

# Letter Regarding Long-Term Contract Tax Implications

Date: [Insert Date]

To: [Recipient's Name]

[Recipient's Address]

Dear [Recipient's Name],

We are writing to inform you about the tax implications associated with our long-term contract dated [Insert Contract Date]. As per our agreement, the following considerations should be noted:

- **Revenue Recognition:** Revenue from the long-term contract will be recognized based on the percentage-of-completion method.
- **Cost Allocation:** Costs related to the contract must be tracked separately and allocated appropriately.
- **Tax Reporting:** It is crucial to ensure that all income and expenses are reported correctly on tax returns related to the contract.
- **Tax Deductions:** Specific deductions applicable to contract costs may be available and should be documented.

Please feel free to reach out should you need further clarification on any aspect of these tax implications.

Thank you for your attention to these important details.

Sincerely,

[Your Name]

[Your Title]

[Your Company Name]

[Your Contact Information]