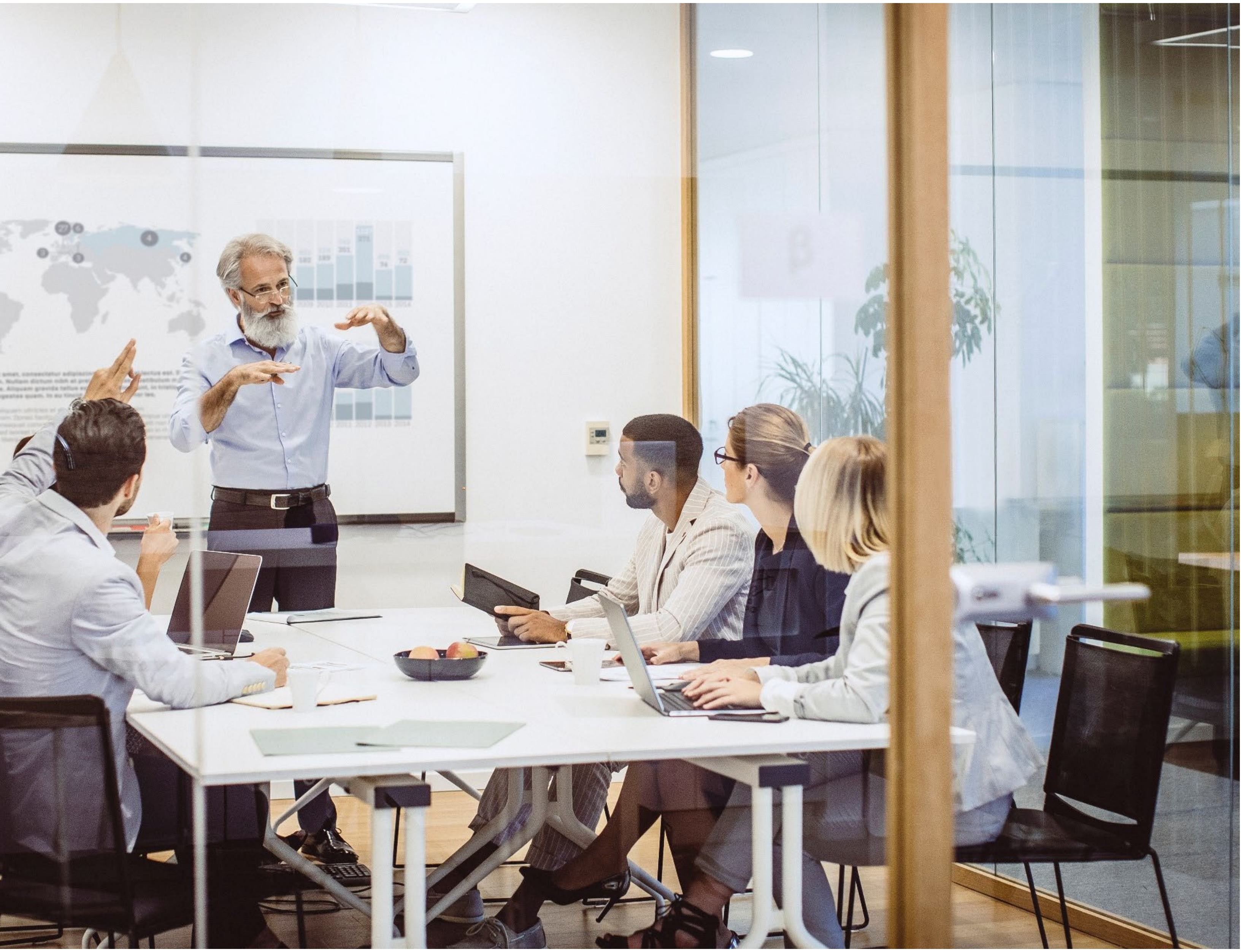
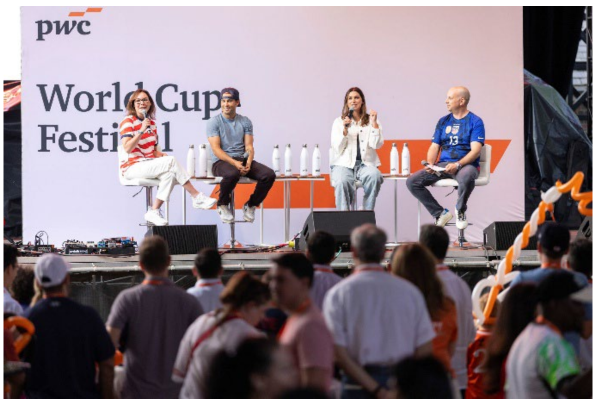


I. In the market and recent real estate trends

PwC in the market

At PwC's World Cup Festival, PwC's Allison Rosier and Seth Drucker hosted U.S. Soccer legends Alex Morgan and Landon Donovan for a panel on leadership lessons and the growth of soccer in the U.S. with over 500 clients, colleagues, and their families as New York buzzed with World Cup energy.



PwC's Allison Rosier and Seth Drucker hosted clients and business leaders across industries at PwC's Bethpage Black Invitational, where European Ryder Cup Captain Luke Donald shared powerful insights on leadership, preparation, team chemistry, and how data and technology are shaping the future of golf and business. Like golf, today's market requires focus, discipline, preparation, and resiliency.

PwC's Dana Van Wie joined Derek Shanahan to share perspectives on why the traditional public accounting staffing model is under real pressure, how firms should be thinking about workflow transformation versus just bolting tools onto broken processes, and what GPs should be asking their service providers right now.

Learn more by visiting the video **here**.

Global M&A industry trends in real estate and real assets: 2026 mid-year outlook

PwC's 2026 mid-year outlook highlights a more disciplined M&A environment, where investors are using transactions to access capital, power, and data capabilities needed to create value. Capital continues to rotate into private credit, asset-based lending, and infrastructure investments as investors seek resilient income and downside protection.

The report emphasizes that power availability is becoming a deal catalyst, particularly for data centers and infrastructure-linked assets. Investors are increasingly connecting property, infrastructure, energy, and technology within a single investment thesis, with the value of assets increasingly tied to access to grid capacity, interconnection rights, energy storage, and credible paths to scale.

Overall, the next phase of real estate and real assets M&A will be driven less by broad cyclical recovery and more by targeted investments that solve specific constraints. Platforms with access to scarce inputs are expected to be best positioned for value creation.

Learn more by visiting the publication **here**.

US Deals 2026 midyear outlook

PwC's US Deals 2026 midyear outlook describes a deals market shaped by continued uncertainty, but also by opportunities for companies and investors that can move decisively. The outlook highlights that dealmakers are reassessing strategy amid changing macroeconomic conditions, financing considerations, geopolitical volatility, and the accelerating impact of AI.

The strongest deals are likely to be those built around resilience, operational improvement, and long-term strategic fit rather than short-term market timing. Buyers are placing greater emphasis on margin durability, cash flow visibility, and the ability to create value after closing through transformation, technology, and disciplined execution.

For real estate and real assets, the themes are particularly relevant as investors continue to evaluate capital costs, financing availability, and the durability of sector-specific demand. The publication reinforces that successful dealmaking in the current environment requires deeper diligence, clearer value creation plans, and the ability to distinguish durable growth drivers from temporary market signals.

