



ROUNDTABLE RECAP

EXECUTIVE SUMMARY	<p>Date: Wednesday, June 20, 2018</p> <p>Time: 3:00-4:00pm EST</p>
ATTENDEES:	<p>Siemens, Caterpillar, United Launch Alliance, Kimberly-Clark, AT&T, Lockheed Martin, Redhat, ZOLL, Fastenall, Bosch, Macy's, IHG, Cargill, Stanley Black & Decker, PFG, Northrop Grumman, Philips, Cavco, Tennant, ResMed, Paccar, Victaulic, Milliken, NCR, Toro, US Foods, HCA, Fiserv, Wells Fargo, Textron, Henkel, Veritiv, Saft, Monsanto, AGCO, Oracle, K2M, VMware, Pulte, Cerner, Infor, MSCI, Kellogg's, Gulfstream, Suddeth, Briggs & Stratton, SWM, McKesson, Health Equity, Bridgestone, GKN, Calsonic, ON Semiconductor</p>
SPEAKERS:	<ul style="list-style-type: none"> • Jason Massie & Peter Green, MASSIE R&D Tax Credits, Alpharetta, GA • Alex Sadler & Doug Norton, Morgan Lewis Bockius, Washington, D.C. • Patrick Evans, TEI, Washington, D.C. • Elizabeth Chery, Siemens, New Jersey • Jennifer Seymour, Kimberly-Clark, Irving, TX • Dan Mansfield, Caterpillar, Peoria, IL • Ron Willis, United Launch Alliance, Centennial, CO

AGENDA ITEMS

1. INTRODUCTIONS

Peter Green
MASSIE R&D Tax Credits, Alpharetta, GA

2. R&D TAX CREDIT ANNOUNCEMENTS

Jason Massie
MASSIE R&D Tax Credits, Alpharetta, GA

3. WASHINGTON UPDATE

Alex Sadler & Douglas Norton
Morgan, Lewis & Bockius LLP, Washington, D.C.

4. ARCHITECTURE - PROJECT PLANNING

Jason Massie – covering for *IHG and Abiomed*
Ron Willis – *United Launch Alliance*
Jennifer Seymour – *Kimberly Clark*
Elizabeth Cherry – *Siemens*
Dan Mansfield – *Caterpillar*

Peter Green and Jason Massie opened the Roundtable Meeting and introduced our featured speakers and attendees.

Bloomberg BNA is having the annual R&D Tax Credit Symposium in Washington, D.C. on September 12th (link to sign-up on the events page at www.massietaxcredits.com). MASSIE will be hosting a dinner for Roundtable members, at the conclusion of the event. Dinner invitations will be emailed soon, so save the dates!

Note: MASSIE is not associated with the Bloomberg event, but Peter Green and Jason Massie are on the faculty of the symposium covering Best Practice topics.

Coming Events:



The next R&D Tax Credit Roundtable
Thursday, September 6th, 3:00pm EST
Register online [here](#)



Jason & Peter are speaking at the Bloomberg BNA
R&D Tax Credit Symposium
Wednesday, September 12th, 8:00am-6:00pm EST
Register online [here](#) and receive a \$100 discount

Jason Massie was the first presenter for the Roundtable.

R&D TAX CREDIT ANNOUNCEMENTS

Presenter: Jason Massie
Massie R&D Tax Credits, Alpharetta, GA



1. BNA/BLOOMBERG R&D SYMPOSIUM AND ROUNDTABLE DINNER
2. LB&I DIRECTIVE INSIGHT
3. TEI CHIEF TAX COUNSEL REQUEST

Jason travels around the country speaking to TEI groups, consulting on R&D studies, and studying best practices of some of the largest taxpayers in the country.

His first topic was to promote the BNA/Bloomberg R&D tax credit Symposium.

Jason also discussed that some taxpayers are finding the LB&I Directive to result in larger credits than under the regular method. These situations are primarily limited to software companies. The analysis can be helpful to go through even if your company does not believe they will qualify or won't receive a larger benefit.

Example, Jason recently worked with a taxpayer, a software company, and discovered that many engineers in ASC 730 departments WERE NOT included in the time tracking for QRE wages under the regular method. The tax people preparing the study for the company thought all engineers tracked time. The discovery of this pocket of engineers is going to substantially increase the credit under the regular method, allow them to go back and amend for prior years, resulting in substantial benefits. This was an unintended consequence of doing the Directive analysis, but the company is very pleased with the results. Jason's advice is for every taxpayer to model the benefits under both methods. Please seek out Jason if you need assistance with this area at jmassie@massietaxcredits.com.

While at the TEI Hilton Head event, Jason was able to connect with Patrick Evans, Chief Tax Counsel for TEI in Washington. As they discussed the upcoming TEI National Event in San Diego (where MASSIE will lead a Roundtable discussion on R&D live at the event), Patrick mentioned the need for more TEI members to assist with some IRS feedback. Jason then introduced Patrick, so he could address the group.



TAX EXECUTIVES INSTITUTE, INC.

