[Company Letterhead]

[Date]

[Audit Firm Name]
[Audit Firm Address]
[City, State, Zip Code]

Re: Representation Letter Regarding Deferred Tax Asset Valuation Allowance

Dear [Name of Engagement Partner],

In connection with your audit of the financial statements of [Company Name] as of [Fiscal Year End Date], we provide the following representations regarding the valuation allowance for deferred tax assets (DTAs):

1. We acknowledge our responsibility for the measurement and recognition of deferred tax assets and any related valuation allowance in accordance with [Applicable Accounting Standards, e.g., ASC 740 or IAS 12].

2. We have evaluated all available evidence, both positive and negative, to determine whether it is more likely than not that some portion or all of the deferred tax assets will not be realized.

3. As of [Fiscal Year End Date], the Company has recorded a valuation allowance of $[Amount]. We represent that this amount is sufficient to reduce the deferred tax assets to the amount that is more likely than not to be realized.

4. Our assessment of the need for a valuation allowance is based on the following sources of taxable income:
a) Reversals of existing taxable temporary differences;
b) Taxable income in prior carryback years (if permitted by law);
c) Future taxable income projections, exclusive of reversing temporary differences and carryforwards; and
d) Tax-planning strategies that are prudent and feasible.

5. The assumptions used in our forecasts of future taxable income are consistent with the Company's internal budgets and operating plans. We believe these assumptions are reasonable and achievable based on current market conditions and historical performance.

6. We have considered all significant negative evidence, including but not limited to, [list specific items, e.g., recent cumulative losses, expiring carryforwards, or industry downturns].

7. There have been no changes in tax laws or significant events since the balance sheet date that would materially affect the realizability of the deferred tax assets or the adequacy of the valuation allowance.

8. All tax-planning strategies relied upon are within the control of management and we have the intent and ability to implement such strategies if necessary.

Very truly yours,

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[Name of Chief Financial Officer]
Chief Financial Officer

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[Name of Chief Executive Officer]
Chief Executive Officer