Learn more by visiting the publication **here**.

Private equity: US Deals 2026 midyear outlook

PwC's private equity midyear outlook describes a bifurcated market in which overall deal activity remains pressured, but capital is concentrating in higher-conviction transactions. Private equity deal volume declined in the first half of 2026 while average deal size increased significantly, reflecting a market where sponsors are deploying capital selectively rather than broadly.

Fundraising has become increasingly dependent on demonstrated distributions to paid-in capital, with LPs placing more emphasis on realized returns than paper marks. Exit activity remains constrained, prompting greater use of continuation vehicles and secondaries as sponsors look for alternative ways to return capital and manage portfolio duration.

AI is also reshaping the private equity landscape, both as a risk to legacy software assets and as a value creation lever across portfolio companies. The publication suggests that sponsors with credible operating capabilities, AI-enabled transformation strategies, and transparent value creation narratives will be better positioned in a market that is rewarding execution over financial engineering.

Learn more by visiting the publication **here**.

Quarterly outlook: Insights on the US and global economy

PwC's quarterly economic outlook emphasizes that companies are operating in an environment where resilience, security, and strategic control are becoming central to capital allocation decisions. The report notes that geopolitical disruption, including conflict-related risks and potential supply chain interruptions, is accelerating the shift away from pure cost optimization.

Companies should rethink resilience as an economic investment rather than an inefficiency. Backup suppliers, inventory buffers, energy hedges, and other forms of operational flexibility are increasingly viewed as rational responses to a higher-risk operating environment.

For real estate companies, these themes are especially relevant given the sector's exposure to capital costs, energy availability, supply chain constraints, and long-term infrastructure needs. The outlook suggests that organizations should balance near-term margin and liquidity pressures with investments that strengthen adaptability, reduce disruption risk, and support long-term competitiveness.

Learn more by visiting the publication **here**.

Physical AI diligence for dealmakers

PwC's Physical AI diligence for dealmakers explores how AI embedded in physical systems is creating a distinct investment category that blends hardware complexity with software-like economics. The publication highlights that physical AI combines capital-intensive hardware, data moats, recurring revenue opportunities, and operational execution risk, meaning it cannot be diligence like pure software or traditional industrial assets.

The market is becoming increasingly investable as model costs decline, simulation-to-real capabilities improve, and automation use cases mature. Industrial, logistics, and connected infrastructure environments are identified as particularly actionable because they are more controlled, ROI can be measured, and robotics-as-a-service models are expanding adoption.

For real estate and real assets investors, the publication underscores the importance of evaluating physical AI through both technology and operational lenses. Deal teams should assess manufacturing readiness, deployment economics, reliability, data advantages, and whether AI-enabled performance claims can be repeated at scale in real-world environments.

Learn more by visiting the publication **here**.

Building an intelligent enterprise in the age of AI

PwC's Building an intelligent enterprise in the age of AI describes an operating model where strategy, technology, operations, and governance function as one integrated system, with AI at the core. The publication emphasizes that AI should move beyond disconnected pilots and become a business-wide capability supported by trusted data, clear accountability, and governance.

An intelligent enterprise enables faster, better-informed decisions by ensuring data flows to the right places with the right level of accuracy and control. For real estate companies, the concept is relevant to finance transformation, portfolio management, tenant experience, risk monitoring, and capital allocation.

Learn more by visiting the publication **here**.

2026 AI Global Jobs Barometer

PwC's 2026 AI Global Jobs Barometer analyzes more than one billion job ads across six continents and finds that AI is creating a two-track labor market. The report highlights that productivity growth is 40% higher at companies most exposed to AI, while skills for the most AI-exposed jobs are changing more than twice as fast as those for the least AI-exposed jobs. For real estate leaders, the implications extend beyond technology functions. As AI reshapes roles across finance, operations, investment management, and reporting, companies will need to rethink workforce planning, upskilling, and the balance between automation and human judgment.

Learn more by visiting the publication **here**.

Transformation Risk insights

PwC's Transformation Risk insights series focuses on how organizations can manage the risks that arise during large-scale business transformation. The series emphasizes that transformation today extends beyond technology implementation and touches people, culture, regulatory compliance, operations, data, and controls.

PwC encourages a portfolio-wide approach to transformation risk, helping organizations identify dependencies, align functions, and manage controls without slowing innovation. Key risk areas include regulatory and compliance, program governance and delivery, people and culture, brand and reputation, technology and infrastructure, operational disruption, process automation, data and sustained outcomes.

For real estate companies pursuing AI adoption, finance modernization, system implementations, or operating model changes, the series reinforces the need to build governance and risk management into transformation efforts from the outset. Successful transformation requires balancing speed with control, stakeholder trust, and measurable long-term outcomes.

Learn more by visiting the publication **here**.

Adapting natural gas infrastructure to meet AI's energy demand

PwC's report on natural gas infrastructure and AI data centers highlights how the AI buildout is becoming a power and gas-delivery story. As hyperscale data centers require reliable, around-the-clock power, natural gas is emerging as a critical bridge fuel to support AI growth.

PwC projects that AI-linked gas demand in the United States could rise materially by 2035, depending on data center buildout scenarios. Existing gas networks, including pipelines, storage assets, and established rights-of-way, may provide a competitive advantage by helping developers reduce permitting delays and accelerate time-to-power.

For real estate and infrastructure investors, the report underscores that energy procurement is becoming a strategic differentiator in data center development. Site selection, behind-the-meter generation, dedicated gas supply arrangements, and access to reliable infrastructure are increasingly central to project feasibility, asset value, and long-term competitiveness.

Learn more by visiting the publication **here**.

II. Accounting and financial reporting hot topics

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SEC proposes major filer status overhaul

PwC's In brief on the SEC's proposed filer status overhaul summarizes proposed rule changes that would simplify public company filer categories into two primary groups: large, accelerated filers and non-accelerated filers. The proposal would raise the large, accelerated filer threshold to $2 billion in public float and provide non-accelerated filers with many accommodations currently available to smaller reporting companies and emerging growth companies.

The proposed changes could affect filing deadlines, disclosure requirements, financial statement requirements, and internal control reporting. PwC notes that non-accelerated filers would receive scaled disclosures and would no longer be required to obtain an auditor attestation on internal control over financial reporting, although management's responsibility to assess ICFR would remain unchanged. For real estate companies and REITs, the proposal could influence public company compliance planning and audit committee oversight.

Learn more by visiting the in brief **here**.

SEC proposes optional semiannual reporting framework

PwC's In brief on the SEC's proposed semiannual reporting framework addresses a proposal that would allow public companies to elect semiannual reporting instead of quarterly reporting. The proposal could significantly reshape public company reporting obligations and investor communications if adopted.

Quarterly reporting would remain an important reference point for many companies and investors, but the proposal would introduce a meaningful alternative for companies that elect the new framework. Potential impacts include changes to reporting cadence, disclosure controls, audit committee agendas, forecasting processes, and investor relations strategies.

For real estate companies, the proposal could raise important questions about transparency, market expectations, and access to capital. Companies would need to weigh any administrative relief against investor demand for timely information, especially in a sector where capital markets activity, property valuations, and financing conditions can shift quickly.

Learn more by visiting the in brief **here**.