Presenter: Patrick Evans
Chief Tax Counsel
202.464.8351
pevans@tei.org



**Contact Patrick if you
are interested in
participating in
TEI initiative.**

**We will distribute a
summary of the opportunity
at the conclusion of today's
roundtable.**

Patrick interfaces with IRS to improve large case examination experiences for members. He has a working group evaluating audit experiences around the research credit and is seeking members from the Roundtable to assist him. Interested members should contact Patrick at pevans@tei.org for more information.

Patrick is also excited about the TEI National Event, and the new R&D Tax Credit Roundtable that will be featured during the San Diego week. Jason Massie and Peter Green will be facilitating the Roundtable along with Alex Sadler. More information will be distributed on the TEI website in the coming months.

Next up were Alex Sadler and Doug Norton from Morgan Lewis Bockius in Washington, D.C.

D.C. UPDATE

Tax Reform Left the Research Credit Intact – Or Did it?

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Morgan Lewis

On the legislative front, the tax reform that occurred in December largely left the R&D tax credit unchanged, but changes to section 174 in the future are significant. Starting in 2022, section 174 expenses are subject to 5 year amortization (rather than current expense), and this will be a mandatory treatment. Alex and Doug believe the 174 amortization may be repealed before it takes effect. We will report on this topic on future Roundtables.

Jason then provided an overview of the spotlight members as well as the discussion topic - Architecture and Project Planning.

For MASSIE, the “Architecture” phase of a research credit project is one where taxpayers need to ask if they can build a better process (than was used in the past). If you think about how buildings are constructed, you don’t start digging in the ground without having an architect design the plans. The same goes for your research credit study. Annually or more frequently you should meet with innovation leaders at your company to talk about how to make this process easier for everybody involved. “What if we were able to pull information, from your existing artifacts, so that your engineers never had to talk to us again about the R&D tax credit?” If you pose that question to R&D innovation leaders, they might wonder how that could be, but typically they are going to be interested in creating and investing in a more real-time process if they can see the benefits to their people. SMEs often dislike the R&D process because it is “disruptive” “confusing” “it never ends” so tax people need to work with innovation leaders to see if real-time data collection is possible. Today we are going to talk with several taxpayers in our Roundtable Member Spotlight who have worked hard to make improvements in their own process.

MEMBER SPOTLIGHT

- Jason Massie – on behalf of **Abiomed** and **InterContinental Hotels Group**
- Ron Willis – **United Launch Alliance**
- Jennifer Seymour – **Kimberly-Clark**
- Elizabeth Cherry – **Siemens**
- Dan Mansfield – **Caterpillar**

ARCHITECTURE AND PROJECT PLANNING

A LOOK AT WHAT OUR ROUNDTABLE MEMBERS ARE DOING

Jason discussed that Abiomed and InterContinental Hotels Group are two MASSIE clients that have focused on Architecture improvements over the past year.

Abiomed is a Boston-area medical device manufacturer. MASSIE worked with tax and engineering leadership to design a process, whereby more engineering artifacts will be used to document projects, and engineers are going to be assisting with information gathering in terms of the four part test in real-time. The main change in focus is shifting from “after the fact” conference room interviews, to filling out survey questions every six months. With things being more top of mind, engineers are confident they will be able to answer questions with more details, and provide better documentation.

IHG is a hospitality company based in Atlanta, and the IT professionals track time via a software called Clarity (which seems to change names frequently). IT and tax professionals at IHG were frustrated that conference room interviews had to take place when Clarity data was being provided in real-time. MASSIE came in to review how Clarity projects were set-up initially and proposed opening up a new field to “flag” projects that contained a high degree of innovation. This new method will help to weed out many projects that are maintenance or don’t qualify for the tax credit. In addition, IHG’s goal is to have enterprise architects or project managers, keep track of design-related changes, uncertainties, and the process of experimentation more in real-time as well. As sprints occur, or stage-gates are met, additional questions will be asked for those projects flagged as innovative, and the tax team will pull the templates at the end of the year to provide valuable documentation supporting the credit.

Other members of the Roundtable provided additional information about their studies. If you’d like to learn more about what these companies are doing in this area, please reach out to MASSIE and we can put you in touch with any of the following speakers.



06.20.18



Presenter: Ron Willis, CPA
Tax Manager
United Launch Alliance



The next speaker was Jennifer Seymour from Kimberly-Clark in Irving, TX.



Jennifer Seymour

Senior Tax Counsel
Kimberly Clark



Next up was Elizabeth Cherry from Siemens, New Jersey.



Elizabeth Cherry

R&D Project Manager – Corp Tax
Siemens



Research Tax
Credit
Architecture

The last speaker was Dan Mansfield from Caterpillar in Peoria, IL.



Dan Mansfield
Global Tax Center of Excellence
Caterpillar



Peter closed the meeting reminding members about signing up for the Bloomberg event on September 12th in Washington, D.C. The next MASSIE Roundtable event will be Thursday, September 6th @ 3pm EST.