

Tax Compliance Policy and Procedure Manual

Nexus Intelligent Systems, Inc.

1. PURPOSE AND SCOPE

1 This Tax Compliance Policy and Procedure Manual ("Manual") establishes the comprehensive tax governance framework for Nexus Intelligent Systems, Inc. (the "Company") to ensure full compliance with federal, state, and local tax regulations while maintaining the highest standards of financial integrity and transparency.

2 The Manual applies to all employees, officers, directors, and authorized representatives engaged in financial reporting, tax planning, and tax-related activities for the Company.

2. REGULATORY COMPLIANCE FRAMEWORK

1 Applicable Regulatory Standards

- Internal Revenue Code (IRC)
- Financial Accounting Standards Board (FASB) guidelines
- Securities and Exchange Commission (SEC) reporting requirements
- State and local tax regulations applicable in jurisdictions of operation

2 Compliance Objectives

- (a) Ensure accurate and timely tax reporting
- (b) Minimize tax liability through legitimate strategic planning
- (c) Maintain comprehensive documentation of all tax-related transactions
- (d) Mitigate potential risks of tax audits or regulatory investigations

3. TAX REPORTING PROCEDURES

1 Annual Tax Reporting

- Federal corporate income tax returns shall be prepared and filed by the Chief Financial Officer or designated tax professional
- State and local tax returns must be reviewed and approved by the Company's tax counsel
- All tax filings must be completed no less than 10 business days prior to statutory deadlines

2 Documentation Requirements

- (a) Maintain comprehensive records of all financial transactions
- (b) Retain tax-related documentation for a minimum of seven (7) years
- (c) Implement secure digital archiving protocols for all tax records
- (d) Ensure all documentation is indexed and readily retrievable

4. TAX RISK MANAGEMENT

1 Risk Assessment Protocols

- Quarterly tax risk assessment reviews
- Annual comprehensive tax strategy evaluation
- Immediate reporting of potential tax compliance issues to executive leadership

2 Transfer Pricing Compliance

- (a) All intercompany transactions must be conducted at arm's length
- (b) Maintain contemporaneous transfer pricing documentation
- (c) Conduct annual transfer pricing studies to validate transaction methodologies

5. INTERNATIONAL TAX CONSIDERATIONS

1 Cross-Border Transaction Guidelines

- Comply with international tax treaties and regulations
- Implement robust documentation for international revenue recognition
- Utilize approved foreign tax credit mechanisms
- Engage specialized international tax counsel for complex transactions

6. INTERNAL CONTROLS

1 Segregation of Duties

- Establish clear separation between tax preparation and tax review functions
- Implement multi-level approval processes for significant tax decisions
- Conduct periodic internal audits of tax-related processes

2 Technology and Systems

- (a) Utilize enterprise-grade tax management software
- (b) Implement robust cybersecurity protocols for tax-related digital assets
- (c) Maintain automated audit trails for all tax-related system interactions

7. TRAINING AND PROFESSIONAL DEVELOPMENT

1 Mandatory Training

- Annual tax compliance and update training for finance personnel
- Specialized training for employees involved in tax-related activities
- Continuous professional education requirements for tax professionals

8. ENFORCEMENT AND PENALTIES

1 Non-Compliance Consequences

- Immediate investigation of potential tax compliance violations
- Potential disciplinary action, up to and including termination
- Mandatory reporting of significant compliance breaches to appropriate authorities

9. DISCLAIMER AND MODIFICATION

1 This Manual represents the current tax compliance framework and may be modified at the discretion of the Company's Board of Directors and Chief Financial Officer.

2 No provision herein shall be construed as creating a contractual obligation beyond the explicit terms of the document.

EXECUTION

Approved and Executed:

Dr. Elena Rodriguez

Chief Executive Officer

Nexus Intelligent Systems, Inc.

Date: January 22, 2024