

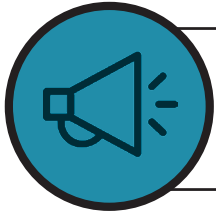
ROUNDTABLE WHITE PAPER

WEDNESDAY, JUNE 22ND, 2022 | 3:00-4:00PM ET

Q2 ROUNDTABLE
JUNE 2022



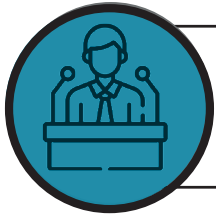
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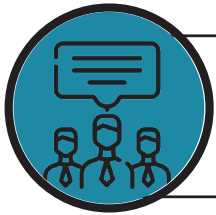
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Using MS Teams for R&D Studies

Colette Gagnet, MASSIE R&D Tax Credits

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Washington, D.C. Update

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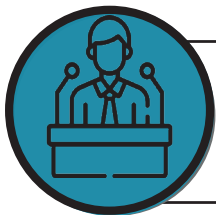
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Speaker Spotlight

Brian Kaufman, Capital One

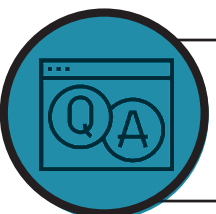
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Tax Controversy

Brandon Kroll & Jason Massie, MASSIE R&D Tax Credits

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Upcoming R&D Best Practice Roundtable

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Companies Who Attended

1800 Flowers
3M Company
AGCO Corporation
Alexion Pharmaceuticals Inc.
Applied Medical
Araxada
ASML
Autodesk
Aviagen, Inc.
Avnet, Inc.
BASF Corporation
BeyondTrust Corporation
Bottomline Technologies
Bridgestone Americas, Inc.
Brown & Brown, Inc.
Brunswick Corporation
C Spire
Cambrex Corporation
Cargill
Caterpillar, Inc.
Cisco Systems, Inc.
Clark Equipment Company
CommScope
Corteva
Cummins Inc.
Curtis Instruments, Inc.
CVS Health
Deere & Co
DHL
Doosan Bobcat
Ducommun Inc.
Elanco
Eli Lilly and Company
Esco Technologies Inc.
FedEx
Feucht Financial
FujiFilm Holdings America Corp.
GreenSky/Goldman Sachs
Harley-Davidson, Inc.
Horizon Therapeutics USA, Inc.
IDG, Inc.
Insmmed Inc.
Interface
International Vitamin Corp

Interpubloc
IPB
IPG
Jaggaer
Knowles Corporation
Lantheus
Leggett & Platt, Inc.
LM Aero
Lockheed Martin Corporation
Maxar Technologies
McAfee
Milliken & Co.
Monster.com
Motiva
NCH Corporation
Neenah Inc.
Nestle USA
Novocure
Old Dominion Freight Line
OnSolve
Oshkosh Corporation
Principal Financial Group
PSCU Incorporated
Quadient, Inc.
Randstad
Renewable Energy Group
Rollins, Inc.
Schweitzer Mauduit International Inc
Sealed Air Corporation
Siemens Corporation
Splunk, Inc.
SSF LLP
Stanley Black & Decker
Syngenta
Two Sigma Investments, LP
United Launch Alliance
UnitedHealth Group
UPS
Veeco Instruments Inc.
Verizon Communications Inc.
Walgreens
Watlow Electric Manufacturing Company
ZOLL Medical Corporation



MASSIE Notes



Introductions and Announcements

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

- MASSIE spoke and sponsored Region 8, 10, and the midyear conference as a “Platinum Level” TEI National Sponsor in 2022. We look forward to speaking and seeing everyone at the Annual Conference coming up in October in Scottsdale, AZ.
- If you would like for Peter and Jason to speak to your TEI group, please reach out to Kimberly or Ilona (events@massietaxcredits.com).



Jason Massie



Peter Green



Using MS Teams for R&D Studies

Colette Gagnet, MASSIE R&D Tax Credits

- Company work environments have changed over the past two years. There is more of a need for collaboration while employees are remotely working.
- Collaboration tools such as MS Teams allow employees to more easily communicate via the chat feature.
- You can also view calendars for meetings, and there are many applications that are integrating with Teams to make your working life easier (i.e., Power Automate, Power BI).
- While MASSIE has many reasons why you should be considering Teams for your R&D process, here are our Top 10.



Colette Gagnet

MASSIE Top 10

1. Direct Tax Champion Communications
2. Cloud collaboration: SME requests
3. Announcements & Bulletins: Streamline mass communications
4. SME Resources: PY Responses, Guidebook, Video Tutorials
5. Tracking SME Quantitative & Qualitative Requests
6. SME Outreach/MS Planner Tasks
7. SME Communications: 1:1 chat and general posts
8. Dashboards: MS apps & Power BI integration
9. Power Automate: Automate due date alerts and reminders
10. MS Azure: Create AI workflow to review documentation



Now we'd like to highlight our Top 3.

1. Direct Tax Champion Communications:

- If you are the person at your company handling the credit, your name, phone number, or email might get lost in the shuffle when dealing with hundreds of SMEs. This won't be the case if you create an R&D tax credit Teams site. There, once SMEs are added to the Team, they can chat with you directly about the project. This "real-time" instant messaging means that your project is likely going to be smoother and easier for your SMEs.
- Once SMEs are part of Teams, it is also easy to use calendaring applications like OnceHub to set up training or 1 on 1 meetings to discuss the project.

