MASSIE R&D Tax Credits
Experience Best Practices

What We Learned from the MASSIE AI for R&D Forums

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Executive Summary

Over the past several months, MASSIE has hosted and participated in a series of AI for R&D Forums with tax, finance, IT, and innovation leaders across a broad range of industries. These sessions were intentionally practical. Rather than focusing on future-state hype, the Forum discussions centered on how AI is being used today in tax departments, where it is delivering value, and where companies are encountering friction or risk.

Several clear patterns emerged. AI is already influencing how companies collect research credit information, engage subject matter experts (SMEs), and document technical activities. At the same time, participants consistently emphasized that AI does not eliminate the need for technical judgment, disciplined process, or audit-ready documentation. In many cases, AI is amplifying existing strengths—or highlighting weaknesses—within an organization's R&D credit framework.

The following ten observations reflect the most consistent and substantive insights from these Forums. They are intended to help you benchmark your current approach, understand how peers are thinking about AI enablement, and identify where thoughtful adjustments to process and governance may be warranted.

1. AI is being used as a productivity multiplier—not a replacement for judgment

Across nearly every Forum, participants were clear that AI is most effective when positioned as an accelerator of human effort rather than a substitute for technical or tax judgment. The strongest use cases involved reducing time spent on administrative, organizational, or first-draft activities—freeing tax professionals to focus on higher-value analysis and review.

Common examples included using AI to summarize project documentation, organize pre-interview handouts, or draft initial technical narratives. In each case, the AI output served as a starting point, not a final answer. Companies that attempted to treat AI-generated conclusions as authoritative quickly ran into internal resistance and defensibility concerns.

This distinction matters from an audit perspective. Forum participants consistently emphasized that AI should support, not obscure, the underlying technical reasoning. Human review, challenge, and sign-off remain essential to sustaining credibility with examiners.

2. Data quality is the gating factor for AI success

The single most common constraint discussed was data quality. AI performs best when underlying project, cost, and time data are structured, complete, and internally consistent. Where data discipline already existed, AI amplified efficiency. Where it did not, AI often magnified gaps and inconsistencies.

Several companies noted that early AI pilots surfaced issues they had previously managed manually—misaligned project lists, vague activity descriptions, or inconsistent cost classifications. While uncomfortable, many viewed this as a forcing function to improve foundational data hygiene.

The takeaway from the forums was clear: AI initiatives frequently stall not because of tool limitations, but because organizations underestimate the effort required to prepare their data environment. In practice, data readiness is often the true first phase of AI enablement.

3. Successful teams start with narrow, controlled use cases

Rather than broad, enterprise-wide AI deployments, most successful organizations began with tightly scoped pilots. These pilots were deliberately selected to be high-impact but low-risk, allowing teams to learn without disrupting core compliance workflows.

Examples included AI-assisted review of business component questionnaires, interview preparation guides for SMEs, and document indexing. These use cases shared a common trait: they augmented existing processes without replacing required controls.

Participants emphasized that early wins built internal credibility and helped secure broader stakeholder buy-in. Conversely, overly ambitious initial deployments often triggered governance concerns and slowed adoption.

4. Audit pressure is accelerating AI exploration

While efficiency gains were a motivator, many participants pointed to increasing audit scrutiny as a primary catalyst for AI adoption. Documentation expectations continue to rise, and teams are being asked to produce clearer, more consistent, and more traceable support.

AI is increasingly viewed as a way to improve repeatability and reduce variation across projects, years, and business units. When deployed correctly, it can help standardize narratives, flag inconsistencies, and ensure required elements are consistently addressed.

Importantly, participants stressed that AI does not reduce audit risk by default. Risk is reduced only when AI is embedded within a disciplined process that emphasizes accuracy, review, and transparency.

5. Data security and model governance remain top concerns

Concerns around data security surfaced in every Forum. Taxpayers are understandably cautious about where sensitive technical and financial data is stored, who has access to it, and whether it is used to train external AI models.

Many organizations reported involving IT and legal teams early to establish clear guardrails around approved tools, data handling, and retention policies. In some cases, this meant delaying adoption until internal or private-instance solutions were available.

The consensus view was that security considerations must be addressed up front. Retroactively unwinding an AI deployment due to governance issues is far more disruptive than designing controls from the outset.

6. AI outputs must be paired with process controls to be defensible

Forum participants were nearly unanimous that AI-generated content must sit within a clearly defined process framework. Without documented controls, AI outputs are difficult to defend and even harder to explain during an examination.

Effective controls discussed included version tracking, clear labeling of AI-assisted work, defined review checkpoints, and explicit human approval before finalization. These controls mirror existing best practices but take on heightened importance in an AI-enabled environment.

Several participants noted that examiners are less concerned with whether AI was used than with whether the taxpayer can clearly explain how conclusions were reached and who validated them.

7. SME experience can make or break AI adoption

Introducing AI into the R&D credit process has a direct impact on SMEs. When AI simplifies technical questionnaires, reduces repetitive questions, or clarifies expectations, adoption tends to be positive.

However, when AI introduces additional tools, portals, or poorly designed prompts, SMEs quickly disengage. Multiple Forum participants emphasized that SME burden is already high, and AI must demonstrably improve—not complicate—their experience.

Successful teams actively designed AI workflows around SME realities, testing prompts and outputs with real users before scaling.

8. Change management is more complex than most teams expect

One of the most detailed discussions across the Forums centered on change management. Participants repeatedly noted that AI adoption challenges are rarely technical; they are organizational.

First, alignment across tax, IT, legal, and innovation teams is essential. Each group brings a different risk lens, and misalignment can stall progress early. Second, ownership must be clearly defined—AI initiatives without a clear business owner tend to drift.

Third, expectations must be managed. AI is not a one-time implementation but an evolving capability that requires iteration, feedback, and periodic recalibration. Fourth, training is critical. Users need to understand not just how to use AI tools, but how to evaluate and challenge their outputs. Finally, communication matters. Teams that transparently explained why AI was being introduced and how it would be governed saw far higher adoption.

9. AI increases the premium on technical depth

As routine tasks become more automated, reviewers are spending proportionally more time evaluating technical reasoning. Several participants observed that AI has raised—not lowered—the bar for technical clarity.

This shift places greater emphasis on well-articulated uncertainty, experimentation, and technical challenges. AI can help organize these elements, but it cannot substitute for genuine technical understanding.

Organizations that continue to invest in SME engagement and technical rigor are better positioned as AI becomes more prevalent.

10. Leading organizations embed AI into the process—not around it

The most mature approaches discussed treated AI as an integrated component of the R&D credit workflow. Rather than bolt-on tools, AI was embedded with clear inputs, outputs, and accountability.

These organizations defined where AI added value, where human judgment was mandatory, and how outputs flowed into audit-ready documentation. Governance, metrics, and continuous improvement were built into the design.

Participants widely agreed that this process-first mindset is what separates sustainable AI adoption from short-lived experimentation.

Closing Thoughts

The collective insight from these forums is that AI can materially improve the R&D credit process—but only when grounded in strong fundamentals. Process discipline, data quality, technical rigor, and governance remain non-negotiable. AI simply changes how those principles are operationalized.

We will continue to share observations as practices evolve and examination activity develops. If you would like to discuss how these insights apply to your organization, we welcome the conversation.