

[Firm Name]  
[Address Line 1]  
[Address Line 2]  
[Date]

[Client Name]  
[Client Title]  
[Company Name]  
[Address]

## **RE: Tax Opinion Regarding Research and Development (R&D) Tax Credits under IRC Section 41**

Dear [Client Name],

This letter provides our professional opinion regarding the eligibility of [Company Name] (the "Company") to claim the Credit for Increasing Research Activities under Internal Revenue Code (IRC) Section 41 for the tax year ending [Year End Date].

### **1. Scope of Engagement**

We have evaluated the Company's business components and associated expenditures to determine if they meet the statutory requirements for the federal R&D tax credit. Our analysis is based on documentation provided by the Company and interviews conducted with technical personnel.

### **2. The Four-Part Test Analysis**

Under IRC Section 41(d), for activities to qualify, they must meet the following criteria:

- **Section 174 Test:** The expenditures must be eligible for expensing under Section 174 as research and development costs.
- **Technological in Nature:** The research must rely on principles of physical science, biological science, engineering, or computer science.
- **Process of Experimentation:** Substantially all activities must constitute a process of experimentation involving the evaluation of alternatives to achieve a result.
- **Permissible Purpose:** The research must be intended to develop a new or improved function, performance, reliability, or quality for a business component.

### **3. Opinion**

Based on our review, it is our opinion that the project(s) titled [Project Names] meet the Four-Part Test. The Company has documented [Total Qualified Research Expenses] in qualified wages, supplies, and contract research. We conclude that there is "substantial authority" for the Company to claim a federal tax credit in the amount of \$[Estimated Credit Amount].

### **4. Documentation and Substantiation**

The Company must maintain contemporaneous records, including project notes, payroll records,

and technical specifications, to support these claims in the event of an Internal Revenue Service (IRS) examination.

**5. Limitations**

This opinion is based on the facts provided and current tax law. Should these facts change or the IRS issue new guidance, our conclusions may be impacted. This letter is intended solely for the use of the Company and may not be distributed to third parties without prior written consent.

Sincerely,

[Signature]

[Name of Partner/Principal]

[Title]

[Firm Name]