

CORPORATE TAX PLANNING DOCUMENT 2024

Summit Digital Solutions, Inc.

Effective Date: January 1, 2024

1. EXECUTIVE SUMMARY

This Corporate Tax Planning Document ("Tax Plan") sets forth the tax strategy and planning framework for Summit Digital Solutions, Inc., a Delaware corporation ("Company"), for fiscal year 2024. This document has been prepared in accordance with Internal Revenue Code regulations and Delaware corporate law requirements.

2. TAX PLANNING OBJECTIVES

1. The Company's primary tax planning objectives for FY2024 are:
 - (a) Optimize tax efficiency across multi-state operations
 - (b) Maximize available R&D tax credits for technology development
 - (c) Structure international revenue streams for tax efficiency
 - (d) Maintain compliance with federal, state, and local tax regulations

3. REVENUE RECOGNITION AND CLASSIFICATION

1. Digital Transformation Services Revenue
 - Implementation fees recognized upon project milestone completion
 - Recurring platform subscription fees recognized monthly
 - Professional services fees recognized as services are rendered
2. Technology Licensing Revenue
 - Peak Performance Platform licensing fees amortized over contract term
 - IoT integration revenue recognized upon system deployment
 - Maintenance fees recognized monthly

4. RESEARCH & DEVELOPMENT TAX CREDITS

1. Qualified Research Activities
 - AI/ML algorithm development

- IoT sensor integration systems
- Process automation software development
- Platform enhancement initiatives

2. Documentation Requirements

- Contemporary project documentation
- Time tracking by qualifying activity
- Technical uncertainty evidence
- Process of experimentation records

5. STATE TAX CONSIDERATIONS

1. Nexus Analysis

- Primary operations in Delaware
- Material presence in California, Texas, New York
- Remote workforce in 15 additional states

2. State-Specific Planning

- Apportionment methodology by state
- Economic nexus thresholds monitoring
- State-specific R&D credit opportunities

6. INTERNATIONAL TAX PLANNING

1. Transfer Pricing

- Intercompany service agreements
- Technology licensing arrangements
- Cost-sharing arrangements

2. Foreign Tax Credits

- Documentation requirements
- Limitation calculations
- Carryforward planning

7. DEPRECIATION AND AMORTIZATION

1. Fixed Assets

- Computer equipment: 3-year schedule
- Office furniture: 7-year schedule
- Leasehold improvements: 15-year schedule

2. Intangible Assets

- Software development costs: 3-year amortization
- Patents and IP: 15-year amortization
- Acquired technology: 5-year amortization

8. TAX PROVISION CALCULATIONS

1. Quarterly Requirements

- Effective tax rate calculations
- Temporary difference tracking
- Permanent difference identification
- State tax allocation methodology

2. Documentation Standards

- Workpaper requirements
- Support documentation
- Review procedures
- Retention policies

9. COMPLIANCE CALENDAR

1. Federal Filing Deadlines

- Form 1120 due September 15, 2024
- Quarterly estimated payments: 4/15, 6/15, 9/15, 12/15
- R&D credit documentation: Quarterly review

2. State Filing Requirements

- Various state-specific deadlines
- Combined reporting requirements

- Estimated payment schedules

10. RISK MANAGEMENT

1. Tax Position Documentation

- Technical memoranda requirements
- Supporting analysis standards
- Review and approval procedures

2. Audit Defense Preparation

- Documentation organization
- Response procedures
- Third-party advisor coordination

11. APPROVAL AND IMPLEMENTATION

This Tax Plan has been reviewed and approved by the Company's Board of Directors and shall be implemented under the supervision of the Chief Financial Officer.

APPROVED AND ADOPTED this 9th day of January, 2024.

SUMMIT DIGITAL SOLUTIONS, INC.

By: _

Sarah Blackwell

Chief Operating Officer

ATTEST:

—

Corporate Secretary

DISCLAIMER

This document contains confidential and proprietary information of Summit Digital Solutions, Inc. and shall not be disclosed without written authorization. This Tax Plan is subject to revision based on changes in tax law or Company circumstances. Nothing herein constitutes tax advice, and the Company should consult with its tax advisors regarding specific matters.