SEC semiannual reporting proposal: Cutting quarters, not corners

The SEC's proposal to allow optional semiannual reporting could significantly reshape public company reporting obligations and investor communications. SEC Division of Corporation Finance Director Jim Moloney joins the podcast with PwC's Kyle Moffatt and John Vanosdall to discuss what the proposal would change, why the SEC is considering the shift now, and the potential implications for companies, investors, and the public markets.

Learn more by visiting the video podcast **here**.

FASB issues new guidance on PIK dividends

PwC's In depth on FASB's new guidance for paid-in-kind dividends explains that ASU 2026-01 requires PIK dividends within its scope to be initially measured based on the PIK dividend rate stated in the preferred stock agreement. The guidance applies to preferred stock classified in equity, including mezzanine-classified preferred stock under SEC guidance.

The guidance may change current accounting practice for certain entities by establishing a single model for initial measurement. Companies with preferred equity arrangements will need to evaluate whether existing instruments fall within scope and whether adoption affects historical or future accounting conclusions.

For real estate companies, the guidance may be relevant to complex capital structures, preferred equity financing, joint venture arrangements, and other instruments that include paid-in-kind dividend features. The update reinforces the importance of reviewing financing terms carefully and assessing the related financial reporting impacts.

Learn more by visiting the in depth **here**.

Environmental credits accounting: FASB issues new standard

PwC's In depth on environmental credits accounting addresses FASB's new standard on accounting for environmental credits, an increasingly relevant area as companies pursue renewable energy, emissions reduction, and sustainability-related strategies. The guidance is intended to provide accounting direction for environmental credits, which may include renewable energy credits, carbon credits, and similar arrangements.

For real estate companies, environmental credits may arise in connection with renewable power procurement, building efficiency strategies, tenant sustainability commitments, development projects, or broader emissions reduction programs. As these arrangements become more common, companies may need to evaluate recognition, measurement, presentation, and disclosure considerations.

Sustainability-related activities can have direct financial reporting implications. Real estate companies should consider whether environmental credit arrangements are part of compliance programs, voluntary sustainability strategies, or commercial transactions, as those facts may affect the accounting analysis.

Learn more by visiting the in depth **here**.

Hedge accounting: FASB proposes targeted amendments

PwC's In brief on the FASB's proposed hedge accounting amendments summarizes a proposed ASU focused on targeted improvements to interest rate risk hedging and net investment hedging. The proposal addresses three areas: hedging interest rate risk of held-to-maturity debt securities, allowing more SOFR rates to qualify as benchmark interest rates, and permitting additional float-to-float cross-currency swaps to be used in net investment hedges.

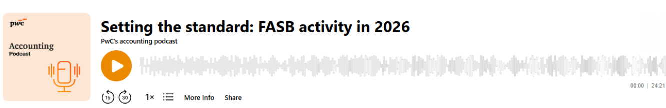
The proposal is intended to refine hedge accounting guidance and better align accounting outcomes with certain risk management strategies. Companies that use derivatives or hedge accounting programs may need to evaluate documentation, designation, effectiveness, and systems impacts if the guidance is finalized.

For real estate companies, the proposal may be relevant to interest rate risk management, floating-rate debt, refinancing strategies, and foreign currency exposure for global operations. The developments reinforce the need for treasury, accounting, and financial reporting teams to stay aligned as market volatility and financing strategies evolve.

Learn more by visiting the in brief **here**.

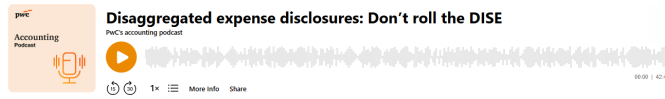
Setting the standard: FASB activity in 2026

FASB standard setting activity continues full steam ahead in 2026, with projects focused on crypto assets, hedge accounting, liability-versus-equity classification, the statement of cash flows, and other key accounting topics. While the pace of new accounting standards may appear quieter than in recent years, the Board has been actively evaluating stakeholder feedback from its agenda consultation process and advancing projects that could lead to significant future accounting updates. This episode discusses the key themes emerging from that feedback, recent agenda decisions, and other developments companies should monitor.



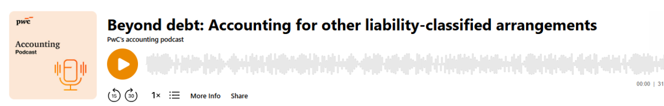
Disaggregated expense disclosures: Don’t roll the DISE

The FASB’s disaggregation of income statement expenses (DISE) guidance requires public business entities to provide significantly more detail about key income statement expense captions beginning in 2027. This episode covers what the new disclosure requirements mean, why implementation may be more complex than expected, and how companies can start preparing their data, systems, processes, controls, and judgments now.



Beyond debt: Accounting for other liability-classified arrangements

Liability classification under US GAAP extends well beyond traditional loans and bonds. In this episode, we discuss common arrangements that may be accounted for as liabilities, including preferred stock, warrants, noncontrolling interests, failed sale transactions, sales of future revenue, and supplier finance programs. In this episode, we cover liability classification, measurement, and other accounting implications.



III. Regulatory considerations

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SEC registered offering reform: capital raising impacts

PwC's In brief on SEC registered offering reform highlights proposed amendments intended to modernize the registered securities offering framework and expand access to public capital markets. If adopted, the changes would broaden Form S-3 eligibility, giving more registrants access to shelf offerings, at-the-market programs, and certain registration and communication benefits currently reserved for well-known seasoned issuers.

The proposal would also replace the current domestic WKSI framework with new issuer categories and expand Form S-1 incorporation-by-reference rules. These changes are intended to make capital raising more flexible by recognizing that issuer-specific information is increasingly available through Exchange Act reports.

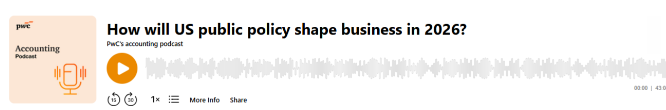
For REITs and real estate companies that regularly access public capital markets, the proposal could meaningfully affect financing strategy and execution. Expanded eligibility for shelf registration and related offering tools may improve flexibility when market windows open, making readiness and disclosure planning especially important.

Learn more by visiting the in brief **here**.

How will US public policy shape business in 2026?

The US public policy landscape continues to evolve and impact US and global businesses. We cover key developments in Washington, D.C., including tariffs, AI, and other areas as well as at the SEC and PCAOB, along with what it all means for financial reporting and strategic decision-making. In this episode, we discuss:

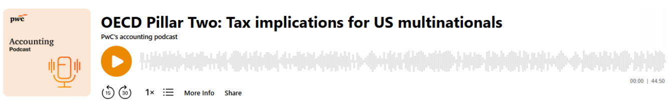
- Overview of the 2026 public policy environment and business implications
- Affordability challenges and limits of policy solutions
- Tariff strategy shifts and ongoing uncertainty for businesses
- SEC and PCAOB priorities and leadership changes
- INVEST Act and the outlook for capital formation
- AI governance and the fragmented state and federal approach
- Key takeaways and what businesses should monitor in 2026



OECD Pillar Two: Tax implications for US multinationals

The OECD's January 2026 Administrative Guidance on Pillar Two introduces new safe harbor provisions that could significantly affect how US multinationals are taxed globally. This episode breaks down the key provisions and their accounting and financial reporting implications. In this episode, we discuss:

- Background on Pillar Two and core concepts
- Ultimate Parent Entity Safe Harbor overview
- Overview of the OECD Administrative Guidance
- Key accounting and financial reporting considerations
- Criteria for the Side-by-Side Safe Harbor
- Extension of the Country-by-Country Safe Harbor



GHG Protocol seeks input on actions and market instruments

PwC's In brief on the GHG Protocol's actions and market instruments project explains that the GHG Protocol is developing a new standard focused on how companies account for the greenhouse gas impacts of actions and market instruments. The publication summarizes the request for information and explains why it may matter for entities reporting GHG emissions.

