

TAX DOCUMENTATION AND CERTIFICATION

DOCUMENT 34

THIS TAX DOCUMENTATION AND CERTIFICATION (this "Documentation") is made and entered into as of January 15, 2024 (the "Effective Date"), by Nexus Industrial Intelligence, Inc., a Delaware corporation with its principal place of business at 2500 Innovation Drive, Wilmington, Delaware 19801 ("Company").

WHEREAS, the Company develops and provides proprietary artificial intelligence software solutions and related services through its NexusCore™ Industrial AI Platform;

WHEREAS, the Company seeks to document its tax classifications, revenue recognition methodologies, and compliance obligations across multiple jurisdictions;

NOW, THEREFORE, the Company hereby certifies and documents the following:

1.0 TAX CERTIFICATION AND REPRESENTATIONS

1.1 Entity Classification

The Company hereby certifies that it is classified as a C-Corporation for federal tax purposes under Internal Revenue Code ("IRC") § 301.7701-2 and has not made any election to be treated otherwise. The Company maintains this classification for all state and local tax purposes except where specifically noted in Section 4.0. This classification shall remain in effect unless explicitly modified through proper filing of Form 8832 with the Internal Revenue Service, with written notice provided to all relevant parties within 30 days of such modification.

1.2 Tax Registration Status

The Company represents that it is duly registered for all applicable federal, state, and local tax purposes, including but not limited to: (a) Federal Employer Identification Number: 82-3456789 (b) State Tax Registration Numbers as listed in Exhibit A (c) Sales and Use Tax Permits as required by applicable jurisdictions (d) Local Business Licenses and Tax Registrations where required (e) Economic Nexus Registrations in jurisdictions meeting statutory thresholds

The Company maintains current compliance with all registration renewal requirements and filing obligations in each jurisdiction where it conducts business operations.

1.3 Software Revenue Classification

The Company's primary revenue streams from the NexusCore™ Industrial AI Platform are classified as follows: (a) Software-as-a-Service (SaaS) subscription fees constitute software services under IRC § 861 (b) Implementation services are classified as technical services (c) Custom development work qualifies as software development services (d) Data processing services are classified separately from software licensing (e) Machine learning model training services are classified as specialized technical services (f) API access fees are treated as digital service revenues (g) Hardware-software bundled solutions are allocated according to the relative fair market value of each component

1.4 International Tax Treatment

For cross-border transactions, the Company's AI services are classified as: (a) Technical services under applicable tax treaties (b) Digital services subject to Digital Services Tax where applicable (c) Software licensing for certain component functionalities (d) Royalty payments for proprietary algorithm usage (e) Mixed services under OECD guidelines where appropriate

1.5 R&D Tax Credit Qualification

The Company maintains documentation supporting its qualification for: (a) Federal R&D tax credits under IRC § 41 (b) State-level research and development incentives (c) Qualified research expenses related to AI/ML development (d) Experimental development of new software functionalities (e) Technical uncertainty documentation for novel AI applications

1.6 Tax Compliance Procedures

The Company implements comprehensive procedures to ensure: (a) Proper allocation of revenue across tax jurisdictions (b) Timely filing of all required returns and information reports (c) Documentation of transfer pricing methodologies (d) Maintenance of required tax records and supporting documentation (e) Regular review of tax positions by qualified professionals (f) Compliance with international tax reporting requirements (g) Monitoring of changing tax regulations affecting AI services

2.0 REVENUE RECOGNITION AND SOURCING

2.1 SaaS Revenue Recognition

The Company recognizes revenue from its SaaS offerings according to the following principles: (a) Subscription revenue is recognized ratably over the service period, with the recognition commencing upon the date of service activation or as specified in the customer agreement (b) Implementation revenue is recognized as services are performed, measured by completed project milestones or time-based progression (c) Usage-based revenue is recognized

when the usage occurs, with measurement based on actual system utilization metrics (d) Professional services revenue is recognized on a time-and-materials basis, including billable hours and reimbursable expenses

2.1.1 Performance Obligations

The Company shall identify and account for distinct performance obligations within each customer contract, including: (a) Core platform access and maintenance (b) Technical support services (c) Data storage and processing (d) Custom development services (e) Training and implementation services

2.1.2 Contract Modifications

Revenue recognition for contract modifications shall be treated as follows: (a) Additions to existing services shall be recognized prospectively (b) Terminations or reductions shall be recognized as adjustments to existing revenue streams (c) Price modifications shall be applied on a prospective basis (d) Service scope changes shall be evaluated for distinct performance obligations

