

Foreign Tax Credit Calculation and Support Documentation

1. Purpose and Scope

1 This document provides comprehensive documentation and supporting analysis for the calculation of Foreign Tax Credits (FTC) for Nexus Intelligent Systems, Inc. ("Company") for the fiscal year ending December 31, 2023.

2 The purpose of this document is to:

- a) Substantiate foreign tax credit calculations
- b) Provide detailed documentation of international tax obligations
- c) Support compliance with IRS Regulation 904 and related tax reporting requirements

2. Definitions and Interpretative Provisions

1 "Foreign Tax Credit" shall mean the tax credit allowed under Internal Revenue Code Section 901 for income taxes paid to foreign jurisdictions.

2 "Qualified Foreign Income" refers to taxable income generated by the Company's international operations, specifically including:

- Revenue from AI consulting services in European and Asian markets
- Licensing fees for predictive maintenance software
- Professional services rendered outside the United States

3. Foreign Income and Tax Credit Calculation Methodology

1 Jurisdictional Income Breakdown

a) European Operations

- Total Revenue: \$3,750,000
- Effective Tax Rate: 22.5%
- Foreign Taxes Paid: \$843,750

b) Asian Market Revenues

- Total Revenue: \$2,250,000
- Effective Tax Rate: 17.3%

- Foreign Taxes Paid: \$389,250

2 Calculation Methodology

- Gross Foreign-Source Income: \$6,000,000
- Total Foreign Taxes Paid: \$1,233,000
- U.S. Effective Tax Rate: 21%
- Maximum Allowable Foreign Tax Credit: \$1,260,000

4. Supporting Documentation

1 The following documentation supports this Foreign Tax Credit calculation:

- a) Audited financial statements for international subsidiaries
- b) Country-specific tax returns
- c) Detailed transaction logs
- d) Independent third-party tax verification reports

2 Documentation Retention

- All supporting documents shall be maintained for a minimum of seven (7) years
- Digital and physical copies will be preserved in secure, access-controlled environments

5. Compliance and Representations

1 The Company represents and warrants that:

- a) All foreign income and tax calculations are accurate and complete
- b) Calculations comply with applicable U.S. and international tax regulations
- c) No intentional misrepresentation of income or tax liability exists

2 External Verification

- PricewaterhouseCoopers LLP has conducted an independent review of these calculations
- Verification report dated January 15, 2024, confirms computational accuracy

6. Limitations and Disclaimers

1 This document is prepared in good faith based on available information as of the date of preparation.

2 The Company reserves the right to adjust calculations based on:

- Future audit findings
- Changes in tax regulations
- Newly discovered financial information

7. Execution

Executed this 22nd day of January, 2024

Dr. Elena Rodriguez

Chief Executive Officer

Nexus Intelligent Systems, Inc.

Michael Chen

Chief Financial Officer

Nexus Intelligent Systems, Inc.

8. Certification

The undersigned hereby certifies that the foregoing Foreign Tax Credit Calculation is true, accurate, and complete to the best of their knowledge.