

[Company Letterhead]

[Date]

[Client Name]

[Client Address]

[City, State, Zip Code]

## **Re: Opinion Letter Regarding Federal Research and Development Tax Credit**

Dear [Client Contact Name],

This letter provides our professional opinion regarding the eligibility of certain activities and costs incurred by [Client Name] (the "Company") for the Federal Research and Development (R&D) Tax Credit under Internal Revenue Code (IRC) Section 41 for the tax year ending [Year End Date].

### **Scope of Review**

We have examined the documentation, project descriptions, and financial records provided by the Company. Our review focused on determining whether the identified projects meet the "Four-Part Test" defined in IRC Section 41(d).

### **Analysis of the Four-Part Test**

1. **Permissible Purpose:** The projects were intended to create a new or improved function, performance, reliability, or quality for a business component.
2. **Elimination of Uncertainty:** The activities were intended to discover information to eliminate uncertainty regarding the capability, method, or appropriate design for developing the business component.
3. **Process of Experimentation:** The Company utilized a process of experimentation involving the evaluation of alternatives, systematic trial and error, or modeling.
4. **Technological in Nature:** The process of experimentation relied upon principles of physical or biological sciences, engineering, or computer science.

### **Qualified Research Expenses (QREs)**

Based on our analysis, we have identified the following qualified expenses:

- Qualified Wages: \$[Amount]
- Qualified Supplies: \$[Amount]
- Qualified Contract Research: \$[Amount]

### **Opinion**

Based on the facts and representations provided, it is our opinion that there is "substantial authority" (as defined in Treasury Regulation Section 1.6662-4(d)) for the R&D Tax Credit position taken on the Company's tax return. We believe the identified activities qualify as research and development under IRC Section 41 and the associated regulations.

### **Limitations**

This opinion is based on the law and facts as they exist as of the date of this letter. Should the underlying facts change or if there are legislative changes or new judicial interpretations, the conclusions reached in this letter may no longer be valid.

Sincerely,

[Signature]

[Name of Principal/Partner]

[Firm Name]