

TAX COMPLIANCE DOCUMENTATION FY2023

DeepShield Systems, Inc.

For the Fiscal Year Ending December 31, 2023

1. CERTIFICATION OF TAX COMPLIANCE

The undersigned, Robert Kessler, Chief Financial Officer of DeepShield Systems, Inc., a Delaware corporation (the "Company"), hereby certifies, to the best of their knowledge and belief, the following with respect to the Company's tax compliance status for fiscal year 2023:

2. FEDERAL TAX COMPLIANCE

1 The Company has timely filed all required federal tax returns and information returns for FY2023, including:

- Form 1120: U.S. Corporation Income Tax Return
- Form 941: Quarterly Employment Tax Returns
- Form W-2: Wage and Tax Statements
- Form 1099: Information Returns for Independent Contractors
- Form 8955-SSA: Annual Registration Statement

2 All federal tax deposits have been made in accordance with applicable deposit schedules and requirements, including:

- Federal income tax withholding
- Social Security and Medicare taxes
- Federal unemployment tax (FUTA)
- Estimated tax payments

3. STATE AND LOCAL TAX COMPLIANCE

1 The Company maintains active tax registrations and has filed all required returns in the following jurisdictions where it conducts business operations:

- Delaware (state of incorporation)
- California
- Massachusetts

- Texas
- Virginia

2 State-specific compliance includes:

- Sales and use tax returns
- State unemployment insurance
- State withholding tax
- Corporate income/franchise tax returns
- Commercial activity tax where applicable

4. INTERNATIONAL TAX COMPLIANCE

1 The Company has filed all required international tax documentation related to:

- Transfer pricing documentation
- Country-by-country reporting
- Foreign bank account reporting (FBAR)
- Information returns for foreign-owned U.S. corporations

5. TAX PAYMENTS AND LIABILITIES

1 Current Tax Liability Status:

- Federal tax liability: \$2,437,500 (estimated for FY2023)
- State tax liabilities: \$875,000 (aggregate across all jurisdictions)
- No outstanding tax liens or judgments
- No pending tax audits or examinations

2 Tax Reserves and Provisions:

- Tax reserve of \$750,000 maintained for potential adjustments
- Quarterly tax provision analyses completed
- Documentation of uncertain tax positions maintained

6. SPECIAL TAX CONSIDERATIONS

1 R&D Tax Credits:

- Federal R&D credit claim: \$1,250,000

- Supporting documentation maintained for all claimed qualified research expenses
- State R&D credits claimed in applicable jurisdictions

2 Export Tax Incentives:

- IC-DISC structure maintained for international sales
- Compliance with IC-DISC regulatory requirements verified

7. TAX COMPLIANCE PROCEDURES

1 Internal Controls:

- Quarterly tax provision review process
- Monthly sales/use tax compliance reviews
- Periodic internal tax compliance audits
- Tax calendar maintenance and monitoring

2 Documentation Retention:

- Seven-year retention policy for all tax records
- Secure electronic storage system maintained
- Regular backup procedures implemented

8. REPRESENTATIONS AND WARRANTIES

The Company hereby represents and warrants that:

- 1 All tax returns and reports filed are true, complete, and accurate in all material respects.
- 2 All required taxes have been paid or adequately reserved.
- 3 No material misstatements or omissions exist in any filed returns.

9. CERTIFICATION

The undersigned certifies that this documentation is true and accurate as of the date below and acknowledges that this certification may be relied upon in connection with potential corporate transactions or due diligence reviews.

IN WITNESS WHEREOF, the undersigned has executed this Tax Compliance Documentation as of January 11, 2024.

DEEPSHIELD SYSTEMS, INC.

By: _

Robert Kessler

Chief Financial Officer

ATTESTATION:

By: _

Marcus Chen

Chief Executive Officer

10. DISCLAIMER

This document is confidential and proprietary to DeepShield Systems, Inc. It has been prepared for informational purposes only and should not be relied upon as tax or legal advice. Any unauthorized use, disclosure, or distribution is strictly prohibited.