

MASSIE R&D Tax Credits

Q3 ROUNDTABLE WHITE PAPER



September 24, 2026

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COMPANIES ATTENDED

- 3M
- ACI Worldwide
- Adobe
- Advancion Corporation
- Advisor360
- AHOLD DELHAIZE
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- Alaska Airlines
- Amcor
- Arvest Bank
- ASML
- AT&T
- Atlassian
- Autokiniton
- BASF Corporation
- BBSI
- Brunswick
- Cambia Health Solutions
- Cambium Learning Group
- Candela Medical
- Cargill
- CarMax
- Caterpillar
- Charles Schwab
- CJ Schwan's
- Cohere Health, Inc.
- Columbus McKinnon
- Corteva
- Cummins Inc.
- Deere & Company
- Disney
- Doximity
- DTNA
- Ducommun Incorporated
- Eastman Chemical Company
- Emerson
- Encompass Health
- ENGIE North America Inc.
- Esri

- Fresenius Kabi USA
- Freudenberg North America LP
- Gallup
- General Dynamics Corporation
- Goldman Sachs
- Grifols
- Hawk Technology
- Hitachi Energy USA Inc.
- Home Depot
- Huntington Ingalls Industries
- Hussmann Corporation
- IKEA
- Illinois Tool Works Inc
- Ingevity Corporation
- Jack Henry & Associates, Inc.
- Johnson Outdoors
- Kemira Water Solutions Inc
- Knowles Corporation
- Koch, Inc.
- Labcorp Holdings Inc.
- Lamb Weston Inc
- Land O'Lakes, Inc.
- Lear Corporation
- Leidos
- Lockheed Martin
- Magna International
- McWane, Inc.
- MEDHOST
- Microsoft Corporation
- Midmark Corporation
- Milliken
- MKS Inc.
- Motiva Enterprises LLC
- NETGEAR, Inc.
- NextGen Healthcare
- Nissan North America, Inc.
- Omnicell
- Omnicom/IPG/Acxiom
- Onsemi

- Oshkosh Corporation
- Ovivo Water
- Owens Corning
- PACCAR Inc
- Packaging Corporation of America
- Paychex
- Portland General Electric
- Provident Bank
- PulteGroup, Inc.
- Ralliant
- Reiter Affiliated Companies
- Robert Bosch
- Roper Technologies, Inc
- Roquette America, Inc.
- RTX
- Samsung Research America Inc
- SAS Institute Inc.
- Shell
- Siemens
- Sitecore USA, Inc.
- Southwire Company
- SPX Technologies, Inc.
- Stanley Black & Decker
- Takeda Pharmaceuticals USA
- Target
- Tennant Company
- The Home Depot
- The Lubrizol Corporation
- The Toro Company
- The Walt Disney Company
- The Weather Company
- Toyota Industries
- United Therapeutics
- US Foods
- Vertiv Corporation
- Walgreens
- Walmart
- Westlake Corporation
- WEX Inc.



Introductions and Announcements

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

- Welcome to the third quarter R&D Best Practices Roundtable.
- If you'd like Peter and Jason to speak to your TEI group, please email [Ilona Lyubashevsky](mailto:Ilona.Lyubashevsky).
- The MASSIE team will participate in several upcoming industry events:
 - October 18 - 21, 2026: TEI Annual Conference, Nashville
 - October 29 - 30, 2026: Chicago Tax Club Fall Seminar
 - November 2 - 3, 2026: TEI Silicon Valley/SJSU High Tech Tax Institute
 - November 4, 2026: MASSIE R&D Tax Credits + Mayer Brown Seminar, Palo Alto
 - November 12, 2026: Manufacturers Alliance Tax Council Fall Meeting, D.C.
 - November 12, 2026: Morgan Lewis R&D Tax Credit Symposium, D.C.
- Our Q4 Roundtable will be on December 16, 2026. More at massietaxcredits.com.

Washington D.C. Updates: How the Government Might Attack Your R&D Study

George Abney, Alston & Bird

R&D tax credit studies often provide strong explanations of business components, technical uncertainties, and the underlying science or engineering. However, government scrutiny frequently centers on whether the taxpayer can substantiate that substantially all of the research activities constituted elements of a process of experimentation.

Under the Section 41 four-part test, qualified research must relate to a permitted purpose, be technological in nature, involve the elimination of uncertainty, and include a process of experimentation. The Treasury Regulations generally require at least 80 percent of the research activities related to a business component to constitute elements of that process of experimentation.

