

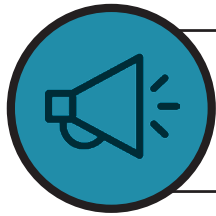
ROUNDTABLE WHITE PAPER

WEDNESDAY, DECEMBER 7TH, 2022 | 1 - 2 PM ET

Q4 ROUNDTABLE
DECEMBER 2022



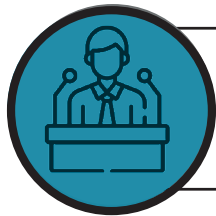
Table of Contents



Introductions and Announcements

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

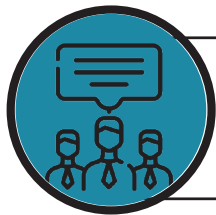
page 4



Washington DC Update

Michael Gregory, Michael Gregory Consulting

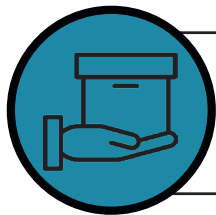
page 4-5



Speaker Spotlight

Robert Howren, Aveanna Healthcare

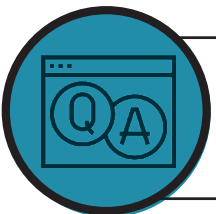
page 6



Where We Are Now, What to do Next

Jason Massie, MASSIE R&D Tax Credits

page 7



Upcoming R&D Best Practice Roundtable

page 8



Companies Who Attended

Abiomed
Accushield
AGCO Corporation
Alexion Pharmaceuticals Inc
Amazon
AMD
Arch MI
Asher & Associates, LLC
Aveanna
Avnet
Biohaven
Bridgestone Americas Inc.
Brunswick
Buckle
Caterpillar Inc.
Centrus Energy Corp.
CLARIOS, LLC
Clark Equipment Company
Corteva
CVS Health
Dow
Draft Kings
DUCOMMUN INCORPORATED
Eastman
Elanco
ELANCO US INC
ExtraHop Networks Inc
Fresenius Kabi USA
FUJIFILM HOLDINGS AMERICA CORPORATION
GE Appliances
General Atomics
Hansen & Company Woodworks Inc
HashiCorp, Inc.
Hcowood Works Corp.
HII
Interface
IPG Photonics Corporation
Jack Henry & Associates
Kimberly-Clark Corporation
Konecranes
Land O' Lakes, Inc.
Lantheus Medical Imaging
Lockheed Martin Corporation
Lumen
MACOM Technology
Magna Int
Micron Technology, Inc.
Midmark Corporation
Milliken
Monster.com Randstad USA
Novocure
Plexus Corp
Principal Financial Group
PSCU Incorporated
Randstad
RealPage Inc
Reiter Affiliated Companies & Reiter Family Office
ResMed
Safelite
Saft America, Inc
Salesforce
Shaw Industries Group
Siemens Corporation
SoftServe
Stanley Black & Decker
Suddath
Sunlife Financial Inc.
TEI
TEL US Holdings
The Coca-Cola Company
The Goodyear Tire & Rubber Company
The Hartford
Tolko Industries Ltd.
Toyota Industries NA
United Launch Alliance
UnitedHealth
Vertex Pharmaceuticals
Visa
Warner Bros. Discovery
WOODBIDGE
XPO
Zapier, Inc.
ZOLL Medical Corporation



MASSIE Notes



Introductions and Announcements

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



Jason Massie

- We enjoyed seeing everybody at the TEI Audits and Appeals Seminar in Tysons Corner, VA, in September and at the TEI Annual Meeting in Scottsdale in October. We highly encourage you to consider attending those events in the future.
- MASSIE recently visited the Chicago Tax Club in Chicago, IL, for their 68th Annual Fall Seminar.
- MASSIE will be heading to New York on December 14th for another TEI event hosted by the local chapter.
- MASSIE is a 2023 Platinum TEI Sponsor. We look forward to seeing some of you at the March Midyear TEI event in DC.
- If you would like Peter and Jason to speak to your TEI group, please get in touch with Ilona at ilyubashevsky@massietaxcredits.com.



Peter Green



Washington DC Update Large Business, International Division, and Information Document Requests

Michael Gregory, Michael Gregory Consulting



Mike Gregory

- When the IRS comes out to audit you, their agents, case managers, and coordinators will create a plan and request initial documentation. After that, all requests must conform with the Internal Revenue Manual 4.46.4.7.1 (09-23-2021). I highly encourage you to read the manual.
- Anytime an IRS agent wants to present an IDR, they must first discuss the issue with the taxpayer, including how the information requested is related to the issue at hand. After consultation with the taxpayer, the IRS must determine what will be requested in the IDR to ensure that only one issue is being addressed on each IDR. The IDR should be presented as a draft to the taxpayer so that the information can be discussed before being confirmed.
- Upon agreeing to and turning in the IDR, the taxpayer can request a deadline from the IRS agent, requesting when the agent will get the IDR back to the taxpayer. Please note the deadline and whether the IRS got back to you when they said they would.