The project is part of the GHG Protocol's broader workplan to update its corporate standards and guidance. It may address how companies reflect renewable energy procurement, carbon credits, book-and-claim mechanisms, and other instruments used to support emissions reduction strategies.

For real estate companies, the project could influence how emissions-related actions are measured, reported, and communicated to stakeholders. Organizations with renewable energy strategies, carbon market participation, or tenant-driven sustainability programs should monitor the standard-setting process and consider how future guidance may affect GHG reporting.

Learn more by visiting the in brief **here**.

Sustainability now: "Clearing the air" on GHG Protocol updates

The GHG Protocol continues to evolve as companies prepare for expanding climate reporting requirements under the California SB 253 law, ESRS, and ISSB standards. In this episode, we discuss the Scope 2 consultation, the Land Sector and Removals Guidance, and the new Actions and Market Instruments Request for Feedback and White Paper, along with related implementation and reporting challenges.

Learn more by visiting the video podcast **here**.

Simplified ESRS — European Commission would like to hear your views

PwC's In brief on the simplified ESRS highlights the European Commission's continued efforts to simplify sustainability reporting under the broader Omnibus package. The Viewpoint search listing identifies the publication as addressing the European Commission's request for feedback on simplified European Sustainability Reporting Standards.

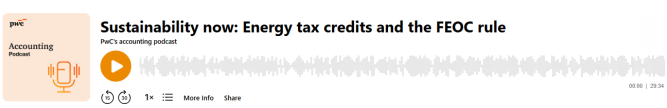
The proposed simplification effort is intended to reduce reporting burden while preserving the core objectives of sustainability transparency. Expected areas of focus include reducing mandatory datapoints, improving clarity, and making the standards more practical for companies preparing sustainability disclosures.

For real estate companies with European operations, investors, or parent/subsidiary reporting considerations, the developments may affect reporting scope, data collection, and materiality assessments. Companies should continue monitoring the final standards and evaluate whether simplification changes their implementation timelines or reporting approach.

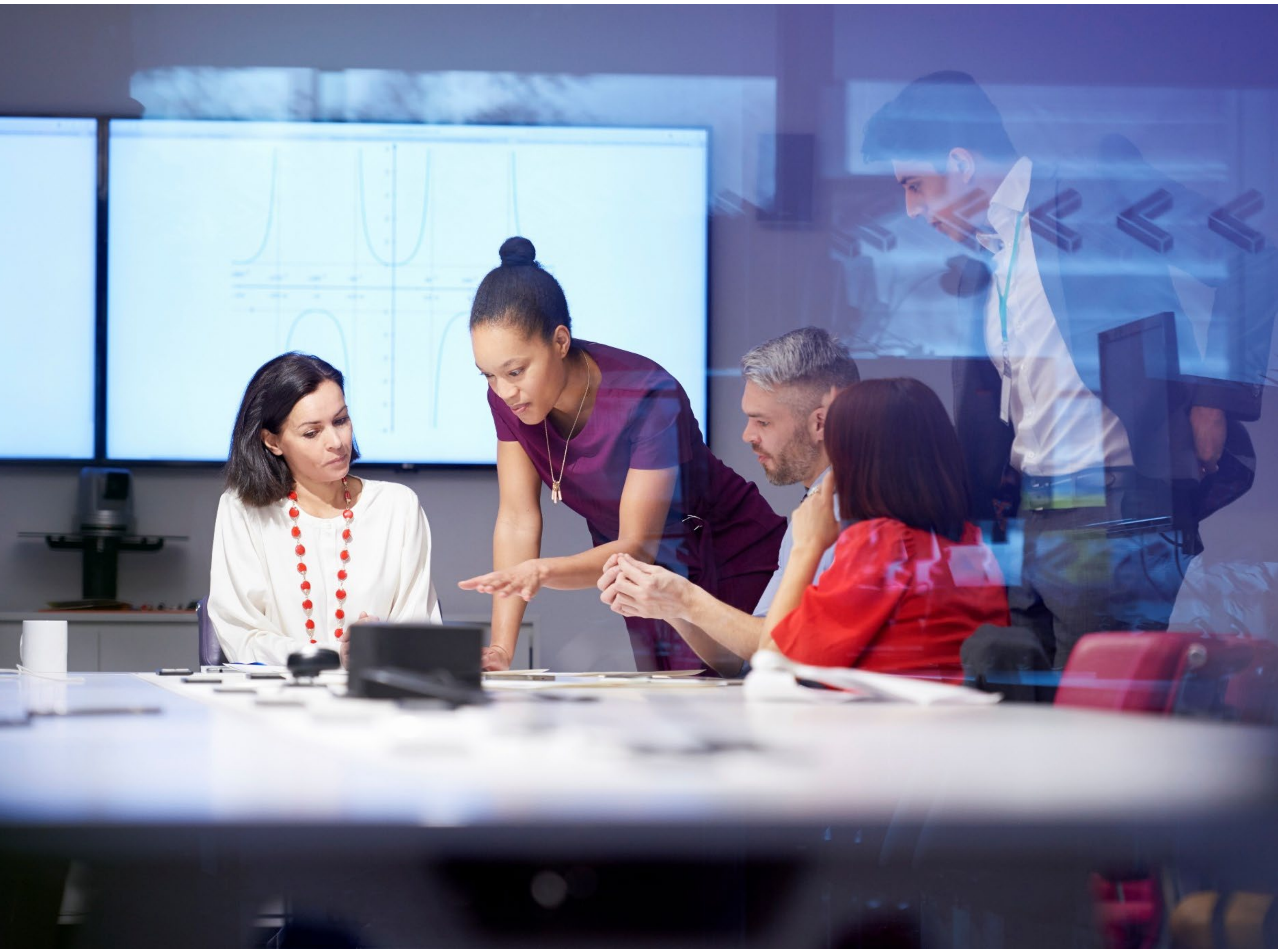
Learn more by visiting the in brief **here**.

Sustainability now: Energy tax credits and the FEOC rules

Foreign Entity of Concern, or FEOC, rules and energy tax credits are reshaping how companies evaluate eligibility and structure investments across the energy sector. In this episode, we explore how the foreign entity of concern framework—introduced under the One Big Beautiful Bill Act—applies at both the taxpayer and project level across the energy sector. We cover recent IRS and Treasury guidance and highlight practical challenges related to supply chain tracing, compliance, and financing.



