

Q1 ROUNDTABLE WHITE PAPER

February 18, 2026

BECAUSE
TODAY IS
DIFFERENT



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March 10, 2026

Upcoming R&D Tax Credit Best Practice Roundtable

June 24, 2026

Companies ATTENDED

Accushield
Adobe Inc.
Advancion Corporation
AGCO Corporation
Ahold Delhaize
Air Products & Chemicals, Inc.
Albertsons Companies Inc
Ametek, Inc.
Amcor
AMD
Applied Research
Arvest Bank
ASML US, LLC
AVI-SPL LLC
BAE Systems
Ball Corporation
Bar-S Foods
BASF Corporation
Bell Textron Inc.
Best Buy
Biogen
Bioventus
CACI International Inc.
Cambia Health Solutions, Inc.
Cambium Learning Group

CarMax
Caterpillar Inc.
CBRE Group Inc.
Ciena Corporation
Cimpres USA Incorporated
Cisco Systems, Inc.
Cognizant Technology Solutions
Comerica Bank
Corteva Agriscience
Covista
Cross River Bank
Cummins Inc.
Danfoss Power Solutions
Deere & Company
DMG Mori USA, Inc.
DriveTime
Eastman Chemical Company
Elevance Health, Inc.
EMD MilliporeSigma Corp
Fortune Brands Innovations, Inc.
Fresenius Kabi USA, LLC
Freudenberg North America LP
FUJIFILM
GoPro Inc.
Greif

Hallmark Cards, Inc.
HF Sinclair Corporation
Hoffmaster Group, Inc.
Hubbell Inc.
Hunter Douglas Inc.
Insmed
Intapp, Inc.
ITW
Jack Henry & Associates, Inc.
JBT Marel Corporation
Knowles
Lamb Weston, Inc.
Lear Corporation
Leggett & Platt, Inc.
Leidos
Lockheed Martin
Magna International
Masco Corporation
Mativ Holdings, Inc.
Macy's
Medtronic, Inc.
Midmark Corporation
Milliken & Company
MKS Inc.
Natixis Investment Managers LLC

Nemak USA
NextGen Healthcare, Inc.
Northrop Grumman
NTCT
Omnicell
Optiver
OshKosh
PACCAR Inc.
Packaging Corporation of America
PayPal, Inc.
PCA
Principal Financial Group, Inc.
QTS
Randstad North America, Inc.
REI
Reiter Affiliated Companies, LLC
Revvity, Inc.
Robert Bosch LLC
Ross Stores
SAS Institute
S.C. Johnson & Son, Inc.
SECURIAN FINANCIAL
Sealed Air Corporation
Shaw Industries Group, Inc.
Siemens Healthineers

Sigma US
Snap-on Incorporated
SPX Technologies, Inc.
Stanley Black & Decker
Syniverse
Synopsis, Inc.
TDS Inc.
Target Corporation
The Clorox Company
The Lubrizol Corporation
The New York Times Company
The Standard Life Insurance
The Toro Company
Transcore LP
TriWest Healthcare Alliance Corp
ULA
UnitedHealth Group, Inc.
USANA Health Sciences, Inc.
Varex Imaging
Velera Solutions, LLC
Vertex Pharmaceuticals
Vertiv
ViaPath Technologies
Walmart Inc.
WEX Inc.
Wellmark, Inc.
ZOLL Medical Corp



Introductions and Announcements

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

- Welcome to the first Roundtable of 2026.
- If you want Peter and Jason to speak to your TEI group OR be a guest speaker at a future Roundtable, please email [Ilona Lyubashevsky](mailto:Ilona.Lyubashevsky).
- MASSIE continues helping clients get more from the tools they already own, including Teams, Google Workspace, and Slack, to simplify SME engagement and speed up R&D studies. Want to learn more? Reach out to us at info@massietaxcredits.com.
- Southern Jobs Tax Credits are available in Georgia, Mississippi, and South Carolina. If your company has employees in these states, [Tanja Spivey](#) can help you explore opportunities.
- Join us at the TEI Mid-Year Conference in Washington, D.C. on St. Patrick's Day, March 17, 2026, for a one-hour lab on Research Credit Automation.
- Upcoming events:
 - TEI Seattle Tax Forum - February 25
 - TEI Dallas Tax School - April 21-22
 - AI for R&D Collaboration Forum - March 10
 - Q2 Roundtable - June 24
- More at massietaxcredits.com.

