

[Your Name/Company Name]
[Address]
[City, State, Zip Code]
[Phone Number]
[Email Address]

[Date]

[IRS Agent Name]
[Internal Revenue Service]
[Address]
[City, State, Zip Code]

Re: Audit Defense Documentation for Cost Segregation Study

Taxpayer: [Taxpayer Name]
Tax Year(s): [Year(s) under audit]
Property Address: [Property Address]

Dear [Agent Name],

This letter is in response to your request for information regarding the depreciation deductions claimed for the property located at [Property Address]. The depreciation schedule was prepared based on a formal Cost Segregation Study conducted by [Name of Engineering Firm/Consultant] on [Date].

The study was performed using the "Engineering-Based Approach" as recommended by the IRS Cost Segregation Audit Techniques Guide (ATG). The primary objective was to identify and reclassify costs into shorter recovery periods, specifically 5-year, 7-year, and 15-year property, as defined under IRC Section 1245 and Section 1250.

Enclosed please find the following supporting documents:

- **The Final Cost Segregation Report:** Detailing the methodology, site visit findings, and specific asset classifications.
- **Detailed Asset Listings:** A breakdown of individual components and their assigned recovery periods.
- **Legal Analysis:** References to relevant tax law, revenue rulings, and court cases (e.g., Hospital Corp. of America v. Commissioner) justifying the reclassifications.
- **Appraisal and Costing Data:** Documentation of the cost estimation techniques used to allocate values to specific components.

We believe these documents provide sufficient evidence that the property was classified in accordance with the Internal Revenue Code and existing Treasury Regulations. The study provides a clear nexus between the actual physical assets and the depreciation categories assigned.

If you require further clarification or wish to schedule a meeting to review the engineering methodology, please contact me directly at [Phone Number].

Sincerely,

[Your Signature]

[Your Printed Name]

[Your Title]