The IRS and Department of Justice may challenge not only whether the activities qualify, but also how taxpayers associate employee wages with qualified research. Large studies frequently rely on SMEs or supervisors to provide informed estimates for employees within their areas of responsibility. The government may characterize these estimates as unreliable when a small number of SMEs provide information regarding hundreds of employees or when interviews occur several years after the underlying work.

Estimates are more defensible when they come from individuals with direct knowledge and are supported by contemporaneous operational records. Useful evidence may include engineering records, design documents, testing results, project schedules, technical meeting notes, Jira tickets, GitHub activity, internal communications, employee calendars, and financial records.

Job titles also require careful analysis. Employees with sales, administrative, management, or supervisory titles may still directly perform, support, or supervise qualified research. For example, sales personnel may communicate technical customer requirements to engineers, relay testing feedback, and participate in iterative development discussions. Job descriptions and project-specific records can help establish what employees actually did rather than relying on their titles alone.

Washington D.C. Updates: How the Government Might Attack Your R&D Study

George Abney, Alston & Bird

Studies that rely primarily on interviews and summary spreadsheets may also face hearsay challenges. In litigation, the taxpayer may need witnesses who can explain the methodology and establish the underlying facts. This becomes difficult when a report incorporates information from several consultants, dozens of SMEs, and hundreds or thousands of employees.

Contemporaneous source documents reduce that dependency on testimony. Documentation does not necessarily require engineers to record every activity in tenths of an hour. Weekly or monthly records can preserve project assignments, technical responsibilities, and approximate time allocations without imposing the administrative burden of detailed daily timekeeping.

Organizations should also determine whether useful information already exists within finance, project-management, development, or collaboration systems. Artificial intelligence may help organize and summarize these records, but the resulting narratives must remain traceable to identifiable source documentation and subject to appropriate review.

Key Takeaways

- The government may focus heavily on the substantially all requirement and the methodology used to allocate employee wages.
- SME estimates are stronger when provided by knowledgeable individuals and supported by contemporaneous records.
- Job titles should not replace an activity-based analysis of the services employees performed.
- Documentation should be developed with examination and potential litigation in mind, not merely as a filing-year compliance exercise.



Spotlight: How ASML Improved Its R&D Credit Process

Cameron Blair & Kaja Cahill, ASML

ASML manufactures complex semiconductor equipment used to create patterns on silicon wafers for microchip production. Managing its R&D credit requires participation from engineers, technical leaders, SMEs, tax personnel, and external advisors. The credit also affects ASML's tax return and its annual and quarterly tax provision processes.

Engineers initially viewed R&D questionnaires as administrative work disconnected from their responsibility to conduct research and improve products. ASML addressed this resistance by educating business-segment and R&D leaders about how the credit worked, the expenses being evaluated, and the value the credit generated.

Once leadership understood that value, managers could reinforce the importance of the process and assist when individual SMEs did not respond. The tax team also shared the amount of federal and state credit generated by individual cost centers, allowing participants to see a tangible result from their involvement.

ASML applied materiality considerations to determine how extensively to pursue particular cost centers and SMEs. The team compared the potential credit value against the effort required to obtain and document the information. It also assessed whether a nonresponsive employee was the correct person to answer the questions. This allowed the company to focus its resources on the areas most likely to affect the credit.

Using Existing Technology to Improve Collaboration

Microsoft Teams became ASML's centralized collaboration environment for the study. Under prior processes, external communications could be routed to spam or identified as possible phishing messages. Engineers were also hesitant to share sensitive technical information through unfamiliar external systems.

Using Teams allowed technical information to remain within ASML's native environment. The tax team could send direct messages, determine whether messages had been read, review calendar availability, schedule follow-up meetings, and resolve questions more efficiently. Authorized external advisors could also communicate directly with participants through internal accounts.



Spotlight: How ASML Improved Its R&D Credit Process

Cameron Blair, Senior Tax Manager, and Kaja Cahill, Tax Manager, ASML

This approach reduced communication barriers while allowing engineers to use a familiar platform and the company's existing security infrastructure. The MASSIE team reported a 98 percent engineer response rate associated with its Teams-based collaboration process.

The underlying principle extends beyond Microsoft Teams. Organizations may be able to improve participation and documentation by making better use of the technologies they already own rather than introducing another standalone platform.

Simplifying and Automating the Process

Questionnaires become more difficult when they rely on legal terminology, unexplained tax concepts, or calculations that SMEs lack the context to perform. Questions should instead use clear language to elicit the technical problem, uncertainty, alternatives considered, tests performed, and results observed.