- Taxpayers can give feedback, praise, or criticism to the IRS agent. The taxpayer should have the contact information of all the team members handling their IDR; this information will be provided to them when the IDR is presented. It is useful and worthwhile for the taxpayer to develop good working relationships with these IRS individuals. Building a positive connection with them will lead to a better audit experience overall.
- Advocating that helping the IRS do its job – aligning and understanding their interests and objectives – will help the audit process go over more smoothly. Understanding what the IRS needs from you and how you can best provide it to them will provide both parties with a more favorable experience.
- A good standing relationship with the IRS will also allow the taxpayer to push back on certain requests they might deem too time-consuming or daunting for their internal teams to complete.
- A common misconception is that there can be no conversation. For example, if the IRS gives you an IDR, it must be completed with no questions asked. However, that's not the case. The taxpayer can discuss these issues with the IRS and determine what makes the most sense for each instance.
- We've seen in the news that there have been a lot of new hires for the IRS. In addressing what to do when new agents come to audit you, think first and foremost about making this process as easy as possible for them. You, as the taxpayer, want to make this new IRS agent's job as seamless as possible with the expectation that they will likely do the same for you in return during this audit. This might entail a bit of handholding per se, helping this agent understand what audits have looked like for you and offering your assistance at every opportunity.
- When calling the IRS for assistance, consider your tone of voice and whether you're smiling. The attitude in your communication still comes across, even over the phone. Only 7% of the attitude is associated with words, but 38% is attributed to tone. The remaining 55% is attributable to body language and facial expressions. To build rapport with your IRS agent, consider what attitude is coming across in your communication. Since body language and facial expressions make up so much of our perceived attitude, turn your cameras on for video meetings if you're meeting virtually, and ask the IRS team to turn on their cameras.
- To learn more about how you can best optimize your cases with the IRS, or if you have follow-up questions, you may contact Mike at mg@mikegreg.com.



MASSIE Notes



Spotlight Speaker

Robert Howren, Aveanna Healthcare



Robert Howren

- Aveanna had not been claiming the R&D Credit when Robert first came to the company. He initially thought that internal-use software (“IUS”) was where the company would be claiming most of its credit. After reaching out to the CFO, Robert got the approval to pursue this credit. One of the first things to do is to identify key innovation leaders. In Robert’s case, the CFO reached out to each person he thought would be most useful for the credit. Typically, it’s helpful to talk to people who have been at the company for a while, as they tend to have the best understanding of how things are being run.
- This is when Aveanna decided to bring in MASSIE for assistance with the credit. Robert realized his team only had six weeks to complete the R&D credit and knew they would need outside assistance to meet that fast-approaching deadline. As this was the company’s first year claiming the credit, they would need to calculate the Base Period, including looking at R&D expenses for the previous three years.
- The CIO had been with the company for a while, so he had a good understanding of what projects had been worked on in what years, who had been included in each project, and was able to call his teams together to help them understand the importance of their assistance with this credit.
- The CFO’s involvement in this project was crucial for its quick turnaround. Since the CFO set the expectation for this project, the rest of the teams were sure to take it as a serious request and complied quickly with what was being asked of them. Additional support came from the CIO acting efficiently to loop his teams into the engagement.
- Once the company noted that they’d be claiming this credit, they reached out to their auditors. Their audit company also helped them prepare their returns. They strategized with their auditors to ensure that the credit would be accounted for properly on their returns and discussed any implication it might have on the audit.
- The Aveanna team needed to talk with the auditors and the CFO to talk through how everything was documented, what the end credit looked like, what they would be claiming, and what they would not be claiming.





Where We Are Now, What to do Next

Jason Massie, MASSIE R&D Tax Credits



Jason Massie

- We want to give you some food for thought as we close out the books this year; here are a few things you can consider between now and your company's year-end.
- We've had an eventful year of roundtables, and all that information is readily accessible on our website. In the top right corner of our site, you can find navigation to the whitepapers for the previous quarters' RoundTable Discussions.
- We anticipate that 2023 will see much more about refund claims, potentially some Form 6765 changes, a possible push for regulations and other guidance regarding documentation, federal and state controversy matters, and new case law.
- The IRS has already said that they will soon come out with new guidance related to the R&D Tax Credit. We anticipate that this will be related to documentation guidelines.
- Assess the gaps that currently exist in your company. We urge you to sit down in the next few weeks to determine where you are now and where you need to go; this will help to show what steps you need to take along the way.
- Based on the gaps you've identified, meet with your key innovation stakeholders to discuss them. Talk to your CIO, your technical people, and whoever needs to get on board with these issues to talk about the issues at hand. It's important to anticipate some of these changes so you can plan for them in advance.
- In talking with your internal teams, mention what the IRS needs you to gather and what your teams already have available, and then brainstorm ways to fix any open areas. Let these conversations be a discussion where you get your team's feedback on making this process run more smoothly.
- Develop a business component strategy. Some companies will have components that are so large that the IRS will immediately choose those to look at. We urge you to take the time now, on the front end, to break those components down into smaller subgroups. Consider how you can break these out to tell a better story.
- Develop your people process and smart tools so that when the time comes, you'll be able to pool the resources you need quickly.





Upcoming R&D Best Practice Roundtable



February 23, 2023 at 3 PM EST

Complimentary | 1 CPE Credit

Register: massietaxcredits.com/roundtable



678.807.7228

info@massietaxcredits.com

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