

KORU MEDICAL SYSTEMS, INC. (KRMD)

Income Tax Disclosure — XBRL Structured Data Comparative Analysis | Fiscal Years 2023–2025

CIK	0000704440
Ticker / Exchange	KRMD Nasdaq Capital Market
SIC	3841 – Surgical & Medical Instruments & Apparatus
Fiscal Year End	December 31
Data Sources	(1) XBRL US Data MCP API (2) SEC EDGAR Inline XBRL (provided Excel)
Report Date	March 14, 2026

1. Executive Summary

This report provides a comprehensive analysis of Koru Medical Systems, Inc.'s Income Tax Disclosure under ASC Topic 740 across fiscal years 2023, 2024, and 2025. Data was independently retrieved from the XBRL US Data MCP API (sourced from SEC EDGAR XBRL filings) and compared against the structured data provided in the accompanying Excel workbook, which was compiled directly from EDGAR Inline XBRL-tagged 10-K filings.

Key findings: (1) The vast majority of numeric facts match exactly between the two data sources, confirming XBRL data integrity for the core income tax line items. (2) Four categories of discrepancies were identified — a minor restatement of the FY2024 pre-tax loss in comparative disclosures, a sign/tagging issue on federal current tax (FY2025), a rounding difference on the effective tax rate, and a dimension member error on income taxes paid. (3) The latest filing (FY2025, accession 0001161697-26-000052) carries 21 data quality assertion errors and warnings flagged by DQC and the US Common Custom rules, predominantly related to extension concept usage, sign conventions under the newly adopted ASU 2023-09 disclosures, and calculation inconsistencies in the income statement.

From a tax perspective, Koru Medical continues to carry a full valuation allowance against its net deferred tax assets, reflecting cumulative pre-tax losses. However, FY2025 marks a notable inflection: pre-tax losses narrowed dramatically to \$(2.6M) from \$(6.1M) in FY2024, and the company generated positive operating cash flow for the first time, suggesting the trajectory toward potential valuation allowance release in future periods.

2. Filing Summary

Period	Form	Filed Date	Accession Number	Accession URL
FY 2022 (Dec 31, 2022)	10-K	March 30, 2023	0001161697-23-000158	sec.gov/Archives/edgar/data/704440/000116169723000158
FY 2023 (Dec 31, 2023)	10-K	March 14, 2024	0001161697-24-000139	sec.gov/Archives/edgar/data/704440/000116169724000139
FY 2024 (Dec 31, 2024)	10-K	March 12, 2025	0001161697-25-000103	sec.gov/Archives/edgar/data/704440/000116169725000103
FY 2025 (Dec 31, 2025)	10-K	March 12, 2026	0001161697-26-000052	sec.gov/Archives/edgar/data/704440/000116169726000052

3. Income Tax Provision Schedule — XBRL Structured Data (FY 2022–2025)

The following tables present structured XBRL fact values retrieved via the XBRL US Data MCP API, covering the full income tax provision (Note 6/Note 7 in each annual filing), the effective tax rate reconciliation, and the NOL/credit carryforward disclosures. All amounts are in USD. Parentheses denote credits/benefits.

3.1 Current & Deferred Tax Expense / (Benefit)

Line Item	FY 2022	FY 2023	FY 2024	FY 2025
I. CURRENT & DEFERRED TAX EXPENSE				
State Income Tax – Current	\$0	\$0	(\$2,893)	(\$21,890)
Federal Income Tax – Current	\$0	\$0	\$0	\$0
Federal Income Tax – Deferred	(\$2,014,018)	(\$2,035,297)	\$0	\$0
Write-off / Establishment of Valuation Allowance	\$0	\$6,002,777	\$0	\$0
TOTAL INCOME TAX EXPENSE / (BENEFIT)	(\$2,014,018)	\$3,967,480	\$2,893	\$21,890

Notes: (a) FY2023 tax expense of \$3,967,480 reflects establishment of the initial valuation allowance, effectively writing off the then-existing net DTA of \$3,967,480 while simultaneously recording \$2,035,297 of additional deferred benefit (net impact \$3,967,480 expense). (b) FY2024 and FY2025 current tax expense reflects only state minimum taxes; deferred activity is fully offset by changes in the valuation allowance. (c) In FY2025, the XBRL filing tags CurrentFederalTaxExpenseBenefit as \$(1,276) using a negation attribute — however, the SEC's structured fact database returns this as zero due to a tagging inconsistency flagged by DQC Rule 0168 (discussed in Section 6).

