

ROUNDTABLE WHITE PAPER

THURSDAY, JUNE 24TH, 2021 | 3:00-4:00PM ET

Q2 ROUNDTABLE
JUNE 2021

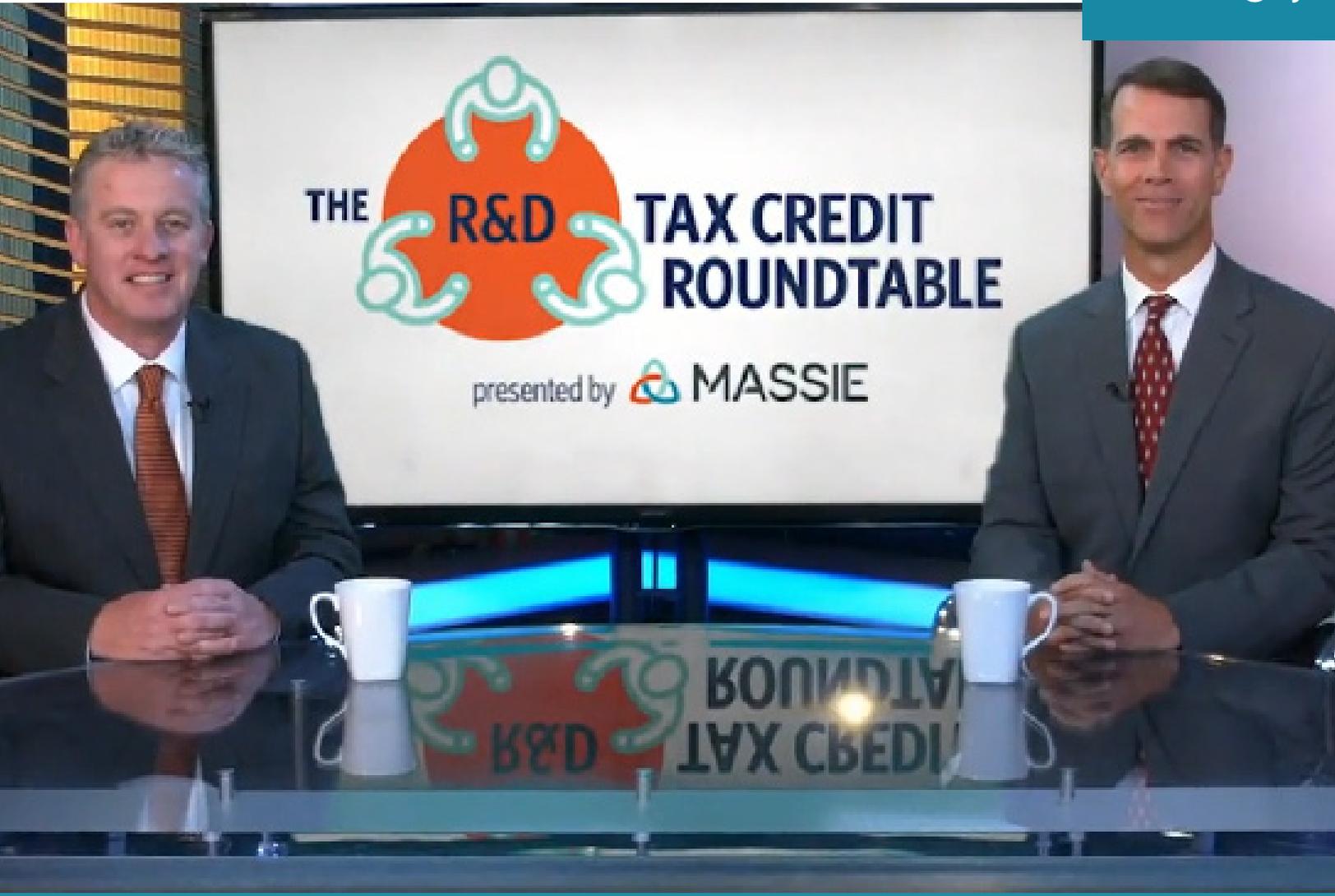
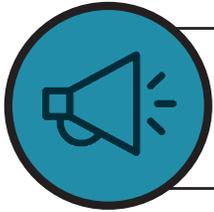