2.2 Multi-state Revenue Allocation

Revenue is allocated among states based on: (a) User location for subscription services, determined by IP address or registered business location (b) Service delivery location for implementation services, including on-site and remote delivery (c) Customer's primary place of business for enterprise agreements, as documented in the master service agreement (d) Market-based sourcing rules where applicable, following state-specific guidelines

2.2.1 Allocation Methodology

The Company shall employ the following methodology for multi-state allocation: (a) Direct tracing of revenue to specific states where possible (b) Reasonable allocation methods based on usage metrics (c) Cost of performance methodology where required by state law (d) Proportional allocation based on user counts or access points

2.2.2 Documentation Requirements

The Company shall maintain the following documentation for state allocation purposes: (a) User location records and access logs (b) Service delivery documentation (c) Customer location certificates (d) State-specific allocation worksheets

2.3 International Revenue Sourcing

For international transactions, revenue is sourced according to: (a) Treaty provisions where applicable, including specific provisions for digital services (b) Location of service delivery, including virtual and physical presence considerations (c) Customer location for digital

services, determined by billing address or IP location (d) Server location for certain processing services, particularly for data hosting

2.3.1 International Tax Considerations

The Company shall address the following international tax considerations: (a) Value Added Tax (VAT) requirements for digital services (b) Permanent establishment implications of service delivery (c) Transfer pricing requirements for related party transactions (d) Withholding tax obligations on cross-border payments

2.3.2 Currency Considerations

Revenue recognition for international transactions shall account for: (a) Exchange rate fluctuations using spot rates (b) Currency conversion timing (c) Foreign currency gain or loss calculations (d) Hedging arrangements where applicable

2.4 Special Considerations

The Company shall apply specific treatment for: (a) Bundle discounts allocated proportionally across services (b) Free trial periods with revenue recognition beginning upon conversion (c) Service credits and refunds as revenue reductions (d) Contract termination fees recognized upon occurrence

2.4.1 Reporting Requirements

The Company shall maintain detailed revenue reports including: (a) Revenue by service type (b) Geographic allocation summaries (c) Currency conversion documentation (d) Performance obligation completion status (e) Contract modification impacts

2.4.2 Compliance Review

The Company shall conduct quarterly reviews to ensure: (a) Consistent application of revenue recognition principles (b) Accurate state and international allocation (c) Proper documentation maintenance (d) Compliance with evolving tax regulations

3.0 RESEARCH & DEVELOPMENT CLASSIFICATIONS

3.1 Qualified Research Activities

The Company's qualified research activities include: (a) Development of novel machine learning algorithms, including: (i) Neural network architecture optimization (ii) Deep learning model implementations (iii) Reinforcement learning systems (iv) Natural language processing enhancements (b) Creation of proprietary computer vision systems, encompassing: (i) Object detection and recognition frameworks (ii) Real-time image processing algorithms (iii) 3D scene reconstruction methodologies (iv) Visual simultaneous localization and mapping (SLAM) (c) Enhancement of predictive analytics capabilities, including: (i) Time series

forecasting models (ii) Anomaly detection systems (iii) Pattern recognition algorithms (iv) Statistical modeling frameworks (d) Integration of edge computing technologies, comprising: (i) Distributed computing architectures (ii) Edge-based inference optimization (iii) Resource allocation algorithms (iv) Network latency reduction systems

3.2 R&D Credit Calculations

R&D credits are calculated pursuant to IRC § 41, including: (a) Qualified research expenses, encompassing: (i) Wages for qualified services (Treasury Reg. § 1.41-2(c)) (ii) Supply costs directly related to research activities (iii) Contract research expenses, subject to 65% limitation (iv) Basic research payments to qualified organizations (b) Base amount determinations, considering: (i) Fixed-base percentage calculations (ii) Average annual gross receipts (iii) Minimum base amount requirements (iv) Start-up company special rules (c) Alternative simplified credit calculations, including: (i) Three-year qualified research expense average (ii) 14% credit rate application (iii) Reduced credit elections (iv) Consistency requirements (d) State R&D credit coordination, addressing: (i) Multiple jurisdiction compliance (ii) State-specific calculation methodologies (iii) Credit stacking provisions (iv) Intercompany transaction treatment