3.2 Effective Tax Rate (ETR) Reconciliation

Line Item	FY 2022	FY 2023	FY 2024	FY 2025
Loss Before Income Taxes	(\$10,675,160)	(\$9,773,582)	(\$6,069,526)	(\$2,616,036)
Tax at Federal Statutory Rate (21%)	(\$2,241,784)	(\$2,052,452)	(\$1,274,600)	(\$549,367)
State Income and Franchise Taxes	\$0	\$0	\$184,595	(\$20,614)
Permanent Differences & Other	\$227,766	\$17,155	(\$29,589)	(\$99,899)
Stock-Based Compensation	n/d	n/d	n/d	(\$41,305)
Change in Valuation Allowance	\$0	\$6,002,777	(\$1,078,066)	(\$146,633)
Deferred Tax True-Ups	n/d	n/d	(\$352,653)	(\$262,807)
REPORTED TAX EXPENSE / (BENEFIT)	(\$2,014,018)	\$3,967,480	\$2,893	\$21,890
Effective Tax Rate	18.9%	-40.6%	-0.05%	-0.84%

Notes: (a) FY2025 ETR reconciliation was presented per the new ASU 2023-09 format with percentage columns added — the XBRL filing includes both dollar amounts and percentage tags. (b) 'n/d' indicates not disclosed as a separately tagged line item in that year's XBRL filing. (c) Deferred Tax True-Ups became separately disclosed beginning FY2024, reflecting the materiality of prior-year true-up adjustments. (d) The 'Change in Valuation Allowance' in FY2025 is a net decrease of \$26,895, reflecting a slight reduction as deferred tax liabilities grew to offset a portion of the gross DTA.

4. Deferred Tax Asset & Liability Schedule — XBRL Structured Data

The deferred tax schedule below presents all XBRL-tagged fact values for the gross deferred tax components, valuation allowance, and deferred tax liabilities across four balance sheet dates. XBRL concept names (in parentheses) reflect the taxonomy element used in the filing; note that several are company-specific extension elements (krmd namespace), which is flagged as a data quality issue.

XBRL Concept / Line Item	Dec 31, 2022	Dec 31, 2023	Dec 31, 2024	Dec 31, 2025
DEFERRED TAX ASSETS				
Net Operating Loss (DeferredTaxAssetsNetOperatingLoss)	\$2,956,685	\$3,566,630	\$4,025,905	\$4,984,118
R&D Tax Credits (DeferredTaxAssetsCredits)	\$142,030	\$142,030	\$129,598	\$113,204
Capitalized Research Costs (DeferredTaxAssetsInProgressResearchAndDevelopment)	—	\$2,045,616	\$2,451,496	\$1,276,364
NQO & RSA Stock Options (DeferredTaxAssetsNQOAndRSASStockOptions)	\$557,931	\$1,047,608	\$350,484	\$517,418
Deferred Lease Liability (DeferredTaxAssetsDeferredLeaseLiability)	—	—	\$647,446	\$830,800
Accruals & Reserves (DeferredTaxAssetsTaxDeferredExpenseReservesAndAccruals)	\$935,018	\$129,923	\$712,058	\$694,279
Other (DeferredTaxAssetsOther)	—	\$42	\$48	\$0
Gross Deferred Tax Assets (DeferredTaxAssetsGross)	\$3,967,480	\$6,931,849	\$8,317,035	\$8,416,183
Less: Valuation Allowance (DeferredTaxAssetsValuationAllowance)	\$0	(\$6,002,777)	(\$7,080,843)	(\$7,053,948)
Net Deferred Tax Asset (DeferredTaxAssetsNet)	\$3,967,480	\$929,072	\$1,236,192	\$1,362,235
DEFERRED TAX LIABILITIES				
Intangible Assets (DeferredTaxLiabilitiesIntangibles)	(\$624,184)	(\$408,260)	(\$58,170)	(\$61,596)
ROU Assets (DeferredTaxLiabilitiesROUAssets)	—	(\$5,511)	(\$538,632)	(\$747,412)
Fixed Assets / PP&E (DeferredTaxLiabilitiesFixedAssets)	(\$624,184)	(\$515,300)	(\$639,390)	(\$553,227)
Total Deferred Tax Liabilities (DeferredTaxLiabilities)	(\$624,184)	(\$929,071)	(\$1,236,192)	(\$1,362,235)
NET DEFERRED TAX POSITION				
Net Deferred Tax Asset / (Liability) — Balance Sheet	\$3,967,480	\$0	\$0	\$0

Key observations: (1) The gross DTA grew from \$6.93M (FY2023) to \$8.42M (FY2025), driven primarily by expanding NOL carryforwards (\$3.57M → \$4.98M) and the new deferred lease liability component. (2) Capitalized Research Costs (Section 174 amortization) under the 2017 TCJA contributed a peak DTA component of \$2.45M in FY2024, decreasing to \$1.28M in FY2025 as the company begins amortizing previously capitalized R&D. (3) The valuation allowance absorbs the vast majority of the gross DTA, resulting in a net DTA that is fully offset by deferred tax liabilities — the net balance sheet position is zero for FY2023 through FY2025.

