

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

[Date]

[Client Name]
[Client Address]
[City, State, Zip Code]

Re: Formal Tax Opinion - Foreign Tax Credit (FTC) Optimization Strategy

Dear [Client Name],

This letter provides our formal opinion regarding the availability and application of Foreign Tax Credits (FTC) under Sections 901 through 909 of the Internal Revenue Code (the "Code") concerning your foreign source income for the tax year ending [Year].

1. Scope of Analysis

We have reviewed your international operations, specifically focusing on taxes paid to [Foreign Jurisdiction Name]. Our analysis is based on the financial data provided and the current United States Treasury Regulations.

2. Factual Representations

This opinion relies on the following representations:

- The taxes paid are compulsory levies to a foreign sovereign.
- You have legal liability for the tax under foreign law.
- The income is properly classified as foreign source under U.S. sourcing rules.

3. Legal Analysis and Strategy

Pursuant to Section 901, a credit is allowable for income, war profits, and excess profits taxes. We have evaluated the "Substitution Requirement" under Section 903 and the "Cost Recovery Requirement" under the latest 2022 Treasury Regulations. Our strategy involves:

- Proper allocation and apportionment of expenses under Section 861.
- Optimization of "Baskets" (General, Passive, and GILTI income).
- Utilization of carryback and carryforward provisions for excess credits.

4. Conclusion and Opinion

Based on the authorities cited, it is our opinion that there is a "More Likely Than Not" probability that the tax positions described herein will be sustained upon examination by the Internal Revenue Service. Specifically, the proposed credit of \$[Amount] is consistent with the objective of preventing double taxation while complying with the Foreign Tax Credit limitation formula: $(\text{Foreign Taxable Income} / \text{Worldwide Taxable Income}) \times \text{U.S. Tax on Worldwide Income}$.

5. Disclosures

This opinion is intended solely for the use of the addressee and is based on tax laws as of the date of this letter. We express no opinion on any issues not specifically addressed herein.

Sincerely,

[Signature]

[Name of Partner]

[Title]

[Firm Name]