IV. Update on tax matters



IV. Update on tax matters

Accounting Methods Spotlight Q2 2026

This quarter's Accounting Methods Spotlight highlights recent developments and guidance on tax accounting issues including:

- Level-setting a year after One Big Beautiful Bill (OBBBA)
- Federal income tax considerations of tariff refunds after the IEEPA decision
- Accounting method changes for R&E expenditures under Sections 175/174A
- Blue Book explanations of OBBBA provisions
- Treasury and IRS guidance on OBBBA provisions

Taxpayers continue to face challenges implementing new tax elections and accounting method changes while navigating evolving regulatory guidance and assessing the tax consequences stemming from the Supreme Court's invalidation of IEEPA tariffs. The tax treatment of tariff refunds depends on how the original tariff costs were accounted for, with additional considerations arising from customer rebates, transfers of refund claims, and transfer pricing issues within multinational organizations. At the same time, new Section 174A restores flexibility for domestic research and experimental (R&E) expenditures, requiring taxpayers to evaluate whether immediate expensing or capitalization is more advantageous in light of potential effects on interest deduction limitations, state tax conformity, corporate alternative minimum tax (CAMT) exposure, and other tax attributes.

Recent guidance has provided further clarification on Section 174A, bonus depreciation, qualified production property, CAMT, and clean fuel credits, while the Blue Book offers additional insight into interest capitalization ordering rules, qualified production property definitions, Sections 174 and 174A transition mechanics, and charitable contribution limitations. As guidance continues to evolve, companies should assess whether available elections, accounting method changes, or changes in facts and circumstances could improve their taxable income position, cash tax obligations, effective tax rate, and other tax attributes, while considering protective positions where uncertainty remains.

Learn more by visiting this **Insight**.

Redefining the Starting Line: Q2 2026

This quarter's Redefining the Starting Line explores the evolving state tax compliance landscape following enactment of the One Big Beautiful Bill Act (OBBBA), as states have taken different approaches to conformity with federal tax changes for the 2025 tax year. Legislative developments during the second quarter of 2026 illustrate how states may update general conformity provisions, decouple from specific OBBBA changes, or adopt state-specific modifications, resulting in greater variation in state tax treatment and increased compliance complexity.

One of the most significant areas of divergence involves the treatment of research and experimental (R&E) expenditures. The enactment of Section 174A allows immediate federal expensing of domestic R&E expenditures, while foreign R&E expenditures generally remain subject to 15-year amortization under Section 174. States have responded in different ways, with some continuing to apply pre-OBBBA Section 174 treatment and others adopting state-specific deduction and amortization methodologies. These approaches can affect the calculation of taxable income, tax attributes, and state tax compliance obligations across jurisdictions.

As taxpayers continue through the 2025 compliance cycle and begin planning for 2026, these differing conformity approaches may require careful consideration of state-specific rules and resulting variations in tax treatment. Decoupling and modification provisions can affect not only the timing and amount of R&E deductions, but also other tax attributes and state income tax calculations. Looking ahead, taxpayers may need to evaluate differences in state treatment between the 2025 and 2026 tax years and consider the state tax implications associated with the transition from the global intangible low-taxed income (GILTI) regime to the net controlled foreign corporation tested income (NCTI) regime.

Learn more by visiting this **Publication**

US Indirect tax quarterly digest - 2nd quarter 2026

The US Indirect Tax Quarterly Digest for Q2 2026 highlights significant state and local indirect tax developments, including the continued expansion of sales and use tax regimes to digital products, software, and technology-related services. Legislative and administrative actions across several states reflect ongoing efforts to modernize indirect tax systems and address evolving digital business models.

Recent developments include Colorado's expansion of sales and use tax to software downloads, applications, and remote-access software; Illinois's enactment of new taxes affecting digital advertising, social media platforms, and certain digital asset activities; Kentucky's expansion of taxable services to include data brokering; and Maryland's adoption of a statutory framework governing multiple points of use (MPU) certificates for digital products and information technology services, effective January 1, 2027. Together, these changes illustrate the increasing reach of indirect taxes into technology-driven transactions and digital commerce.

Judicial developments also continue to shape indirect tax considerations for multistate taxpayers. In Tennessee, the Court of Appeals held that receipts from software licenses are exempt from the state's business tax because they constitute sales of intangible personal property, while cloud-based hosting and related services remain taxable when provided to Tennessee users. The decision highlights the importance of transaction characterization, sourcing methodologies, and customer location in determining state tax obligations for technology and service providers.

As state legislatures, taxing authorities, and courts continue to address emerging technologies and digital business activities, businesses may need to monitor developments closely to assess potential impacts on taxability, compliance requirements, and transaction structuring

Learn more by visiting this **Publication**.

Congress passes budget reconciliation bill for immigration enforcement funding

This insight discusses the passage of a $70 billion budget reconciliation bill that provides funding for immigration enforcement activities within the Department of Homeland Security, including Immigration and Customs Enforcement (ICE) and Border Patrol operations. The legislation was approved by narrow margins in both the Senate and House and is notable for utilizing the budget reconciliation process, which allows passage with simple majorities rather than the higher vote threshold typically required for appropriations legislation. The final bill did not include any tax provisions or several previously proposed funding measures, underscoring its limited focus on immigration enforcement priorities.

While the legislation has no direct tax implications, the political challenges encountered during its passage provide insight into the current congressional environment and the difficulty of advancing additional reconciliation legislation.

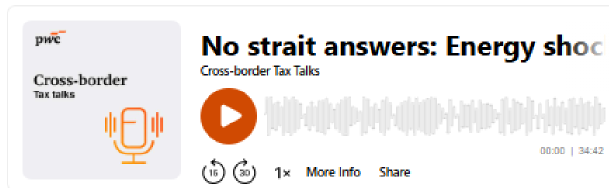
Looking ahead, uncertainty remains regarding the potential for a third reconciliation bill, although congressional leaders have reportedly begun discussing future tax and spending proposals. For businesses, these developments warrant continued monitoring as future legislative activity could influence broader fiscal, tax, and economic policy considerations later in 2026.

Learn more by visiting this **Insight**

Cross-border Tax Talks

In the Cross-border Tax Talks podcast, Doug McHoney, International Tax Services Global Leader and PwC's Chief Economist, Dr. Alexis Crow, examined how ongoing geopolitical tensions, including the conflict in Iran, may influence energy markets, inflation, global trade, and economic growth. While current conditions differ from prior energy crises, businesses continue to navigate uncertainty related to commodity prices, supply chains, and trade policy, making scenario planning increasingly important. The conversation also highlights the resilience of the US economy, supported by strong consumer demand, sustained economic growth, and significant investment in artificial intelligence and technology-related infrastructure.

Looking ahead, broader structural trends—including deglobalization, onshoring initiatives, increased industrial investment, and the growing demand for energy and digital infrastructure—are expected to shape long-term economic activity. At the same time, advances in generative AI and automation continue to transform productivity and workforce needs, while financial stability risks, private credit market vulnerabilities, and ongoing inflationary pressures remain key areas for businesses and investors to monitor as they adapt to an increasingly complex global environment.



IRS Reinstates "significant issue" ruling program

The IRS recently reinstated its long-standing "significant issue" private letter ruling program through Revenue Procedure 2026-21, restoring taxpayers' ability to seek advance guidance on discrete tax issues arising in certain corporate transactions without requesting a ruling on the transaction as a whole. This change reverses the IRS's 2024 policy that eliminated the program and reflects a broader effort by the Treasury Department and IRS to provide taxpayers with greater flexibility and certainty when navigating complex transactions. By allowing taxpayers to obtain rulings on narrowly defined legal issues, the program may reduce the time and expense associated with seeking advance tax guidance while offering greater clarity on critical transactional matters.

