

# NebulaForge Tax Compliance Handbook

At NebulaForge, we are committed to full transparency and compliance in all financial matters, including taxation. This handbook outlines key expectations, guidelines, and example scenarios to help employees, contractors, and finance partners understand their obligations.

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## 1. Employee Tax Responsibilities

All full-time employees are classified as W-2 earners under U.S. tax law. This means federal and state taxes are withheld from your paycheck automatically.

If you move states during the tax year, you must update your address and W-4 form via the HR portal. Scenario: If you lived in New York until June and moved to Florida in July, you are liable for NY state income tax for the first half of the year. Not updating your address could result in incorrect withholding.

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## 2. Contractor Classification

Contractors working with NebulaForge are issued 1099 forms and are responsible for paying their own self-employment taxes, including Medicare and Social Security.

Scenario: You're a UX designer hired on a six-month contract. Your payments do not include tax withholdings, and you must pay quarterly estimated taxes. NebulaForge does not issue W-2s to 1099 contractors.

If you believe your role should be reclassified, contact Finance and Legal immediately.

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## 3. International Hires & Tax Treaties

NebulaForge works with talent globally. International hires must understand how local tax laws interact with U.S. entities.

Scenario: You're a developer based in Germany contracting for NebulaForge. Depending on U.S.-Germany tax treaties, you may be exempt from double taxation. However, it is your responsibility to consult a local tax advisor and report accordingly.

We can provide proof of payments, contracts, and invoices for your filings.

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## 4. Remote Work & State Nexus

If you work remotely from a state where NebulaForge has no physical presence, your presence could create a tax “nexus.” This could require us to register in that state.

Scenario: A full-time employee moves to Tennessee, a state with no income tax, but submits reimbursement requests for coworking space. This may create a physical nexus, requiring compliance filings.

Always notify HR before moving across state lines.

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## 5. Stock Options & RSUs

NebulaForge offers incentive stock options (ISOs) and restricted stock units (RSUs). Taxes depend on your residency, holding period, and vesting schedule.

Scenario: You exercise your stock options and hold them for over a year before selling. You qualify for long-term capital gains. However, exercising early may trigger AMT (Alternative Minimum Tax) liability.

RSUs are taxed as ordinary income at the time of vesting.

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## 6. Reimbursements vs. Taxable Benefits

All reimbursable expenses must be business-related and submitted within 30 days. Submitting non-business expenses—like gym memberships or home office upgrades—may be treated as taxable income.

Scenario: You expense a \$250 ergonomic chair without prior approval. If deemed a taxable benefit, it will be added to your W-2 income.

Always check our Expense Policy for what qualifies as non-taxable.

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## 7. Filing Assistance & Resources

NebulaForge partners with a third-party vendor to offer annual filing assistance for full-time employees. This is optional and only available during open filing windows.

Scenario: You receive help filing with the vendor but forget to report freelance income from a side gig. You are still personally responsible for filing complete returns.

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## 8. Late Filing & Penalties

Failure to file taxes accurately and on time may result in fines, both for individuals and the company. If you're missing documentation, contact HR or Finance promptly.

Scenario: A contractor does not receive a 1099 due to outdated contact info. The contractor fails to report income and receives a notice from the IRS. NebulaForge will not cover penalties in such cases.

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## 9. Confidentiality of Tax Data

Tax data is considered sensitive PII. Sharing tax forms, salary information, or benefit statements over unsecured channels is prohibited.

Scenario: An employee DMs their pay stub to a coworker over Slack to “compare tax withholding.” This is a breach of our data policy and may result in disciplinary action.

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## 10. Reporting Irregularities

If you believe taxes are being miscalculated, or have witnessed unethical financial reporting, please notify the CFO's office or submit a report through our anonymous ethics hotline.

All concerns will be investigated discreetly and fairly.

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Staying compliant with tax law is a shared responsibility. This handbook is your starting point—but it does not replace advice from certified tax professionals.