

Corporate Income Tax Worksheets and Supporting Schedules

Confidential Document

Prepared for: Confidential Due Diligence Review

Reporting Period: Fiscal Years 2022-2023

Prepared By: Corporate Finance Department

Nexus Intelligent Systems, Inc.

1. Executive Summary

1 This document represents a comprehensive compilation of corporate income tax worksheets, supporting schedules, and detailed tax computation documentation for Nexus Intelligent Systems, Inc. ("Company") for the fiscal years ending December 31, 2022, and December 31, 2023.

2 All financial information herein is prepared in accordance with Generally Accepted Accounting Principles (GAAP) and reflects the company's comprehensive tax reporting strategy for enterprise AI services and predictive analytics operations.

2. Tax Computation Methodology

1 Taxable Income Calculation

- Gross Revenue: \$12,500,000
- Total Operational Expenses: \$8,725,000
- Research & Development Tax Credits: \$1,350,000
- Net Taxable Income: \$2,425,000

2 Tax Credit Breakdown

a) R&D Tax Credit Allocation

- Qualified Research Expenditures: \$3,450,000
- Federal R&D Tax Credit Rate: 20%
- Total R&D Tax Credit: \$690,000

b) Technology Investment Credits

- Qualifying AI/Machine Learning Infrastructure: \$660,000
- Investment Credit Rate: 10%

- Total Investment Tax Credit: \$66,000

3. Jurisdictional Tax Analysis

1 State of Incorporation

- Delaware Corporate Tax Rate: 8.7%
- Nexus Established: March 15, 2018
- Corporate Domicile: Wilmington, Delaware

2 Multi-State Operational Tax Considerations

- Primary Operating States: California, Texas, New York
- Apportionment Methodology: Revenue-Based Three-Factor Formula
- Effective Blended State Tax Rate: 6.2%

4. Deferred Tax Asset Analysis

1 Carryforward Loss Provisions

- Net Operating Loss (NOL) Carryforward: \$1,200,000
- Expiration Timeline: 2028-2033
- Expected Utilization: 75% Projected

2 Temporary Differences

- Depreciation Method Variations
- Stock-Based Compensation Timing Differences
- Research Expenditure Capitalization

5. Tax Risk Mitigation Strategies

1 Identified Potential Audit Triggers

- Significant R&D Tax Credit Claims
- Complex Intellectual Property Allocation
- Venture Capital Funding Structure

2 Recommended Compliance Measures

- Maintain Comprehensive Documentation

- Engage Specialized Tax Advisory Firm
- Conduct Periodic Internal Tax Reviews

6. Supplemental Documentation

1 Attached Supporting Schedules

- Form 1120 Corporate Tax Return (Redacted)
- Detailed R&D Expenditure Worksheets
- State Apportionment Calculation Exhibits

7. Limitations and Disclaimers

1 This document is prepared solely for confidential due diligence purposes. All information is subject to independent verification and does not constitute a definitive tax determination.

2 Nexus Intelligent Systems, Inc. reserves all rights to modify, update, or revise tax computations as required by regulatory changes or further financial analysis.

8. Execution

Prepared By:

Michael Chen, Chief Financial Officer

Nexus Intelligent Systems, Inc.

Date: January 22, 2024

Signature: [Digital Signature Placeholder]