

# **2023 YEAR-END TAX DOCUMENTATION**

**Summit Digital Solutions, Inc.**

**EIN: 47-3856291**

**Delaware Corporation**

**For the Period Ending December 31, 2023**

## **1. CERTIFICATION OF TAX COMPLIANCE**

The undersigned, being duly authorized officers of Summit Digital Solutions, Inc. (the "Company"), hereby certify that the following tax documentation and representations are true, complete, and accurate as of December 31, 2023.

## **2. FEDERAL TAX STATUS**

1. The Company is current on all federal tax obligations and has timely filed all required returns, including:

- Form 1120 (U.S. Corporation Income Tax Return)
- Form 941 (Quarterly Employment Tax Returns)
- Form 940 (Annual Federal Unemployment Tax Return)
- Form W-2 and 1099 Information Returns

2. Estimated tax payments for tax year 2023 were made on:

- April 15, 2023: \$875,000
- June 15, 2023: \$875,000
- September 15, 2023: \$925,000
- December 15, 2023: \$925,000

## **3. STATE AND LOCAL TAX COMPLIANCE**

1. The Company maintains active tax registrations and is compliant with filing obligations in the following jurisdictions:

- Delaware (Corporate domicile)
- California
- New York

- Texas
- Massachusetts
- Illinois

## 2. Sales and Use Tax

- The Company maintains valid sales tax exemption certificates for all applicable jurisdictions
- Sales tax nexus analysis updated Q4 2023
- Economic nexus thresholds monitored quarterly

## **4. INTERNATIONAL TAX MATTERS**

### 1. Transfer Pricing

- Transfer pricing study completed September 2023 by Ernst & Young LLP
- Intercompany agreements updated to reflect current operations
- ARM's length pricing documentation maintained for all cross-border transactions

### 2. Foreign Tax Compliance

- GILTI calculations completed and documented
- Form 5471 filing requirements evaluated
- FBAR reporting obligations assessed and fulfilled

## **5. SPECIAL TAX CONSIDERATIONS**

### 1. R&D Tax Credits

- Qualified research expenses documented: \$12,450,000
- Supporting time tracking and project documentation maintained
- Technical merit analysis completed for core development activities

### 2. Employee Benefits & Compensation

- Section 409A compliance verified for equity compensation
- Fringe benefit taxation properly reported
- Independent contractor classifications reviewed

## **6. TAX RESERVES AND PROVISIONS**

## 1. Current Tax Position

- Federal effective tax rate: 21.5%
- State effective tax rate (blended): 4.8%
- Total tax provision: \$22,925,000

## 2. Uncertain Tax Positions

- ASC 740 analysis completed
- Reserve for uncertain tax positions: \$750,000
- Supporting documentation maintained for all material positions

## **7. REPRESENTATIONS AND WARRANTIES**

The Company hereby represents and warrants that:

1. All tax returns and reports filed are true, correct, and complete in all material respects.
2. There are no pending or threatened tax audits or examinations.
3. All required withholding taxes have been properly withheld and remitted.
4. No written claims have been made by any taxing authority in any jurisdiction where the Company does not file tax returns.

## **8. DOCUMENTATION MAINTENANCE**

The Company maintains the following tax documentation:

- Quarterly and annual tax provision calculations
- Supporting workpapers for all material tax positions
- Transfer pricing documentation
- State nexus analysis and documentation
- R&D tax credit support
- Sales tax exemption certificates
- Tax return support files

## **9. AUTHORIZATION**

IN WITNESS WHEREOF, the undersigned has executed this Tax Documentation as of January 9,

2024.

SUMMIT DIGITAL SOLUTIONS, INC.

**By: \_**

Name: Sarah Blackwell

Title: Chief Operating Officer

**By: \_**

Name: David Chen

Title: Chief Financial Officer

ATTESTATION:

PricewaterhouseCoopers LLP

Independent Registered Public Accounting Firm

January 9, 2024