

IRS Form 6765 - Credit for Increasing Research Activities

Taxpayer Information

Taxpayer Name: Nexus Intelligent Systems, Inc.

Taxpayer EIN: 87-2345678

Tax Year Ending: December 31, 2023

Incorporated: Delaware

Principal Business Activity: Enterprise AI Services & Predictive Analytics

Section 1: Qualified Research Expenses Calculation

1.1 Base Period Research Expenses

The base period research expenses for Nexus Intelligent Systems, Inc. are calculated as follows:

a) Average annual gross receipts for the four preceding tax years: \$10,250,000

b) Base period research expenses:

- 2019: \$1,125,000
- 2020: \$1,275,000
- 2021: \$1,450,000
- 2022: \$1,625,000

c) Base period average: \$1,368,750

1.2 Current Year Research Expenses

Total qualified research expenses for the current tax year:

- Internal research expenses: \$2,750,000
- Contract research expenses: \$375,000
- Supplies used in research: \$225,000
- Total qualified research expenses: \$3,350,000

Section 2: Research Credit Calculation

2.1 Regular Credit Calculation

a) Fixed-Base Percentage: 14.5%

b) Calculation of Tentative Credit:

- Qualified Research Expenses: \$3,350,000
- Base Amount: $\$1,368,750 \times 1.145 = \$1,567,619$
- Excess Research Expenses: $\$3,350,000 - \$1,567,619 = \$1,782,381$
- Regular Credit Rate: 20%
- Regular Research Credit: $\$1,782,381 \times 0.20 = \$356,476$

2.2 Alternative Simplified Credit (ASC)

a) Alternative Simplified Credit Rate: 14%

b) ASC Calculation:

- Average Gross Receipts: \$10,250,000
- 50% of Average Gross Receipts: \$5,125,000
- Qualified Research Expenses: \$3,350,000
- ASC Credit: $\$3,350,000 \times 0.14 = \$469,000$

Section 3: Credit Election and Limitations

3.1 Credit Election

Nexus Intelligent Systems, Inc. elects to use the Alternative Simplified Credit (ASC) method for the tax year, with a total research credit of \$469,000.

3.2 Credit Utilization

- a) Current Year Tax Liability: \$1,250,000
- b) Maximum Allowable Credit: \$469,000
- c) Potential Carryforward: \$0 (full credit utilized)

Section 4: Supporting Documentation

4.1 Research Activities Documentation

Detailed documentation supporting the research credit claim includes:

- Comprehensive research project logs
- Employee time tracking records
- Contracts for external research services
- Detailed expense allocation worksheets
- Technical documentation of research initiatives

4.2 Compliance Certification

The undersigned certifies that:

- All information provided is true and accurate
- Research activities meet IRS qualified research expense criteria
- Documentation is maintained in accordance with IRS regulations

Execution

Authorized Signature

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Dr. Elena Rodriguez

Chief Executive Officer

Nexus Intelligent Systems, Inc.

Date: January 22, 2024

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Disclaimer

This document is prepared for tax reporting purposes. Any misrepresentation may result in penalties under IRS regulations.