

[Date]

[Client Name]

[Client Address]

[City, State, Zip Code]

Re: State and Local Tax (SALT) Nexus Strategy and Compliance Opinion

Dear [Client Contact Name],

This letter provides our professional opinion regarding the state and local tax (SALT) nexus profile for [Company Name] (the "Company") and outlines a recommended strategy for mitigating historical exposure and ensuring future compliance.

1. Scope of Review

Our analysis is based on the financial data, physical locations, and activities provided for the period of [Start Date] to [End Date]. We have evaluated the Company's activities against the standards set by the U.S. Supreme Court in *Wayfair v. South Dakota* and individual state statutes regarding physical and economic nexus.

2. Nexus Determination

Based on our review, we have identified that the Company has established tax nexus in the following jurisdictions:

- **Physical Nexus:** [List States] due to [Inventory/Employees/Offices].
- **Economic Nexus:** [List States] due to exceeding sales or transaction thresholds.

3. Risk Assessment and Strategy

The Company's current non-filing status in the aforementioned states poses a financial risk regarding unpaid sales tax, corporate income tax, and associated penalties. We recommend the following strategy:

- **Voluntary Disclosure Agreements (VDA):** For states with significant historical exposure, we recommend pursuing VDAs to limit look-back periods and waive penalties.
- **Prospective Registration:** For states where thresholds were recently crossed, immediate registration for tax collection is advised.
- **Exemption Certificate Management:** Implement a system to collect and validate resale certificates to reduce taxable bases.

4. Conclusion

It is our opinion that by executing the recommended VDA applications and registering for prospective collection, the Company will significantly reduce its contingent tax liabilities and align with current multi-state tax obligations.

This opinion is based on current state laws and administrative interpretations, which are subject to change. Please contact us to discuss the implementation of these steps.

Sincerely,

[Your Name/Signature]

[Firm Name]