

[Date]

[Client Name]

[Client Address]

[City, State, Zip Code]

Re: State Apportionment of Research and Development Tax Credits - [Tax Year]

Dear [Client Contact Name],

This letter provides our professional opinion regarding the eligibility and apportionment of the Research and Development (R&D) Tax Credit for [Company Name] (the "Company") for the tax year ending [Date], specifically concerning [State Name] tax filings.

1. Scope of Analysis

We have reviewed the Company's qualified research activities (QRAs) and qualified research expenses (QREs) as defined under Internal Revenue Code (IRC) Section 41 and relevant [State Name] statutory provisions. Our analysis focuses on the nexus of research activities performed within [State Name] and the resulting apportionment factor applied to the credit.

2. Factual Background

The Company is engaged in [Brief Description of Industry/Activity]. During the tax year, the Company incurred expenses related to wages, supplies, and contract research. Based on documentation provided, [Percentage]% of these activities were physically conducted at the Company's facility located in [City, State].

3. State Statutory Authority

Under [State Statute Reference, e.g., Section 123.45 of State Tax Code], the state allows a credit against corporate income tax for increasing research activities. The state generally follows the federal definition of "qualified research" but requires that expenses be specifically apportioned to activities performed within the state boundaries.

4. Opinion

Based on the records reviewed, it is our opinion that:

- The research activities meet the "Four-Part Test" defined under IRC Section 41(d).
- The QREs attributed to [State Name] have been accurately calculated based on the location of the performance of services and the consumption of supplies.
- The apportionment methodology used to determine the state-specific credit is consistent with [State Tax Agency] regulations.

Consequently, the Company has a "more likely than not" basis to claim a state R&D tax credit in the amount of \$[Amount] on its [Tax Year] state income tax return.

5. Limitations

This opinion is based on the facts and documentation provided to us as of this date. If these facts change, our conclusions may vary. This letter is intended solely for the use of the Company and may not be relied upon by any other party.

Sincerely,

[Signature]

[Name of Authorized Signatory]

[Firm Name]