

IRS Form 6765 - Credit for Increasing Research Activities

Tax Year 2023

Summit Digital Solutions, Inc.

EIN: 47-3856291

Part I - Current Year Credit Calculation

A. Regular Credit Calculation

Qualified research expenses for current year (2023):

- Wages for qualified services: \$12,845,000
- Cost of supplies: \$3,275,000
- Contract research expenses: \$2,950,000
- Rental/lease costs of computers: \$875,000

Total current year qualified expenses: \$19,945,000

Base amount calculation:

- Fixed-base percentage: 4.8%
- Average annual gross receipts (past 4 years): \$72,500,000
- Base amount: \$3,480,000

Regular credit computation:

- Subtract base amount from current year expenses
- Multiply difference by 20%

Regular credit amount: \$3,293,000

B. Alternative Simplified Credit (ASC) Calculation

Qualified research expenses for current year (2023): \$19,945,000

Average qualified research expenses for past 3 years:

- 2022: \$16,750,000
- 2021: \$14,325,000
- 2020: \$12,875,000

Average: \$14,650,000

ASC computation:

- Current year minus (50% of average)
- Multiply by 14%

Alternative Simplified Credit: \$1,768,350

Part II - Qualified Research Activities Documentation

A. Peak Performance Platform Development

Research Activities:

- Machine learning algorithm development
- IoT sensor integration protocols
- Advanced analytics engine optimization
- Predictive maintenance modeling

Technical Uncertainty Resolution:

- Real-time data processing capabilities
- Edge computing integration
- System scalability challenges
- Cross-platform compatibility

Process of Experimentation:

- Systematic evaluation of alternative architectures
- Iterative testing protocols
- Performance optimization trials
- Validation of hypothesis through controlled testing

B. Enterprise Integration Framework

Research Components:

- API gateway development
- Microservices architecture
- Database optimization
- Security protocol enhancement

Technical Challenges Addressed:

- Legacy system integration
- Data synchronization
- Performance scaling
- Security compliance

Part III - Supporting Documentation

A. Project Documentation

Research Project Records:

- Project initiation documents
- Technical specifications
- Test protocols and results
- Engineering meeting minutes

Personnel Records:

- Time tracking documentation
- Research team credentials
- Project assignment logs
- Skill certification records

B. Financial Documentation

Expense Records:

- Detailed payroll allocations
- Supply purchase invoices
- Contract research agreements
- Equipment lease documentation

Revenue Attribution:

- Product revenue tracking
- Service revenue allocation
- Research contract income
- Licensing revenue

Certification and Signatures

The undersigned officers of Summit Digital Solutions, Inc. hereby certify that the information provided in this Form 6765 is true, correct, and complete to the best of their knowledge and belief.

Executed this 15th day of March, 2024.

—

Dr. Alexandra Reeves

Chief Executive Officer

Summit Digital Solutions, Inc.

—

Sarah Blackwell

Chief Operating Officer

Summit Digital Solutions, Inc.

Preparer Statement

This Form 6765 was prepared by:

Davidson & Associates, LLP

Tax ID: 84-2957301

Address: 1200 Market Street, Suite 3400

Philadelphia, PA 19103

—

Jennifer Davidson, CPA

Managing Partner

Date: March 15, 2024

This document contains confidential and proprietary information of Summit Digital Solutions, Inc. and is protected under applicable tax and privacy laws.