Organizations should also avoid asking SMEs for information that can be obtained from reliable enterprise data. ASML applied this principle to foreign travel, which must be considered when calculating eligible U.S.-based research wages.

Historically, engineers were asked to estimate how much time they spent outside the United States. This created confusion about whether to use calendar days, working days, or an overall percentage. ASML obtained SAP Concur expense data and worked with MASSIE to incorporate the travel information into its questionnaires through a macro.

Prepopulating the available information eliminated the need for employees to reconstruct their travel from memory and reduced related questions during the study. The process also improved consistency across employee responses.

The same strategy can be applied to data maintained in human resources platforms, project-management systems, capitalization records, timekeeping systems, and other enterprise applications.



Spotlight: How ASML Improved Its R&D Credit Process

Cameron Blair & Kaja Cahill, ASML

Moving Toward More Timely Documentation

Annual questionnaires may require engineers to recall technical activities performed many months earlier. Quarterly or semiannual collection can divide the process into shorter, more focused updates while project details remain relatively fresh.

More frequent documentation can also preserve information before employees change roles or project records become harder to retrieve. The objective does not need to be a complete quarterly credit calculation. Organizations can instead document significant projects, uncertainties, experiments, and participants throughout the year.

Artificial intelligence may eventually help create preliminary narratives from project records, development tickets, calendars, and other documentation. SMEs could then review and correct a draft rather than reconstructing an entire project from a blank questionnaire. Any resulting narrative should remain linked to its sources and receive appropriate human validation.

Key Takeaways

- Leadership education and visible financial impact can strengthen SME participation.
- Materiality should guide the level of effort devoted to cost centers, projects, and individual follow-ups.
- Familiar collaboration tools can improve security, communication, and response rates.
- Simplified questionnaires, integrated enterprise data, and more frequent documentation can reduce SME burden while improving accuracy.

A grayscale photograph of three people, two men and one woman, looking intently at a screen or document. They appear to be in a professional setting, possibly a meeting or a collaborative work environment.

Pre-Filing Agreements

Stephen Whiteaker, Director of Controversy

The Large Business and International (LB&I) Division's Pre-Filing Agreement program allows eligible taxpayers to seek resolution of qualifying tax issues before filing a return. Instead of waiting for a conventional examination, the taxpayer works with the IRS to determine the treatment of a completed transaction or tax issue in advance.

The program is generally available to taxpayers under LB&I jurisdiction with at least \$10 million in assets. The issue must relate to a completed transaction and should involve well-settled legal principles rather than speculative planning, pending litigation, or a matter already under appeal. Section 41 research credits are among the domestic issues that may be considered.

The process generally begins with a pre-submission conference, followed by a formal application. The IRS evaluates the request and determines whether to accept the issue into the program. If accepted, a joint team establishes a working timeline, conducts fact-finding, reviews the relevant records, and evaluates the proposed treatment.

A successful PFA concludes with a closing agreement that provides finality for the covered issue and year. Depending on the circumstances, the agreement may also support consistent treatment in subsequent years.

The materials identified a nonrefundable user fee of \$181,500. The process generally takes approximately 12 to 14 months and requires substantial involvement from tax personnel, operational teams, advisors, and SMEs. Approximately one-third of applications are rejected, making the pre-submission conference an important opportunity to assess suitability before submitting the formal application.

The principal benefit is tax certainty. Resolving a material issue before filing may reduce the risk of a prolonged examination, Appeals process, or litigation. However, acceptance and agreement are not guaranteed, and the taxpayer must weigh the program's cost and resource requirements against the value of obtaining certainty.

For an R&D credit PFA, the taxpayer should be prepared to support its business components, technical activities, qualified expenses, employee allocations, and study methodology through detailed records and knowledgeable participants.

Pre-Filing Agreements

Stephen Whiteaker, Director of Controversy

Key Takeaways

- A PFA provides a pathway for resolving an eligible tax issue before filing the return.
- The program may be valuable for material, recurring, and well-documented R&D credit issues.
- A pre-submission conference can help evaluate whether the issue is appropriate before the taxpayer commits to the formal process.
- The potential for tax certainty must be weighed against the significant fee, resource commitment, and lack of guaranteed acceptance or agreement.

See You Next Time!

Thanks for joining the Q3 2026 Roundtable.

We look forward to seeing you for our next Roundtable on December 16, 2026.



presented by  MASSIE