

Alternative Minimum Tax Calculation Worksheet

Confidential Document - Nexus Intelligent Systems, Inc.

1. PRELIMINARY STATEMENTS

1 Purpose of Worksheet

This Alternative Minimum Tax (AMT) Calculation Worksheet is prepared by Nexus Intelligent Systems, Inc. ("Company") for the fiscal year ending December 31, 2023, in accordance with Internal Revenue Code Section 55-59 and applicable Treasury Regulations.

2 Scope of Calculation

The worksheet provides a comprehensive analysis of the Company's potential alternative minimum tax liability, accounting for all relevant adjustments, preferences, and exemptions applicable to the Company's corporate structure and financial performance.

2. DEFINITIONS

1 Alternative Minimum Tax (AMT)

"Alternative Minimum Tax" shall mean the supplemental income tax imposed to ensure that corporations with substantial economic income cannot use extensive tax preferences to substantially reduce their regular tax liability.

2 Adjusted Current Earnings (ACE)

"Adjusted Current Earnings" refers to the Company's economic income calculated with specific adjustments prescribed under IRC Section 56.

3. TAX CALCULATION METHODOLOGY

1 Base Calculation

The AMT calculation shall proceed as follows:

- a) Determine Regular Taxable Income
- b) Apply Applicable AMT Adjustments
- c) Calculate Alternative Minimum Taxable Income (AMTI)
- d) Apply Appropriate Exemption Amounts
- e) Compute Potential AMT Liability

2 Specific Adjustments

2.1 Depreciation Adjustments

- Depreciation shall be recalculated using Alternative Depreciation System (ADS) methods
- Differences between regular tax depreciation and ADS depreciation will be documented and reconciled

2.2 Earnings and Profits Modifications

- Adjustments to reflect true economic earnings consistent with IRC guidelines
- Comprehensive review of all income recognition methodologies

4. FINANCIAL PARAMETERS

1 Relevant Financial Metrics

- Gross Revenue: \$12,500,000
- Net Operating Income: \$3,750,000
- Research & Development Expenditures: \$1,875,000
- Total Assets: \$22,300,000

2 Tax Preference Item Analysis

Comprehensive review of potential tax preference items, including:

- Accelerated Depreciation
- Intangible Drilling Costs
- Large Corporations' Adjustment Calculations

5. COMPUTATIONAL WORKSHEET

1 Alternative Minimum Taxable Income Calculation

Item	Amount	Adjustment	Net AMT Value
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Regular Taxable Income	\$3,750,000	+/- Adjustments	TBD
Depreciation Difference	\$275,000	Addback	\$275,000
ACE Adjustment	\$185,000	Modification	\$185,000
Total AMTI	TBD		

6. LIMITATIONS AND DISCLAIMERS

1 Professional Qualification

This worksheet has been prepared by internal tax professionals and is subject to independent review and verification.

2 Regulatory Compliance

The calculations herein are consistent with current IRS regulations as of the date of preparation, subject to potential future regulatory changes.

7. EXECUTION

Prepared By: Michael Chen, Chief Technology Officer

Date of Preparation: January 22, 2024

Fiscal Year: 2023

8. CONFIDENTIALITY STATEMENT

This document contains proprietary and confidential information of Nexus Intelligent Systems, Inc. Unauthorized disclosure is strictly prohibited.

Signature:

Michael Chen, CTO

Nexus Intelligent Systems, Inc.