The reinstated program is available for qualifying transactions involving certain corporate tax provisions and enables taxpayers to address specific areas of uncertainty without undergoing the more comprehensive overall-transaction ruling process. While the targeted approach can provide meaningful benefits, taxpayers must carefully assess whether a “significant issue” ruling or a broader ruling request is more appropriate based on the facts and circumstances of a transaction.

Companies should consider incorporating the “significant issue” program into their transaction planning strategies and, with regard to their particular transactions, engage early with advisors to determine whether this option provides an advantageous ruling process. risk.

Learn more by visiting this **Insight**

IRS provides transitional guidance on Opportunity Zone changes

The IRS and Treasury recently released Notice 2026-40, providing transitional guidance on Opportunity Zone provisions amended by the One Big Beautiful Bill Act (OBBBA). The guidance addresses QOZ designations, investor deferral elections, post-2026 property acquisitions, compliance testing, and the transition to the permanent Opportunity Zone regime, while confirming that existing QOZ designations generally remain in effect through their applicable expiration dates.

For investors, gains deferred under the original Opportunity Zone program that must be recognized on December 31, 2026, cannot be deferred again under the revised regime. However, eligible gains realized in 2026 or triggered by inclusion events may qualify for deferral if timely invested in a QOF on or after January 1, 2027. The notice also provides transition rules for QOFs and QOZBs, including exceptions for certain post-2026 tangible property acquisitions, working capital safe harbor plans, and ordinary course replacement property.

Taxpayers with existing QOF investments, planned Opportunity Zone projects, or transactions near year-end 2026 may need to evaluate investment timing, development activities, and compliance obligations under these transition rules.

Learn more by visiting this **Insight**.

California to impose sales and use tax on digital products including prewritten software and SaaS beginning January 1, 2027

California recently enacted legislation that will apply sales and use tax to digital products, including electronically delivered prewritten software and software-as-a-service (SaaS), beginning January 1, 2027. The law significantly expands California’s sales tax base by extending taxation to software regardless of how it is delivered or accessed, while custom software remains exempt.

The legislation also introduces sourcing rules, exemptions for certain out-of-state use, and provisions that may shift tax remittance obligations to purchasers for certain large transactions. As businesses prepare for implementation, software vendors and purchasers may need to evaluate the impact on tax collection, use tax reporting, pricing, and compliance processes.

Learn more by visiting this **Insight**.

V. Governance discussion

V. Governance discussion

Audit committee considerations for the SEC's proposal on semiannual reporting

The SEC's proposed semiannual reporting framework could have broad implications for financial reporting, governance, transparency, and market oversight. Companies considering a transition from quarterly to semiannual reporting should carefully assess the potential impact on stakeholders, controls, and reporting processes before making an election. Audit committees and management teams are encouraged to evaluate whether a less frequent reporting cadence aligns with the company's long-term strategy, investor expectations, and oversight responsibilities.

If management is considering a transition to semiannual reporting, leaders should focus on several key areas. Organizations should evaluate how financial reporting processes, disclosure controls, and stakeholder communications would operate during "off quarters," while also assessing the implications for external audit procedures, internal audit coverage, compliance monitoring, fraud prevention, and insider trading controls. In addition, companies should consider how reduced reporting frequency could affect enterprise risk management, market perception, cost of capital, regulatory scrutiny, and litigation exposure.

Audit committees may also need to reassess governance practices, including committee operations, meeting frequency, engagement with management and auditors, and potential updates to committee charters and oversight responsibilities. While semiannual reporting could reduce reporting burdens, it is important to balance those benefits against potential challenges related to transparency, investor communications, and effective oversight, with the ultimate goal of maintaining stakeholder confidence and high-quality financial reporting.

Learn more by visiting this **Insight**.

PwC's Third Annual State of Decarbonization Report

PwC's State of Decarbonization Report highlights that, despite economic, regulatory, and political headwinds, corporate commitment to sustainability remains resilient. Many organizations have shifted the way they communicate about sustainability, but have continued to pursue climate and decarbonization objectives, with most companies either maintaining or accelerating their timelines for achieving emissions-reduction goals. The focus has evolved from broad ambition toward disciplined execution, with companies placing greater emphasis on science-based targets, measurable progress, and integrating sustainability initiatives into core business strategy.

Decarbonization is increasingly being viewed as a value-creation opportunity rather than solely a compliance or risk-management exercise. Companies are applying greater financial rigor to sustainability investments, evaluating them through the lenses of growth, profitability, resilience, and capital allocation. Organizations that successfully embed sustainability into strategic decision-making can strengthen operational performance, manage emerging risks more effectively, and position themselves to capitalize on the transition to a lower-carbon economy, demonstrating that sustainability and business performance can be mutually reinforcing objectives.

Learn more by visiting this **Publication**.

Effective board oversight of sustainability strategy

Effective sustainability oversight begins with integrating sustainability considerations into core business strategy and long-term value creation. Rather than focusing on terminology or treating sustainability as a standalone initiative, boards are encouraged to evaluate sustainability through the lens of business performance, resilience, and strategic outcomes. Sustainability-related factors—including climate risks, supply chain resilience, regulatory developments, stakeholder expectations, and operational efficiency—can directly affect costs, revenues, access to capital, and a company's ability to compete over time. As a result, boards should focus on the sustainability issues that are most material to long-term success and ensure management has processes in place to identify, assess, and respond to emerging risks and opportunities.

The board's plays a role in overseeing how sustainability priorities are incorporated into business strategy, risk management, and governance processes. Directors should challenge management to evaluate sustainability considerations alongside other strategic decisions, apply an appropriate long-term perspective, and establish clear accountability, metrics, and reporting controls. By prioritizing issues that have the greatest potential to influence business performance and maintaining disciplined oversight of sustainability-related initiatives and disclosures, boards can help organizations strengthen resilience, support innovation, and create long-term value in an increasingly complex operating environment.

Learn more by visiting this **Publication**.

When every weakness is visible: Leadership in the age of AI-exposed risk

This Insight discusses how advances in artificial intelligence are fundamentally changing the cybersecurity risk landscape by enabling vulnerabilities to be identified and exploited at unprecedented speed and scale. As AI-driven threat capabilities continue to evolve, cybersecurity is increasingly becoming a strategic business issue requiring active oversight from executive leadership and boards. Organizations are encouraged to reassess their cybersecurity preparedness and strengthen resilience against a rapidly changing threat environment. The publication outlines several actions business leaders can direct now:

- Leverage AI-enabled defensive tools
- Accelerate vulnerability management and patching processes
- Strengthen foundational cybersecurity practices
- Enhance monitoring and detection capabilities
- Regularly test and rehearse incident response plans
- Elevate cybersecurity risk to a leadership board-level priority

The emergence of AI-enabled vulnerability discovery represents a structural shift in cyber risk rather than a temporary technology trend. Organizations can no longer assume that critical vulnerabilities will remain hidden or difficult for threat actors to find, increasing the importance of proactive risk management and rapid remediation. Companies that treat cybersecurity as an enterprise-wide strategic priority—supported by clear governance, ongoing investment, and executive accountability—will be better positioned to reduce exposure and respond effectively when incidents occur. At the same time, organizations that integrate AI-enabled defensive capabilities into their cybersecurity programs may gain a meaningful advantage in identifying and addressing vulnerabilities before they are exploited, helping to strengthen operational resilience and support long-term business performance.