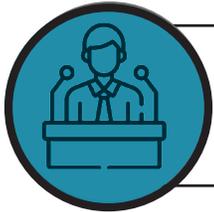
Table of Contents



Introductions and Announcements

Jason Massie and Peter Green of MASSIE R&D Tax Credits

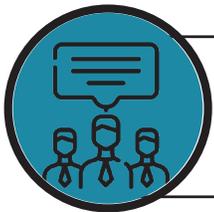
page 4



D.C. Update

Jeff Moeller of Ivins Phillips Barker

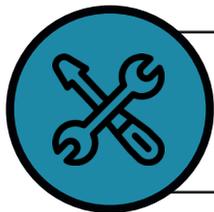
page 4, 5



Mega Millions Spotlight

Dan Mansfield of MASSIE R&D Tax Credits

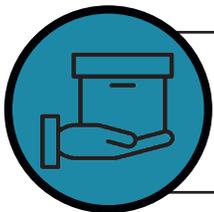
page 5, 6



Tools for R&D Project Efficiency

Hiep Le of Western Digital

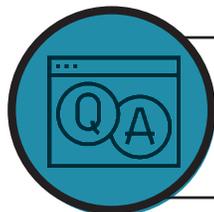
page 7



Managing a Successful Project

Pamela Sakayan of Tokyo Electron (TEL)

page 7, 8



Next Webinar

page 9



Companies Who Attended

Abiomed
Advanced Micro Devices, Inc.
Alexion Pharmaceuticals, Inc
Amazon
Avnet
Baxter International, Inc.
BeyondTrust Corporation
Botttomline Technologies
Bridgestone Americas, Inc.
Brunswick Corporation
C Spire
CalAmp
CBI
Centene Corporation
Clark Equipment Company
CommScope
Corteva
Crane Co
Deluxe Corporation
Dow Chemical
Draeger
Eastman Chemical Company
Experian
Formosa
Freudenberg
Fujifilm
General Mills
Glidewell
Gulfstream Aerospace Corporation
Hella
Henkel
Hollister Incorporated
HollyFrontier
Interface
Intuit
IPG
JBT Corp
Kaiser Aluminum
Knauf Insulation, Inc.
Konecranes, Inc.
Land O' Lakes, Inc.
Lantheus Medical Imaging, Inc.

Lehman Brothers Holdings, Inc.
Lghires.com
Libbey Glass LLC
LivaNova
Lockheed Martin Corporation
Lumen
MACOM
Macy's
Midmark Corporation
Milliken and Company
MSCI
NCR Corporation
Neenah, Inc.
Nexteer Automotive
NextEra Energy
Northrop Grumman
OnSolve
O'Reilly Auto Parts
PACCAR
Power Integrations
PSCU Incorporated
Select Interior Concepts, Inc.
Siemens
Starkey Laboratories, Inc
SurveyMonkey
Swedish Match
Tokyo Electron
Teladoc Health, Inc
The Suddath Companies
Two Sigma Investments, LP
ULA
Unilever
UPS
Valvoline
Veeco Instruments, Inc.
Viasat
Webco Industries
Western Digital
Weyerhaeuser Company
Windroot



MASSIE Notes



Introductions and Announcements

Jason Massie and Peter Green
MASSIE R&D Tax Credits

- Peter Green and Jason Massie opened the Roundtable and introduced the agenda items and featured speakers
- MASSIE R&D Tax Credits would love to partner with your tax organization to deliver fresh and relevant content to your members in a fun and lively CPE accredited webinar. MASSIE has teamed up with Morgan Lewis and Duff & Phelps to offer a variety of content options. For more information please contact our Marketing Coordinator, Jillian Holmes, at jholmes@massietaxcredits.com



Jason Massie



Peter Green



D.C. Update

Jeff Moeller
Ivins Phillips Barker

- Key Points
 - Capitalization of 174 costs is supposed to hit next year. When it was enacted in 2017 it seemed like 2022 was so far off, but now we are here. Law requires amortization over 5 years and 15 years for domestic and foreign research, respectively, and there is no deduction for abandoned research. Provision goes against sound tax policy as it disincentivizes R&D and was a result of gamesmanship in the Senate as a way to get Tax Cuts and Jobs Act (TCJA) passed. This appears to be a time bomb because future congressional action is required to fix it.
 - A standalone tax bill seems unlikely as there are so many infrastructure measures under consideration right now. Also, there will be only one reconciliation bill this year, so 174 has one chance this year of being changed. Reform could come next year and be retroactive, but companies are dreading Q1 2022 accounting if that is the case.



Jeff Moeller



- Crystal ball: seems like both parts of Congress want this to happen, it is good tax policy to change it, and we are very hopeful this will be addressed before year-end. Still, some Ivins folks are looking at ways to mitigate 174 impact by doing recharacterization planning. Contact Jeff for more information.
- Regarding Tangel v. Commissioner, and substantial rights issues, when doing research while working for customers, you must retain substantial rights in the research and be at risk for failure of the research. This case was about a custom manufacturer. Applying knowledge gained during one project to the next project might work, but if standard contract language is poorly written, then all rights might be stripped. Need to get with legal on this immediately to check your contract provisions. Jeff wrote article for Tax Notes. Need to read that for more information and background on this subject.
- Ivins, Phillips & Barker | 1717 K Street, N.W., Suite 600, Washington, D.C. 20006 | 202-393-7600 (office) | jmoeller@ipbtax.com



Mega Millions Spotlight

Dan Mansfield
MASSIE R&D Tax Credits



Dan Mansfield

- Last time, we talked about year-end review and planning. Now we are focusing on SME engagement which is the people side of it.
- This project comes down to teamwork. Unless you have the people engaged, they you won't be able to drive this properly. Need to engage the right people.
- First, understand your organization. If you have knowledge gap on what others are doing, ask accounting for help. Learn about cost centers, business units, etc., and break down the information.
- If you have engineering time keeping systems, then fully get to know those, as to what limits and benefits you might be able to derive from those systems. This is a great place to start.



