

[Date]

[Client Name]

[Client Address]

[City, State, Zip Code]

RE: Entity Classification and Selection Tax Strategy Opinion Letter

Dear [Client Name],

The purpose of this letter is to provide our formal legal and tax opinion regarding the classification and selection of the appropriate business entity for [Entity Name] (the "Company") under federal and state tax laws.

1. Facts and Assumptions

This opinion is based on the following facts provided by you: [List key facts, e.g., nature of business, number of owners, residency status of owners, and projected income].

2. Proposed Entity Classification

Based on our analysis, we recommend that the Company be classified for tax purposes as a: [Insert Classification, e.g., S-Corporation, C-Corporation, Partnership, or Disregarded Entity].

3. Tax Analysis and Strategy

Our recommendation is based on the following strategic considerations:

- **Self-Employment Tax Mitigation:** [Explain strategy, e.g., use of S-Corp reasonable salary vs. distributions].
- **Double Taxation:** [Explain strategy, e.g., avoidance of corporate level tax via flow-through treatment].
- **Qualified Business Income (QBI) Deduction:** [Explain eligibility under Section 199A].
- **Liability Protection:** [Briefly mention the nexus between tax classification and state law liability shields].

4. Filing Requirements

To effectuate this classification, the following forms must be filed with the Internal Revenue Service (IRS):

- [Form 8832 - Entity Classification Election]
- [Form 2553 - Election by a Small Business Corporation]

5. Conclusion

In our opinion, the selected classification provides the most efficient tax structure for the Company's stated objectives while maintaining compliance with current IRS regulations.

6. Disclosures and Limitations

This opinion is based on the Internal Revenue Code of 1986, as amended, and existing judicial

and administrative interpretations thereof. Changes in tax laws may affect the validity of this opinion. This letter is intended solely for the use of [Client Name] and may not be relied upon by any other party.

Sincerely,

[Signature]

[Name of Tax Practitioner/Attorney]

[Firm Name]