

[Company Name]
[Company Address]
[City, State, Zip Code]
[Date]

Subject: Substantiation of Research and Development Tax Credit for Tax Year [Year]

To Whom It May Concern,

This letter serves to substantiate the Research and Development (R&D) Tax Credit claimed by [Company Name] for the tax year ending [Date], pursuant to Section 41 of the Internal Revenue Code.

1. Business Component Description

During the tax year, [Company Name] engaged in research activities related to the development of [Name of Project/Product/Process]. The objective of this project was to [describe the new or improved functionality, performance, reliability, or quality].

2. Technical Uncertainty

At the outset of this project, technical uncertainty existed regarding the [methodology, design, or capability] required to achieve the desired result. Specifically, the company faced challenges in [describe specific technical obstacles].

3. Process of Experimentation

To resolve these uncertainties, the company followed a systematic process of experimentation. This included:

- Evaluation of alternative designs and formulations.
- [Mention Modeling, Simulation, or Systematic Trial and Error].
- Testing and validation of prototypes in a simulated environment.

4. Technological in Nature

The research activities relied on principles of [Physical Science, Biological Science, Engineering, or Computer Science] to develop the aforementioned business component.

5. Qualified Research Expenses (QREs)

The following expenses were incurred in direct support of the qualified research activities:

- **Wages:** \$[Amount] (for employees directly engaged in or supervising research).
- **Supplies:** \$[Amount] (non-depreciable items used in the research process).
- **Contract Research:** \$[Amount] (payments to third parties for research services).

6. Documentation

[Company Name] maintains contemporaneous documentation, including project notes, payroll records, and technical reports, to support the eligibility of these activities and costs.

Sincerely,

[Signature]
[Printed Name]
[Title]
[Company Name]