Learn more by visiting this **Insight**.

7 reasons CFOs that integrate AI and sustainability can reinvent the finance function and build more valuable businesses

Sustainability is increasingly evolving from a reporting function into a strategic business discipline that can help organizations enhance resilience, improve operational performance, and support long-term value creation. As businesses navigate energy volatility, supply chain pressures, regulatory complexity, and changing stakeholder expectations, many are embedding sustainability considerations into core business and investment decisions while leveraging artificial intelligence (AI) to improve decision-making and risk management.

There are 7 key reasons why CFOs that integrate AI and sustainability can reinvent the finance function and build more valuable businesses:

- AI is making energy a strategic cost
- AI can make supply chain and sustainability part of the same strategy
- AI infrastructure may qualify for tax credits
- AI is making disclosure gaps harder to hide
- The people cost of AI is hitting financial statements
- AI is moving faster than governance
- AI vendor concentration is a geopolitical risk

Organizations that align sustainability objectives, AI capabilities, and financial strategy may be better positioned to manage risk, improve resilience, and support long-term value creation in an increasingly complex operating environment.

Learn more by visiting this **Publication**.

VI. Technology trends and update

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A framework for prioritizing compute

Compute is emerging as a strategic resource in the AI economy as organizations increasingly rely on advanced computing capacity to support AI, automation, robotics, and intelligent decision-making. Constrained access to frontier GPUs is influencing infrastructure strategies, capital commitments, and the pace of innovation, is prompting leaders to view compute allocation as a business decision rather than solely a technical one.

As demand for compute grows across industrial, energy, mobility, and consumer applications, organizations are evaluating how to deploy limited resources to achieve the greatest operational and economic impact. The same computing infrastructure that powers digital twins, robotics, and energy optimization is also supporting AI agents, autonomous assistants, and real-time decision systems.

The compute allocation is increasingly resembling capital allocation, with decisions influenced by infrastructure access, ecosystem relationships, and strategic intent. As compute becomes a common foundation across industries, leaders are increasingly focused on aligning compute decisions with measurable operational and economic outcomes.

Learn more by visiting this **Insight**.

2026 AI business predictions

The 2026 AI business predictions takes a look at why many organizations are achieving measurable returns from AI, but only a small number are generating transformative value such as significant revenue growth and valuation advantages. Companies that achieve the greatest results focus their investments on a limited number of high-impact opportunities rather than spreading resources across disconnected pilots. As AI technologies continue to evolve, examples of successful deployment are becoming more visible across strategy, operations, workforce management, trust, technology infrastructure, and sustainability, providing organizations with clearer benchmarks for measuring performance and accelerating value creation.

Realizing meaningful AI-driven transformation requires precision, disciplined execution, and leadership commitment. It highlights agentic AI and AI orchestration as technologies expected to reshape operations by automating complex workflows and accelerating decision-making at scale. Responsible AI, workforce redesign, and a focus on measurable business outcomes are critical elements for organizations seeking long-term competitive advantage. Client experience, internal transformation efforts, executive surveys, and years of AI research shows that deliberate and sustained efforts are what enable organizations to move beyond experimentation and turn AI into an engine for growth and innovation.

Learn more by visiting this **Article**.

Intent Stream: Unlocking the network effect of AI agents across the enterprise

Intent Stream is an AI agent designed to coordinate work across multiple specialized AI agents within an organization. Recognizing that enterprise requests often span functions, data sources, and workflows, Intent Stream serves as an orchestration layer that maintains a registry of available agents, determines how work should be completed, routes tasks to the most appropriate agents, executes work in parallel, and synthesizes the results into a single, cohesive response. Built to operate across different agent technologies, the framework allows organizations to integrate and manage an evolving ecosystem of AI agents while simplifying the user experience.

To support effective orchestration, Intent Stream continuously evaluates agent performance using measures such as accuracy, contextual relevance, faithfulness to source information, qualitative assessments, and user feedback to identify the best agent for each task. The platform also maintains shared context throughout interactions while enforcing strict data-boundary controls, ensuring sensitive information is routed only to approved agents within defined trust zones. Combined with comprehensive governance and logging capabilities, these features provide transparency, traceability, and oversight, enabling organizations to address complex, cross-functional requests through coordinated execution rather than disconnected, siloed AI activities.

Learn more by visiting this **Tech Effect**.

PwC announces AI Readiness Assessment to help drive AI transformation success

PwC's AI Readiness Assessment is a framework for helping organizations move from experimentation to scalable, responsible AI adoption. Successful AI transformation depends on more than technology alone, requiring confidence in strategic decision-making, trust in AI systems and operations, and strong data foundations that support reliable and informed decision-making. The assessment is designed to identify challenges, capability gaps, infrastructure needs, and ethical considerations so organizations can better align AI initiatives with their business objectives.

The assessment evaluates an organization's current and desired state of AI maturity and provides an indicative roadmap for achieving its goals. By outlining key activities, dependencies, and recommended actions, the framework is intended to support the safe adoption and scaling of AI while helping organizations optimize resources, mitigate risks, and maximize the value of AI investments. The assessment also includes tailored recommendations and stakeholder discussions to help organizations develop an approach that is both scalable and aligned with their specific needs. PwC's AI Readiness Assessment gives leadership teams the honest diagnostic they should have to move with conviction, not just confidence.

Learn more by visiting this **Tech Effect**.

From pilots to production: AI architecture that scales

AI requires more than deploying isolated use cases or pilots. Organizations that achieve meaningful results are building an architecture designed to support AI at scale, enabling them to move from fragmented, experimental applications to repeatable, enterprise-wide agentic workflows. This shift requires governance, orchestration, workflow redesign, and accountability to be embedded into the enterprise from the outset. Rather than treating

