

# **Sales and Use Tax Compliance Report - Multi-State Filing**

## **Confidential Document**

**Prepared for:** Nexus Intelligent Systems, Inc.

**Reporting Period:** Fiscal Year 2023

## **1. Executive Summary**

This Sales and Use Tax Compliance Report provides a comprehensive analysis of Nexus Intelligent Systems, Inc.'s multi-state tax filing obligations, compliance status, and potential tax exposure across relevant jurisdictions for the fiscal year ending December 31, 2023.

### **1.1 Key Findings**

- Total jurisdictional tax exposure: \$342,675
- Identified compliance gaps in 3 secondary market states
- Recommended remediation strategy for historical tax liabilities
- Projected annual compliance cost: \$87,500

## **2. Jurisdictional Nexus Analysis**

### **2.1 Established Nexus States**

Nexus Intelligent Systems, Inc. has confirmed sales and use tax filing requirements in the following primary jurisdictions:

Delaware (Primary State of Incorporation)

California

Texas

New York

Illinois

### **2.2 Economic Nexus Thresholds**

Based on 2023 revenue analysis, the company has exceeded economic nexus thresholds in:

- States with \$100,000 annual sales threshold
- States with 200 separate transaction requirements

### 3. Compliance Assessment

#### 3.1 Current Filing Status

Jurisdiction	Filing Status	Last Audit	Compliance Rating
Delaware	Current	2022	Excellent
California	Current	2021	Good
Texas	Partial	2020	Needs Improvement
New York	Current	2022	Excellent
Illinois	Partial	2021	Moderate

#### 3.2 Identified Compliance Risks

- Incomplete historical filings in Texas
- Potential retroactive liability in Illinois
- Inconsistent documentation for digital service transactions

### 4. Tax Liability Exposure

#### 4.1 Estimated Tax Liabilities

- Estimated Current Year Tax Liability: \$287,450
- Potential Retroactive Liability Range: \$125,000 - \$275,000
- Recommended Reserve: \$350,000

#### 4.2 Risk Mitigation Strategies

Voluntary Disclosure Agreements (VDA)

Comprehensive lookback review

Systematic documentation enhancement

Proactive compliance management

### 5. Recommended Actions

#### 5.1 Immediate Priorities

- Complete Texas and Illinois historical filings
- Implement standardized multi-state tax tracking system

- Engage specialized multi-state tax compliance consultant

## **5.2 Documentation Requirements**

- Maintain detailed transaction logs
- Implement robust sales tax collection mechanisms
- Develop comprehensive digital service transaction documentation

## **6. Legal Disclaimer**

This report represents a professional assessment of sales and use tax compliance based on available information as of December 31, 2023. Nexus Intelligent Systems, Inc. is advised to consult independent tax counsel for definitive legal interpretation.

### **6.1 Limitations of Liability**

- This document is provided for informational purposes only
- No warranty of absolute compliance is expressed or implied
- Recommendations do not constitute legal or tax advice

## **7. Certification**

I certify that the information contained herein is true, accurate, and complete to the best of my professional knowledge.

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## **8. Appendices**

### **8.1 Supporting Documentation**

- Detailed state-by-state compliance matrix
- Transaction volume analysis
- Economic nexus calculation worksheets

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