MASSIE Notes



Mega Millions Spotlight (continued)

Dan Mansfield
MASSIE R&D Tax Credits

- You don't want to go into meetings with engineers and have no clue as to what they are doing. Do your homework. Learn their structure and product groups. Use the payroll and headcount information to your advantage.
- If you are not organized, the SMEs will tune you out.
- Need to make sure this process you develop is going to last. Not just another fad that engineers are not going to respect. Plan it right the first time and train them, and then maintain it and improve upon it.
- Try to have tax champions or coordinators at various business levels. Let Tax champion the overall project, but break down entire project into helpers or coordinators who will be responsible to help you.
- Depending upon the size of your organization, are you going to cast a wide net, or focus on certain target groups? Maybe start small and build on it. Grow larger net each year. Don't try to get it all the first time. Long terms goals are great and try to do it right the first time slowly growing your process.
- Get SME feedback. Always want to make sure they feel like a partner, suggestions, ideas, then be prepared to implement those.
- Education and training is also a big deal. How to help them help you? We suggest: creating training videos, hosting small group training, and divided up the education sessions into small groups. You could even create short videos on various aspects called 'how to' videos. Watching videos can be a great way to teach and can also be very efficient way to get content to a wide audience.
- Use of Sharepoint or Teams is a great way of organizing the project internally. Could store information, videos, chats. Might have your survey tool and instructions there as well.





Tools for R&D Project Efficiency

Hiep Le
Western Digital



Hiep Le

- Western Digital (WD) is a developer and manufacturer of data storage devices and other high tech devices. WD uses the Directive, but also computes credit the regular way so that they have data available for audit and so engineers don't get out of practice. He spends a lot of time for Directive figuring out how to map employees to determine whether they are upper level or first line managers.
 - WD uses Alteryx to help determine the employee organizational chart based on workday data.
 - He uses Power BI Analytics in order to create an R&D dashboard: R&D wages by components, by employee count, average QRE wage, etc. They can also drill down further by QREs by departments.
-



Managing a Successful Project

Pamela Sakayan
Tokyo Electron (TEL)

- Pamela computed credit for FSI which was purchased by Tokyo Electron (TEL) in 2012. So prior to that she was following up with SMEs and doing the computations. When acquired by TEL, TEL did not do the research credit and choose not to for a long time. Pamela kept up pulling information figuring that TEL would start asking for it as some point. So she did a lot in the background with the FSI people to keep up.
- As TEL started to warm up to taking a US R&D credit, Pamela had already interviewed firms, gathered SOWs and learned about different approaches. We are pleased that MASSIE was chosen as the TEL vendor. What she liked about MASSIE was that there would be a process put in place focused on the SMEs and their experience, and that MASSIE would take a very comprehensive view of the company and help identify where all of the innovation was taking place.
- In the meantime, Pamela attended the R&D Roundtable and "dreamed" about what the TEL process would look like after hearing about how so many other companies handled the credit.
- Pamela wanted to be very involved in the R&D study with the provider. She wanted to get to know people outside of tax and be the face of tax.
- They started in August and had to get everything done by December. She was glad to have hired MASSIE and everything was completed on time.



MASSIE Notes



Managing a Successful Project (continued)

Pamela Sakayan
Tokyo Electron (TEL)

- Pamela wanted to be a Tax Champion who met every week to keep things moving. Pamela wanted to take charge, and be a strategic partner and not just an admin. She didn't want to just farm out the project. It wasn't going to be a value add if MASSIE just gave her the numbers. She talked with all of the top SMEs so they could get to know her.
- TEL has 14 different R&D areas, and 600 people doing R&D.
- Pamela wanted to identify SMEs who could explain things in case of audit; to check them out for future reference.
- She feels like she learned a lot and was a good person to help bridge process improvements in terms of tax speak and R&D speak.
- Pamela encouraged all Roundtable attendees to get involved in your R&D study so you can learn about the key players and SMEs and technology.
- Pamela didn't want to let go of control over the project due to the importance of the project.
- Pamela especially liked the weekly check in meetings with MASSIE to keep the team moving forward. It also helped keep procrastinators moving along.
- MASSIE team used ASANA to manage the project, keep up with tasks, provide weekly status updates, and allowed Pamela to log-in and see those tasks related to the project. She was always informed on what was going on which was refreshing.





Next Webinar



R&D Tax Credit Best Practice Roundtable

Thursday, September 16th at 3pm ET

Complimentary | 1 CPE Credit

Sign up today, visit: massietaxcredits.com/roundtable





678.807.7228

info@massietaxcredits.com

massietaxcredits.com