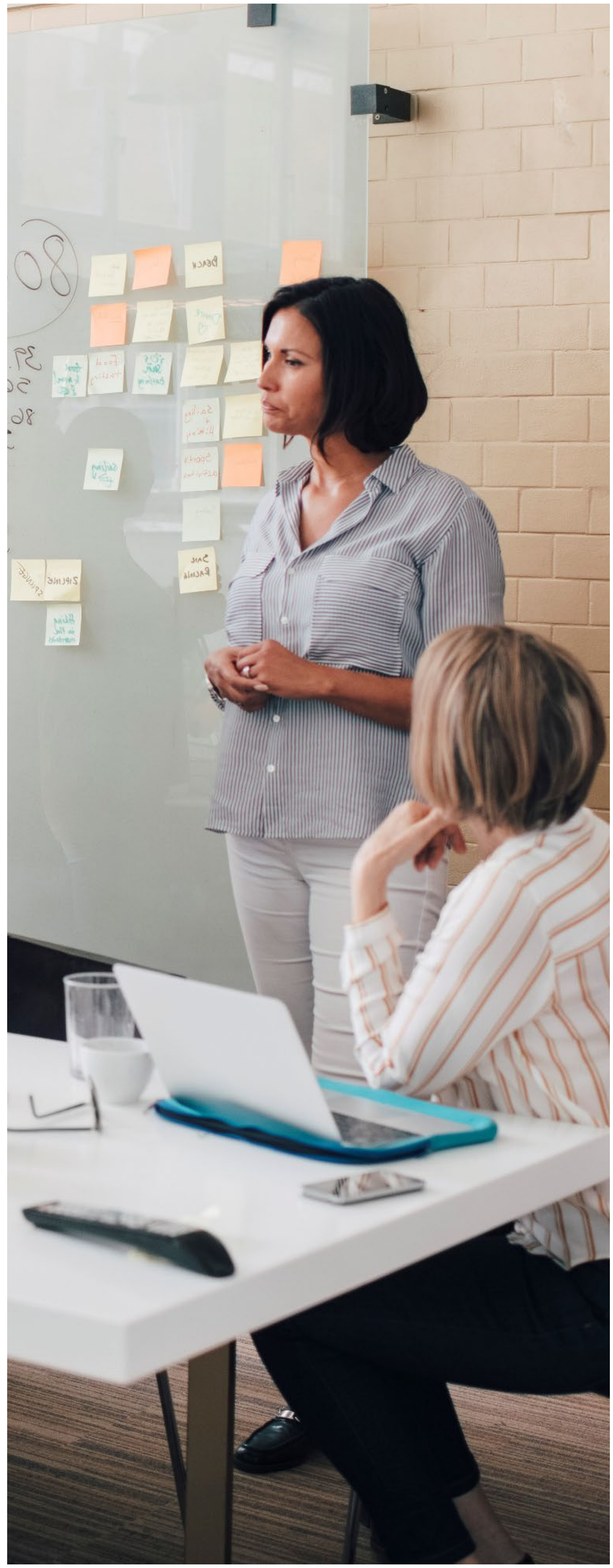
AI as a standalone tool layered onto existing processes, leading organizations are integrating AI directly into how work gets done, with clear ownership for outcomes and a focus on sustained business impact.

Agentic architecture is built on three core elements: a robust common platform with governance designed in from the start; a centralized orchestration layer that coordinates AI activities; and integration with existing technology ecosystems through specialized agents. Integration of agentic AI architecture on top of legacy systems can be done even if they are a patchwork of platforms. It can all happen quickly and cost effectively. Here are five actions that can get companies started:

- Build an agentic blueprint
- Select your foundation
- Operationalize governance
- Prepare your talent
- Choose where to go big

Technology leaders can shape their organizations' AI future by identifying high-value workflows, strengthening foundational capabilities, and preparing their workforce to operate effectively in an AI-enabled environment. Companies' ultimate objective should be to transform the enterprise workflow by workflow until AI-driven agents are embedded across operations in a dependable, industrial-grade mode

Learn more by visiting this **Publication**.



VII. Upcoming PwC Webcasts

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Save the dates for our upcoming and archived PwC Webcasts. These webcasts are a great way to stay up to date on the latest developments both domestically and abroad, as well as earn CPE. Scan the QR code below for further details.

Quarterly accounting webcast

Join PwC's upcoming quarterly accounting webcast to hear key accounting and reporting reminders as companies head into the 2nd half of 2026.

September 10	1pm ET
September 14	4pm ET
September 22	11am ET

Upcoming webcasts from our tax specialists

PwC's Real estate and infrastructure tax quarterly webcast: Key legislative, regulatory, and business updates

July 29	12pm ET

Quarterly sustainability webcast

Join our sustainability specialists for the next quarterly discussion of the ESG accounting and reporting landscape in the US and abroad. With more companies facing mandatory reporting requirements this year, we share insights on the topics covered by the reporting and leading practices for getting ready to comply.

August 6	1pm ET
August 12	3pm ET

View all of our CPE-eligible webcasts at this page

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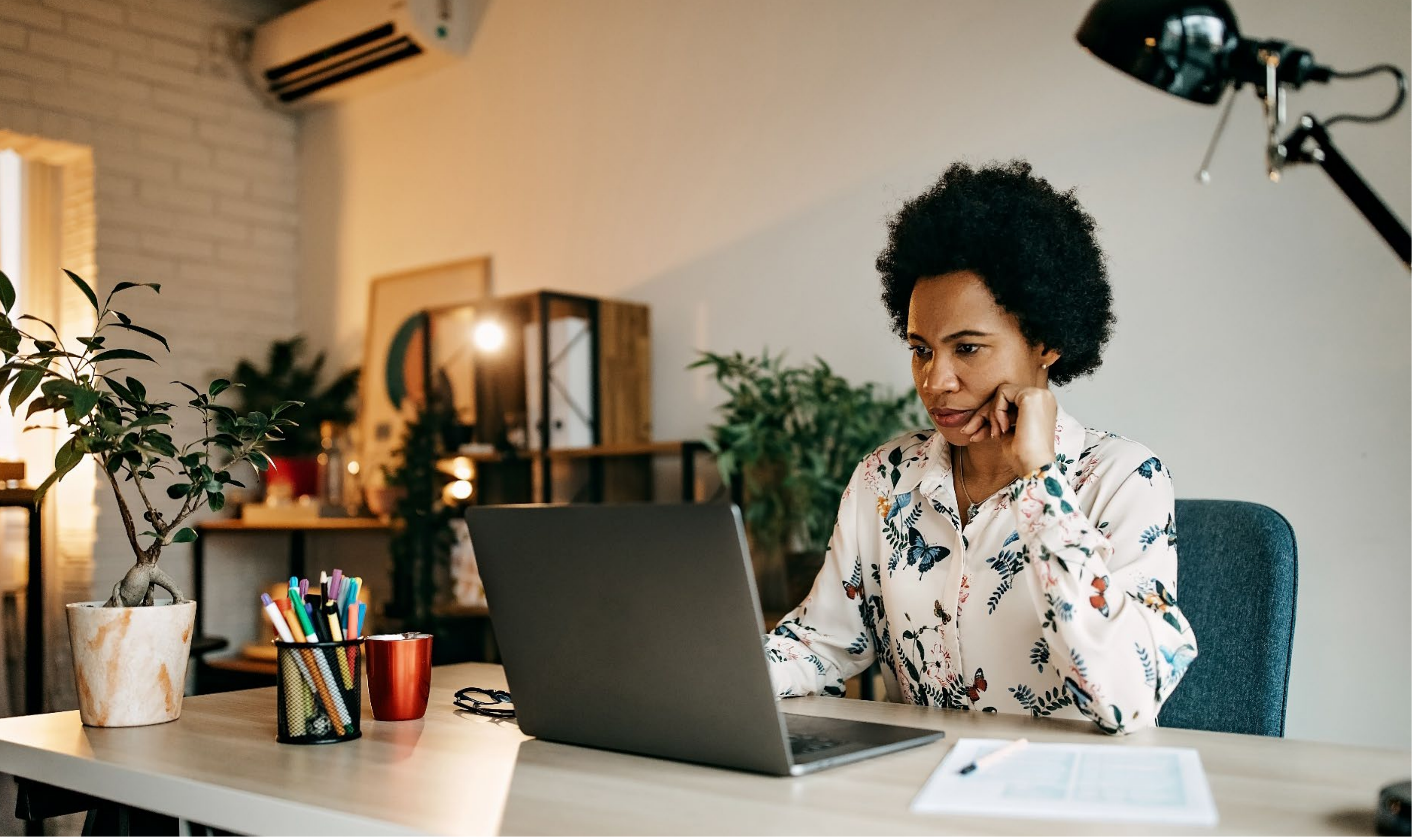

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