Washington, D.C. Updates

Matthew Lerner, Sidley Austin LLP

IRS Enforcement Update: Signs of a Turning Point

After several years of increasingly adversarial R&D audits, there are meaningful signals that the IRS may be returning to a more balanced approach. Matt Lerner of Sidley Austin walked the group through what's driving this shift and what it means for your audit strategy today.

A Shift at the National Office

After several years of increasingly adversarial R&D audits, there are meaningful signals that the IRS may be returning to a more balanced approach.

The LB&I Division Commissioner appointed an ad hoc ombudsman whose role is to field taxpayer complaints, ensure exam positions are reasonable and supportable at Appeals, and push for resolution. Engineers describe him as a dotted-line report. He is actively working to clear the docket.

Washington, D.C. Updates

Matthew Lerner, Sidley Austin LLP

- Engineering and Territory Managers now have more authority to negotiate “rough justice” settlements.
- Fast Track Settlement is being used to reach hazards-based resolutions at the exam level.
- Any disallowance of more than 50% of a credit for a technology-driven company reportedly must be approved up the chain.
- Disallowing the entire credit based on business component definition disputes is no longer favored.

Key takeaway: Weak or vague documentation leaves taxpayers vulnerable. Interviews alone will not suffice. The IRS is no longer relying on MITRE, but it is not letting claims through easily either.

Common Challenges Still Raised by Exam Teams

Despite the improving climate, not every exam team has gotten the message. Silver-bullet tactics still in circulation:

- Rejecting statistical sampling over minor or contrived “foot faults” in the sample plan.
- Demanding arithmetic proof of the 80% “substantially all” test, even when qualifying research is obvious.
- Disputing business component definitions as a gating issue to disallow the entire credit.
- Applying 2004-era software audit guidelines and broadly misdefining internal-use software.
- Refusing interviews or site visits, then disallowing claims for lack of contemporaneous documentation.
- Being notably more hostile to refund claims than to credits filed with the original return.

IDR Trends: Returning to Reasonable

For two to three years, many exam teams issued a single broad IDR, then immediately jumped to an Acknowledgment of Facts and NOPA, disallowing everything because the taxpayer “failed to prove” things they were never asked to prove. That approach is fading.

Exam teams are returning to risking: identifying high-risk items, asking follow-up questions, and leaving clearly qualifying work alone. That’s how audits are supposed to work.

- Ask for IDRs to be issued in draft so you can discuss scope before the clock starts.
- Gather not just what’s asked for, but any documents that affirmatively support your position.
- Organize your production: cover pages, summaries, Bates stamping. Exam teams want roadmaps.
- If your team is headed down the silver-bullet path, escalate early. The ombudsman will intervene.
- If your team is conducting a fair, risk-based audit, cooperate fully. Don’t squander a good team.

Interviews, Site Visits, and Statistical Samples

Two years ago the IRS declared documents should “pave the road” and interviews merely “fill the potholes.” That position has reversed. We are now seeing SME presentations and site visits where IRS engineers are genuinely engaged and using the information to narrow adjustments.

Spotlight: How Walmart Is Modernizing Its R&D Process

Courtney Martin, Director, Domestic Tax Planning

- A well-prepared witness can do more for your case than any document. The dry-run prep session should be harder than the actual interview.
- Key witness rules: always tell the truth, listen to the full question, don't adopt false premises, don't speculate, be comfortable saying "I don't know."
- Help witnesses connect their work to the Four-Part Test. Identify words to avoid: "simple," "basic," "easy."
- For site visits: map the route, set ground rules, brief your employees in advance, do not let the exam team wander unaccompanied.
- On statistical sampling: business-component-based samples are still preferable, but employee-based samples are being accepted again, as long as you can connect employees to the projects they worked on.

Preparing for IRS Appeals

The goal is to resolve cases at exam. But if you can't, build the record before you get to Appeals. If supporting material isn't in the record, Appeals may refuse to consider it or send the case back to Exam. Provide declarations, project summaries, and presentations, even if not asked for.

Matt's bottom line: "As long as the ombudsman remains on duty and continues to work with exam teams, we may have seen a turning point. I'm cautiously optimistic."

MASSIE has worked with Walmart, the largest company in the world by revenue at \$681 billion annually, for four years. Courtney Martin oversees the entire R&D tax credit process for the company. She joined the Roundtable to share how Walmart is tackling documentation, automation, and AI at enterprise scale.

