Tax Liability Projection and Forecast

Confidential Document

Prepared for: Potential Merger & Acquisition Due Diligence

Prepared by: Corporate Tax Strategy Department

Date of Preparation: January 22, 2024

1. EXECUTIVE SUMMARY

This Tax Liability Projection and Forecast document provides a comprehensive analysis of the anticipated tax obligations, potential contingent liabilities, and forward-looking tax strategy for Nexus Intelligent Systems, Inc. (hereinafter "the Company") for fiscal years 2024-2026, prepared in contemplation of potential corporate transaction activities.

2. SCOPE OF ANALYSIS

1 Jurisdictional Coverage

- Federal Tax Jurisdiction: United States

- State Tax Jurisdiction: Delaware (Primary Incorporation)

- Additional Operational Jurisdictions: California, Texas, New York

2 Analytical Methodology

The tax liability projections herein are derived from:

- Historical financial performance data

- Current corporate structure

- Projected revenue and expansion models

- Comprehensive review of existing tax strategies

- Anticipated regulatory and legislative changes

3. TAX LIABILITY PROJECTIONS

3.1 Corporate Income Tax Forecast

Fiscal Year	Projected Revenue	Estimated Effective Tax Rate	Projected Tax Liability

2024	$15,200,000	21.5%	$3,266,000
2025	$22,500,000	22.3%	$5,017,500
2026	$32,800,000	23.1%	$7,576,800

3.2 Potential Tax Contingencies

2.1 R&D Tax Credit Considerations

- Estimated Annual R&D Tax Credit: $450,000 - $675,000

- Qualification Basis: AI/Machine Learning Development Expenditures

- Potential Risk Factor: 15% audit probability

2.2 State-Level Tax Exposure

- Delaware Franchise Tax: Estimated $75,000 annually

- Multistate Nexus Compliance: Potential additional $125,000-$250,000 in compliance costs

4. RISK ASSESSMENT

1 Identified Tax Risk Factors

- Emerging AI/Technology Sector Regulatory Uncertainty

- Potential Changes in R&D Tax Credit Legislation

- Complex Multistate Operational Structure

2 Mitigation Strategies

- Maintain Comprehensive Documentation

- Engage Specialized Tax Advisory Firm

- Implement Proactive Tax Planning Protocols

5. LIMITATIONS AND DISCLAIMERS

1 This document represents a good-faith projection based on currently available information and is subject to material change.

2 Actual tax liabilities may differ materially from projected figures due to:

- Unexpected regulatory changes

- Significant shifts in corporate revenue

- Modifications to corporate structure or operational strategy

3 No warranty is provided or implied regarding the absolute accuracy of these projections.

6. PROFESSIONAL CERTIFICATION

The undersigned certifies that this Tax Liability Projection and Forecast has been prepared with professional diligence and represents the best available analytical assessment as of the preparation date.

Prepared By:

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Date: January 22, 2024

7. CONFIDENTIALITY NOTICE

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