2. Cloud Collaboration on SME Requests:

- By using Teams, you can interact with SMEs via forms or other tools to learn about project allocations, wage QRE %s, supplies and contractors, or just about anything else you need from them. SMEs can also chat with fellow SMEs to make sure responses are complete.
- By having SMEs draft responses to your questions, other SMEs will learn what you are looking for, thus lessening the learning curve for the SME group.
- SMEs will also feel more comfortable providing documentation if they can upload items directly to the Teams environment.

3. Announcements and Bulletins: Streamline mass communications

- Right now, if you are using email to kick-off your project, then as people reply back to all, the string of emails becomes very difficult to read or manage. With Teams, you can make announcements and pin those to a particular location. You can add helpful videos or frequently asked questions. By using Teams, all SMEs will be able to follow the chat under a particular communication in order to clarify what it is that they need to do. Plus, keeping the project out of emails will possibly keep SMEs engaged more and cut down on response time as you don't have to continually email them for updates. Our experience is that people chatting in Teams get things done faster and more efficiently than in email.
- MASSIE has been helping Fortune 500 companies set up the ideal MS Teams site so that you can better collaborate with your SMEs. Contact us to go through our Teams Best Practices or to talk further about your situation.
- **NOTE: Brian Kaufman in his presentation noted that his favorite reason on why to use Teams is that the IRS uses Teams. So you can do opening conferences using Teams, presentations, show information and that using Teams with the IRS makes so much sense. Gone are the days of Webex.**



MASSIE Notes



Washington, D.C. Update

Matt Lerner, Sidley Austin LLP

- Key changes in IRS approach: IRS looking for silver bullets in order to quickly disallow the claim, IRS having a closer focus on business components, IRS reluctance to audit refund claims, IRS desire to push taxpayers into rapid judgments.
- IRS is attacking stat sampling or the absence of certain kinds of documentation as a quick way to dismiss a claim. Need to expect these arguments, but be prepared to push back.
- IRS is focusing on business components: Demanding refund claims list the business component and other information, requiring mapping of QREs to the business component to which they relate, moving away from allowing or using employee-based samples even though the stat sampling handbook acknowledges that can be the preferred approach (more on this from Brian when he talked about Form 6765 changes).
- We are seeing “rigorous” application of Little Sandy Coal as IRS digs in on business component focus. IRS threatening to disallow claims where taxpayer can’t identify each business component and readily apply the four part test on a component-by-component basis. IRS also disallowing claims when documentation isn’t available to support the four part test. In the past the IRS would piece together many documents to help prove the four part test was met. Now they seem to be wanting one document to do it all and when that document isn’t available they are denying the taxpayer’s claim or making it difficult. Taxpayers need to think about ways to meet the IRS with the right facts and documentation, or be prepared for a difficult exam. Example: If you do an employee based sample, can you still put together a list of all of the business components?
- Regarding refund claims, the IRS has added new requirements, and it is beneficial to provide the information to the IRS as requested. Whether you like it or not, they are wanting more information so they can judge the validity of the claim on its surface without auditing further. They don’t want the “waiver” issue to come up. Beware, if you fail to provide information on your refund claim, there is a high probability that your claim will be rejected.
- In terms of rapid judgments, the IRS appears to be trying to reach conclusions about taxpayer claims without going through the traditional examination steps. They may disallow amounts without requesting information. They may disallow claims without interviews. We are seeing NOPAs with broad language cut and pasted from one NOPA to the next as a way of shortcutting the examination process.



Matt Lerner



- The IRS is thinly staffed, so this may account for why rapid judgments are occurring. You do need to make it clear from the beginning that you have a lot of information for them to review, so they don't try to go down the rapid path.
- The last thing is the Little Sandy Coal appeal is happening. We believe the Tax Court erred in determining that the work for which the credit was claimed did not apply. Matt worked on an amicus brief regarding the fraction. More on this to come.



Form 6765 Changes

Brian Kaufman, Capital One

- LB&I is looking for taxpayers to provide more information regarding R&D claims. We saw that with the CCM last fall. We are seeing it now with discussions about Form 6765.
- The IRS would like to roll out the new form revisions for the 2023 filing season.
- Some additions that are under discussion include: Listing entities and QREs, detailed information regarding acquisitions or disposals, disclosure of new QRE categories, ASC 730 Directive details, and stat sampling methodology (however, IRS made it clear that they want business component information not employee survey information).
- There are some things we as a TEI group thought the IRS might ask for that were not included: did you do a study, was there a provider, detailed description of methodology?
- New Form will have attachments, like ASC 730 Directive, that contain more information about the current year claim: Each business component and QREs, breakdown of QREs.



Brian Kaufman



Tax Controversy

Brandon Kroll, MASSIE R&D Tax Credits

- Seeing a very inconsistent exam process in Texas and around the country due to resource restraints (COVID, early retirement) or based on policy changes (what Matt mentioned or Texas state objectives).
- Exam focusing on business components based on process of experimentation, or lack of documentation.
- When you have burdensome IDRs, may want to ask IRS to see them in Draft in order to have more time, make sure IRS isn't using argumentative language.
- There are Pros and Cons of doing SME interviews. May want to steer IRS to review written information first, unless you have strong SMEs and facts that could curtail the exam.
- We are seeing draft NOPAs with the wrong facts, law, taxpayer position, so be sure to always ask to see the draft before it is issued in final.



Brandon Kroll





Upcoming R&D Best Practice Roundtable



Thursday, September 22nd at 1pm ET

Complimentary | 1 CPE Credit

Register: massietaxcredits.com/roundtable



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