



# AI BIZ GURU – Tax Strategy Optimization

## Sample Input Data

### 1. Company Overview

- **Company Name:** ElectroTech Distribution
- **Industry:** Consumer Electronics Distribution
- **Headquarters:** Texas, USA
- **Annual Revenue:** \$25 million
- **Operating Regions:** North America, Small E-Commerce International Sales

### 2. Current Tax Profile

Item	Current Status
Corporate Income Tax Rate	21% (Federal) + 2% (State)

Effective Tax Rate (ETR)	23%
International Presence	Minimal (less than 5% of sales)
Transfer Pricing Policy	Informal (not fully documented)
R&D Tax Credits	Not fully utilized
Sales Tax Compliance	Manual process, 85% accuracy
Nexus Review Status	Last reviewed 2 years ago
Tax Provision (ASC 740)	Handled externally by CPA firm
Tax Risk Assessment	Low (simple structure)

### 3. Current Tax Strategies in Place

- **Section 179 Deductions:** Used for warehouse equipment and technology investments
- **Bonus Depreciation:** Fully applied for eligible assets
- **Home Office Deduction:** Partially applied for remote employees
- **Simple State Filings:** Filing only in 6 states currently (potential exposure in others)

### 4. Priority Areas for Optimization

**Focus Area**

**Issue / Opportunity**

R&D Tax Credits	Missing out on ~\$100K of eligible credits
Transfer Pricing	Need formal intercompany agreements
State and Local Tax (SALT)	Risk of exposure in 10+ states due to e-commerce growth
International Tax	No current structure for optimizing international revenues
Sales Tax Automation	Manual filings lead to errors and penalties
Tax Provision Automation	Manual and slow tax provision process

## 5. Tax Goals for Next 12 Months

Goal	Baseline	Target
Reduce Effective Tax Rate	23%	19%
Capture R&D Tax Credits	~\$0 captured	\$100K annually
Improve Nexus Compliance	85% coverage	100% coverage
Implement Sales Tax Automation	Manual	100% Automated
Formalize Transfer Pricing Policies	Informal	Full documentation
Streamline Tax Provision Process	8 weeks	4 weeks

## 6. Constraints and Risks

- **IT Budget:** Only \$75K available for tax-related software/tools in FY2025
- **Staffing:** No internal tax department; relies on external CPA
- **System Limitation:** ERP (NetSuite) has limited native tax functionality
- **E-Commerce Sales Growth:** Estimated 20% YoY growth increases complexity
- **Potential New Tax Compliance:** Canadian VAT exposure pending

## 7. Systems in Use

System / Service	Status	Comments
ERP (Oracle NetSuite)	Active	Manual tax module usage
Avalara for Sales Tax	Not Implemented	Potential future investment
External CPA Firm	Active	For year-end tax returns and ASC 740

## 8. Additional Context

- Management is open to hiring a Tax Manager if significant savings are identified.
- Company is considering launching new subsidiaries for international growth.
- No formal IP or royalty tax structure yet implemented.