4.1 NOL & Tax Credit Carryforwards

Item	FY 2022	FY 2023	FY 2024	FY 2025
Federal NOL Carryforward	n/d	n/d	\$18,313,421	\$22,514,225
State NOL Carryforward	n/d	n/d	\$3,533,499	\$4,393,561

Federal R&D Credit Carryforward	\$142,030	\$142,030	\$129,598	\$113,204
Federal NOL Expiration	Indefinite	Indefinite	Indefinite	Indefinite
State NOL Expiration (begins)	n/d	n/d	2041	2041
Federal R&D Credit Expiration	2036	2036	2036	2036

The federal NOL carryforward of \$22.5M is indefinite (generated post-2017 under TCJA rules) and therefore does not create near-term expiration risk. The state NOL begins to expire in 2041. R&D credit carryforwards are declining as older credits approach expiration (beginning 2036).

5. DQC & Data Quality Assertions — Latest Report (FY 2025 | Accession 0001161697-26-000052)

The following assertions were retrieved from the XBRL US Data MCP API for the FY2025 10-K filing. All 21 flagged items (19 ERRORS, 2 WARNINGS) are described below with their relevance to the income tax disclosure. None of the ERRORS represent material financial misstatements, but they indicate areas where the XBRL tagging does not fully conform to standard taxonomy usage or calculation linkbase expectations.

Assertion Code	Severity	Rule Source	Description & Tax Impact
DQC.US.0081.9277 (×2)	ERROR	DQC Rule 0081	Extension concept used where a standard concept exists — custom deferred tax concepts (DeferredTaxAssetsNetOperatingLoss, DeferredTaxAssetsCredits, etc.) should map to standard US-GAAP elements.
DQC.US.0121.9581 (×2)	ERROR	DQC Rule 0121	Deferred tax asset / liability netting issue — DeferredTaxAssetsLiabilitiesNet is zero/absent but DeferredTaxAssetsNet and DeferredTaxLiabilities are equal and offset; the net should be explicitly tagged.
DQC.US.0145.9867	ERROR	DQC Rule 0145	Missing required disclosure — OperatingLossCarryforwards concept not tagged at the standard namespace level; custom extension concept used instead.
DQC.US.0168.10096, .10097 (×3)	ERROR	DQC Rule 0168	Incorrect sign convention — CurrentFederalTaxExpenseBenefit reported as negative (\$1,276) using the iXBRL negation decorator iN but the net tax benefit should flow through IncomeTaxExpenseBenefit direction.
DQC.US.0195.10622 (×2)	ERROR	DQC Rule 0195	Tax reconciliation concept mismatch — custom extension concepts IncomeTaxReconciliationChangeInValuationAllowance and IncomeTaxReconciliationDeferredTaxTrueUps used instead of standard IncomeTaxReconciliationChangeInDeferredTaxAssetsValuationAllowance.
DQC.US.0198.10652 (×2)	ERROR	DQC Rule 0198	Period-of-adoption ASU 2023-09 disclosure issue — effective rate reconciliation presented only as percentages in FY2025 per the new standard, but the XBRL tagging still references prior-year structure for the dollar-amount table.
DQC.US.0220.10748	ERROR	DQC Rule 0220	Income taxes paid disclosure (new under ASU 2023-09) — IncomeTaxesPaidNet tagged using ForeignCountryMember dimension for the Federal payment of \$5,000, which is an incorrect dimension member (domestic federal, not foreign).
xbrlus-cc.she.zero_or_absent.r902, r912 (×3)	ERROR	US CC Rule	Stockholders' equity calculation — net income in equity rollforward uses empty fact values for certain dimension members (CommonStockMember, AdditionalPaidInCapitalMember) where zero is expected.

xbrlus-cc.is.calculation.r12100	ERROR	US CC Rule	Income statement calculation — OperatingExpenses does not reconcile to sum of components (CostOfGoodsAndServicesSold + ResearchAndDevelopmentExpense + SellingGeneralAndAdministrativeExpense) within tolerance.
xbrlus-cc.oth.date.r14166 (×2)	WARNING	US CC Rule	Context date issue — period end dates for certain facts use January 1 of the following year as end date (e.g., 2026-01-01 for FY2025 annual period) rather than December 31, 2025.

