

# State of California Tax Compliance Report Q4 2022

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

## 1. EXECUTIVE SUMMARY

This Tax Compliance Report for Nexus Intelligent Systems, Inc. ("Company") provides a comprehensive review of tax obligations, filings, and compliance status for the fourth quarter of 2022, as prepared by internal tax counsel and verified through independent tax advisory services.

## 2. DOCUMENT SCOPE AND PURPOSE

### 1 Reporting Period

- Fiscal Quarter: Q4 2022 (October 1, 2022 - December 31, 2022)
- Reporting Jurisdiction: State of California
- Tax Identification Number: 87-2938461

### 2 Objectives

The primary objectives of this report are to:

- Document tax compliance status
- Identify potential tax risks
- Provide comprehensive disclosure of tax-related activities
- Ensure transparency for stakeholders and potential investors

## 3. TAX FILING SUMMARY

### 1 State Income Tax Filings

- California Franchise Tax Board Form 100 (Quarterly Estimated)
- Total Estimated Tax Liability: \$412,500
- Filing Date: December 15, 2022
- Status: Timely Filed

### 2 Payroll Tax Compliance

- California Employment Development Department (EDD) Filings
- Quarterly Wage Reports Submitted
- Total Payroll Tax Paid: \$276,340

- Compliance Status: Full Compliance

#### **4. TAX LIABILITY ANALYSIS**

##### **1 Gross Revenue Calculation**

- Q4 2022 Gross Revenue: \$3,750,000
- California-Sourced Revenue: \$2,250,000 (60%)
- Effective Tax Rate: 8.84%

##### **2 Tax Calculation Breakdown**

- Base California Corporate Tax: \$198,900
- Research & Development Tax Credit: (\$45,230)
- Net State Tax Liability: \$153,670

#### **5. COMPLIANCE CERTIFICATIONS**

##### **1 Internal Certifications**

We hereby certify that:

- All tax calculations are accurate and complete
- All required documentation has been maintained
- No material tax controversies exist
- All statutory filing requirements have been met

##### **2 External Verification**

- Independent Tax Audit: Completed December 28, 2022
- Auditor: Thompson & Associates, LLP
- Audit Findings: No Significant Exceptions

#### **6. RISK ASSESSMENT**

##### **1 Identified Potential Risks**

- Ongoing R&D Credit Substantiation
- Potential Sales Tax Nexus Expansion
- Multi-State Apportionment Complexity

##### **2 Mitigation Strategies**

- Maintain Comprehensive Documentation
- Engage Specialized Tax Counsel
- Implement Proactive Compliance Monitoring

## **7. FORWARD-LOOKING STATEMENTS**

### **1 Anticipated Tax Developments**

- Potential Impact of State Technology Investment Credits
- Evolving Regulatory Landscape for AI/Technology Firms

## **8. LEGAL DISCLAIMERS**

### **1 Limitation of Liability**

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### **2 Confidentiality**

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## **9. SIGNATURES**

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Dr. Elena Rodriguez, CEO      Michael Chen, CTO

Nexus Intelligent Systems, Inc.   Date: January 22, 2024

Sarah Williamson

Chief Strategy Officer

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## **10. APPENDICES**

- Detailed Tax Calculation Worksheets
- EDD Quarterly Wage Reports

- R&D Credit Supporting Documentation

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