The Challenge of Scale

With a two-person team running the R&D credit for a two-million-employee company, efficiency is everything. When Walmart came to MASSIE four years ago, they were preparing for an upcoming audit and had only documented a small percentage of their projects. They needed a faster, more scalable way to reach SMEs and gather information.

The key constraint: Walmart is deeply protective of its data. Any solution had to live entirely within Walmart's own environment. Most vendors couldn't offer that. [MASSIE's approach, building a custom SME Collaboration Hub using Microsoft Teams and Power Automate tools Walmart already owned](#), was the only one that fit.

Expanding to Slack: Meeting Engineers Where They Are

Walmart's corporate office runs on Teams, but its tech organization lives in Slack. Engineers didn't see the Teams notifications, so quick follow-ups never reached them. The fix: build a Slack interface that routes engineers back into the Teams Hub, meeting them in the tool they actually use. There's an added bonus: some engineers store project notes and anecdotal R&D details directly in Slack chats, giving Courtney's team access to documentation they didn't know existed.

Spotlight: How Walmart Is Modernizing Its R&D Process

Courtney Martin, Director, Domestic Tax Planning

Tools Walmart Is Using Today

- Alteryx: Still the primary calculation engine, though Walmart is actively converting processes to Python.
- VS Code with AI Copilot: Used to automate repetitive data tasks. Iterating in plain language with the tool dropped one analysis from 20 minutes to 30 seconds (tip: convert large Excel inputs to CSV first).
- Microsoft 365 Co-Pilot: Being explored for automation and analysis across the tax function.
- Power BI: Used for dashboarding and reporting.

AI Goals: From Automation to the Four-Part Test

Walmart's near-term AI priority is an MVP that aggregates project data from five or six separate systems, Jira, Confluence, FieldGlass, and others, and produces a consolidated summary of each project. The longer-term goal is to train that tool to begin filling out a Four-Part Test document.



presented by  MASSIE

Mark your calendar for our next Roundtable.

June 24, 2026 | 2 PM ET

State R&D Updates & Recent Developments

Jason Massie, MASSIE R&D Tax Credits

Federal gets the headlines, but state R&D credits are moving fast. Here's what changed and what to watch.

2025-2026 State Legislative Changes

- Connecticut: Expanded and enhanced R&D credits under H.B. 7287 (effective June 30, 2025). Single-member LLCs may now qualify if they meet specific size and manufacturing criteria.
- California: Now allows the Alternative Simplified Credit (ASC) method for state R&D credits beginning in 2025 tax years.
- Iowa: Repealed its Research Activities Credit. New, more restrictive program effective 2026, limited to advanced manufacturing, bioscience, and similar industries.
- Massachusetts: The Department of Revenue reversed its prior position — all business corporations may now use the federal Alternative Simplified Method (ASM) to calculate the state R&D credit on amended returns.
- Michigan: Newly enacted state R&D tax credit.
- Minnesota: The state credit becomes partially refundable starting 2025 (19.2%), increasing to 25% in 2026–2027.
- Oklahoma: S.B. 324 (May 2025) created the R&D Rebate Fund and Program — a 5% rebate on QREs, capped at \$20M per fiscal year.
- Texas: S.B. 2206 consolidates Texas R&D incentives into a single franchise tax credit effective January 1, 2026. Credit rate increases to 8.722% (10.903% for university-based research). QREs tied directly to Form 6765, Line 48.
- Virginia: R&D tax credits expired for taxable years beginning on or after January 1, 2025.

Key takeaway: With 39 states now offering R&D credits, the state landscape is just as important as the federal picture, and it's changing faster. Make sure your state credit review is current, especially in Texas, Minnesota, Iowa, and Michigan.

Case Callout: *George v. Commissioner*, T.C. Memo. 2026-10

The U.S. Tax Court addressed whether large-scale poultry production qualified for the research credit under IRC §41. The court allowed some credits, disallowed others, and abated accuracy-related penalties.

Key lessons:

- Contemporaneous documentation is critical. Identify experimental units, timelines, and deviations from standard production as they occur.
- Uncertainty must exist at the outset. Later failures do not resurrect a credit once technical uncertainty has been resolved.
- Commercial production can qualify when activities constitute pilot models designed to resolve uncertainty.
- Estimates are vulnerable. Courts remain reluctant to apply the Cohan rule without solid evidentiary support.
- Penalty defense matters. Good-faith reliance on qualified advisers remains a meaningful shield.

Key takeaway: *George v. Commissioner* is a useful reminder that even industries not traditionally associated with R&D can qualify — but only with the right documentation infrastructure in place