

Corporate Tax Election and Status Documentation

PREAMBLE

THIS DOCUMENT (the "Tax Election Document") is executed this 22nd day of January, 2024, by Nexus Intelligent Systems, Inc., a Delaware corporation with principal offices located at 1200 Technology Park Drive, San Jose, California 95134 (the "Company").

1. CORPORATE TAX STATUS DECLARATION

1.1 Corporate Classification

The Company hereby affirms its status as a domestic C-Corporation validly organized under the laws of the State of Delaware, with Federal Employer Identification Number 87-2394561, and elects to be taxed pursuant to Subchapter C of the Internal Revenue Code of 1986, as amended.

1.2 Tax Year Configuration

The Company's fiscal and tax year is configured as a calendar year, commencing January 1 and concluding December 31 of each consecutive year, in accordance with Section 441(b) of the Internal Revenue Code.

2. MATERIAL TAX ELECTIONS

2.1 Section 1202 Qualified Small Business Stock Election

The Company hereby makes an irrevocable election under Section 1202 of the Internal Revenue Code, qualifying its issued stock as Qualified Small Business Stock (QSBS), subject to the following specific conditions:

- a) The stock has been continuously held since original issuance
- b) At least 80% of the corporation's assets are actively utilized in qualified trade or business operations
- c) The corporation meets all definitional requirements of a "Qualified Small Business" as defined in IRC 1202(d)

2.2 Research and Development Tax Credit

Pursuant to IRC 41, the Company elects to claim the Federal Research and Experimental Tax Credit for qualifying research expenditures, specifically targeting:

- Machine learning algorithm development
- Predictive analytics platform engineering
- Advanced AI system prototype research

2.3 Section 174 Research Expenditure Treatment

The Company elects to capitalize and amortize research and experimental expenditures over a 60-month period, consistent with recent tax code modifications and Treasury Regulation guidelines.

3. JURISDICTIONAL TAX REPRESENTATIONS

3.1 State Tax Compliance

The Company confirms full compliance with California Franchise Tax Board regulations and maintains active registration as a foreign corporation conducting business within the state.

3.2 Nexus Determination

The Company acknowledges establishing sufficient economic nexus in California, Nevada, and Texas through:

- Physical office presence
- Regular business operations
- Revenue generation exceeding jurisdictional thresholds

4. DOCUMENTATION AND RECORD RETENTION

4.1 Supporting Documentation

The Company maintains comprehensive documentation supporting all tax elections, including:

- Contemporaneous research documentation
- Detailed expenditure records
- Independent third-party verification of research activities

4.2 Record Retention Policy

All tax-related documentation shall be retained for a minimum of seven (7) years from the date of filing, in full compliance with IRS record-keeping requirements.

5. LIMITATIONS AND DISCLAIMERS

5.1 Professional Consultation

This document represents an internal tax election summary and does not constitute definitive tax advice. The Company expressly recommends consultation with qualified tax professionals for comprehensive tax strategy implementation.

5.2 Reservation of Rights

The Company reserves the right to modify or rescind any tax elections through formal amendment processes, subject to applicable regulatory constraints.

6. EXECUTION

IN WITNESS WHEREOF, the undersigned authorized representatives execute this Tax Election Document on the date first above written.

Authorized Signatures

Dr. Elena Rodriguez

Chief Executive Officer

Nexus Intelligent Systems, Inc.

Michael Chen

Chief Technology Officer

Nexus Intelligent Systems, Inc.