3.3 Technology Development Expenses

The Company classifies technology development expenses as follows: (a) Direct research costs, including: (i) Researcher compensation and benefits (ii) Laboratory and testing equipment (iii) Research facility expenses (iv) Technical documentation costs (b) Prototype development, comprising: (i) Materials and components (ii) Assembly and fabrication costs (iii) Testing equipment depreciation (iv) Quality assurance procedures (c) Testing and validation expenses, encompassing: (i) User acceptance testing (ii) Performance validation protocols (iii) Compliance verification procedures (iv) Documentation of test results (d) Software development costs under ASC 350-40, including: (i) Internal-use software development (ii) Cloud computing arrangements (iii) Implementation costs (iv) Maintenance and upgrade expenses

3.4 Documentation Requirements

The Company maintains comprehensive documentation for all R&D activities, including: (a) Detailed project plans and technical specifications (b) Research activity logs and progress reports (c) Experimental results and analysis documentation (d) Time tracking and expense allocation records (e) Technical uncertainty documentation (f) Process of experimentation evidence (g) Business component identification records (h) Qualification assessment documentation

4.0 STATE AND LOCAL TAX OBLIGATIONS

4.1 Nexus Determinations

The Company maintains nexus in jurisdictions based on the following comprehensive criteria:

- (a) Physical presence of employees or servers, including but not limited to: - Permanent or temporary office locations - Remote employees' home office locations - Data center facilities and server installations - Inventory storage or fulfillment centers - Sales representatives operating within state boundaries
- (b) Economic nexus thresholds, specifically: - Gross revenue exceeding state-specific thresholds - Transaction volume meeting statutory requirements - Digital marketplace sales activity - Recurring revenue from in-state customers - Aggregate economic activity calculations
- (c) Digital service presence, encompassing: - Cloud-based service delivery - Electronic software distribution - Digital content access and streaming - Virtual customer support operations - Online platform accessibility
- (d) Software licensing activities, including: - Enterprise software deployment - Multi-user license agreements - API integration services - Software maintenance contracts - Third-party reseller arrangements

4.2 State Filing Requirements

The Company shall maintain compliance with state filing requirements through:

- (a) Income tax returns in all nexus states, including: - Corporate income tax filings - Business activity reports - Consolidated return elections - Combined reporting requirements - Alternative apportionment petitions
- (b) Sales/use tax returns where applicable, comprising: - Monthly, quarterly, or annual filings - Marketplace facilitator obligations - Direct-to-consumer sales reporting - Use tax self-assessment documentation - Exemption certificate management
- (c) Information returns as required, including: - 1099-K reporting for payment processors - State-specific information returns - Annual reconciliation reports - Related party transaction disclosures - Foreign entity ownership documentation
- (d) Annual reports and certifications, encompassing: - Secretary of State filings - Business license renewals - Local tax registrations - Industry-specific permits - Compliance certifications

4.3 Sales Tax Treatment

The Company's position on sales tax for its offerings shall be administered as follows:

(a) SaaS subscriptions - taxable in specified jurisdictions: - Cloud-based software access - Data storage services - Platform subscription fees - User access licenses - Integration services

(b) Professional services - generally non-taxable: - Implementation consulting - Strategic advisory services - Project management - Business process optimization - Technical documentation

(c) Custom development - non-taxable in most jurisdictions: - Bespoke software development - Custom interface design - Specialized integrations - Client-specific modifications - Proprietary solutions

(d) Training services - jurisdiction-specific treatment: - Online training programs - In-person workshops - Technical certification courses - User documentation - Knowledge base access

4.4 Compliance Monitoring and Documentation

The Company shall maintain comprehensive compliance monitoring through:

(a) Regular nexus review procedures: - Quarterly business activity assessments - State-by-state threshold monitoring - Digital presence evaluation - Physical presence tracking - Economic activity analysis

(b) Documentation requirements: - Transaction records retention - Exemption certificate management - Audit trail maintenance - Filing history documentation - Correspondence archives

4.5 Remediation and Disclosure

The Company shall maintain procedures for:

(a) Voluntary disclosure agreements: - Historical tax liability assessment - Penalty abatement negotiations - Payment plan arrangements - Compliance certification - Future filing commitments

(b) Audit response protocols: - Document production procedures - Response timeline management - Representative designation - Settlement authority - Appeals processes

IN WITNESS WHEREOF, the Company has executed this Documentation as of the Effective Date.

NEXUS INDUSTRIAL INTELLIGENCE, INC.

By: _____ Name: David Kumar Title: Chief Financial Officer

EXHIBIT A

State Tax Registration Numbers [List of state-specific tax registration numbers]

APPENDIX 1

R&D Activity Documentation Requirements [Detailed documentation requirements]

APPENDIX 2

State-by-State Economic Nexus Thresholds [Jurisdiction-specific thresholds]