

# **Payroll Tax Reconciliation Report - Fiscal Year 2022**

## **Confidential Document - Nexus Intelligent Systems, Inc.**

### **1. Executive Summary**

This Payroll Tax Reconciliation Report ("Report") provides a comprehensive analysis of Nexus Intelligent Systems, Inc.'s ("Company") payroll tax compliance and financial reconciliation for the fiscal year ending December 31, 2022. The Report has been prepared in accordance with applicable federal and state tax regulations and represents a detailed review of all payroll tax transactions, withholdings, and remittances.

### **2. Scope of Reconciliation**

#### **1 Reporting Period**

The reconciliation covers the complete fiscal year 2022, spanning January 1, 2022 through December 31, 2022.

#### **2 Jurisdictional Coverage**

- Federal Tax Jurisdiction: United States Internal Revenue Service
- State Tax Jurisdiction: Delaware Department of Revenue
- Local Tax Jurisdictions: New Castle County, Delaware

### **3. Payroll Tax Composition**

#### **1 Total Payroll Expenditure**

- Gross Payroll: \$6,425,375
- Total Taxable Compensation: \$5,982,144

#### **2 Tax Category Breakdown**

##### **a) Federal Taxes**

- Federal Income Tax Withholdings: \$1,247,633
- Social Security Taxes: \$370,492
- Medicare Taxes: \$86,740

##### **b) State Taxes**

- Delaware State Income Tax: \$412,876

- State Unemployment Insurance: \$58,214

c) Local Taxes

- County Occupational Privilege Tax: \$22,145

#### **4. Reconciliation Methodology**

1 Data Sources

- Payroll Processing System: ADP Enterprise Solutions
- Accounting Records: QuickBooks Enterprise
- Bank Reconciliation Statements

2 Verification Procedures

- Cross-referenced individual employee W-2 records
- Validated tax withholding calculations
- Confirmed electronic tax remittance records
- Performed variance analysis against prior fiscal periods

#### **5. Compliance Findings**

1 Tax Compliance Status

- No material discrepancies identified
- 100% compliance with federal tax reporting requirements
- Full compliance with Delaware state tax regulations

2 Potential Adjustments

Immaterial timing differences totaling \$1,247 were identified and have been appropriately accrued.

#### **6. Risk Assessment**

1 Tax Risk Profile

- Low inherent tax compliance risk
- Robust internal controls
- Consistent historical tax reporting

2 Recommended Actions

- Maintain current tax reporting processes

- Continue quarterly internal tax reconciliation reviews
- Implement annual third-party tax compliance audit

## **7. Certification**

I, Sarah Williamson, Chief Strategy Officer of Nexus Intelligent Systems, Inc., hereby certify that to the best of my knowledge, the information contained in this Payroll Tax Reconciliation Report is true, accurate, and complete.

—

Sarah Williamson

Chief Strategy Officer

Nexus Intelligent Systems, Inc.

Date: January 22, 2024

## **8. Disclaimer**

This document is confidential and prepared solely for internal use and potential due diligence purposes. Any unauthorized reproduction or distribution is strictly prohibited.

## **9. Attachments**

- Detailed Tax Withholding Schedules
- Reconciliation Working Papers
- Electronic Tax Remittance Confirmations

## **10. Contact Information**

For questions regarding this report, please contact:

- Sarah Williamson, Chief Strategy Officer
- Email: [s.williamson@nexusai.com](mailto:s.williamson@nexusai.com)
- Direct Line: (302) 555-8976