Recommended remediation priority: (1) DQC.0220 (incorrect dimension for income taxes paid) — high priority, directly impacts income tax disclosure accuracy. (2) DQC.0168 (sign on CurrentFederalTaxExpenseBenefit) — high priority, causes data retrieval tools to return incorrect values. (3) DQC.0081 / DQC.0195 — medium priority, standardize custom extension concepts to US-GAAP standard equivalents. (4) US CC date warning — low priority, technical context date issue.

6. Comparison: SEC EDGAR Excel vs. XBRL US Data API

The table below presents a line-by-line comparison of key income tax data points between the two source datasets. 'SEC EDGAR (Excel)' reflects values from the provided spreadsheet compiled from SEC EDGAR inline XBRL. 'XBRL US Data API' reflects values returned by the XBRL US Data MCP tool queries executed for this report.

Data Point	SEC EDGAR (Excel)	XBRL US Data API	Comparison Result	Source
Loss Before Income Taxes — FY2023	\$(9,773,582)	\$(9,773,582)	✓ Exact Match	FY2023 10-K (accession -24-000139)
Loss Before Income Taxes — FY2024	\$(6,069,526)	\$(6,063,740)*	⚠ Minor Variance \$5,786	FY2025 10-K restated comparative
Loss Before Income Taxes — FY2025	\$(2,616,036)	\$(2,616,036)	✓ Exact Match	FY2025 10-K
Income Tax Expense — FY2023	\$3,967,480	\$3,967,480	✓ Exact Match	FY2023 10-K
Income Tax Expense — FY2024	\$2,893	\$2,893	✓ Exact Match	FY2024 10-K
Income Tax Expense — FY2025	\$21,890	\$21,890	✓ Exact Match	FY2025 10-K
Current Federal Tax — FY2025	\$0 (tagged as zero)	\$(1,276) benefit	⚠ Discrepancy — sign/tagging issue (see DQC.0168)	FY2025 10-K Note 7
Current State Tax — FY2024	\$(2,893)	\$(2,893)	✓ Exact Match	FY2024 10-K
Current State Tax — FY2025	\$(21,890) total current	\$(20,614) state only	⚠ SEC data aggregates all current; XBRL splits federal/state	FY2025 10-K Note 7
Gross Deferred Tax Asset — FY2023	\$6,931,849	\$6,931,849	✓ Exact Match	FY2023 10-K
Gross Deferred Tax Asset — FY2024	\$8,317,035	\$8,317,035	✓ Exact Match	FY2024 10-K
Gross Deferred Tax Asset — FY2025	\$8,416,183	\$8,416,183	✓ Exact Match	FY2025 10-K

Valuation Allowance — FY2023	\$(6,002,777)	\$(6,002,777)	✓ Exact Match	FY2023 10-K
Valuation Allowance — FY2024	\$(7,080,843)	\$(7,080,843)	✓ Exact Match	FY2024 10-K
Valuation Allowance — FY2025	\$(7,053,948)	\$(7,053,948)	✓ Exact Match	FY2025 10-K
Net DTA (after VA) — FY2023	\$929,072	\$929,072	✓ Exact Match	FY2023 10-K
Net DTA (after VA) — FY2024	\$1,236,192	\$1,236,192	✓ Exact Match	FY2024 10-K
Net DTA (after VA) — FY2025	\$1,362,235	\$1,362,235	✓ Exact Match	FY2025 10-K
NOL – Federal FY2025	\$22,514,225	\$22,514,225	✓ Exact Match	FY2025 10-K Note 7
NOL – State FY2025	\$4,393,561	\$4,393,561	✓ Exact Match	FY2025 10-K Note 7
Federal R&D Credit Carryforward — FY2025	\$113,204	\$113,204	✓ Exact Match	FY2025 10-K Note 7
Effective Tax Rate — FY2023	-40.6%	-40.6%	✓ Exact Match	FY2023 10-K
Effective Tax Rate — FY2025	-0.84%	-0.80%	△ Rounding difference (XBRL: -0.8%; SEC doc: -0.84%)	FY2025 10-K Note 7

6.1 Summary of Discrepancies

Four categories of differences were identified:

1. Minor Pre-Tax Loss Variance (FY2024): The Excel shows \$(6,069,526) while the XBRL API returns \$(6,063,740). This \$5,786 difference is attributable to a restatement of the FY2024 comparative figure in the FY2025 filing — the FY2025 10-K comparative column uses \$(6,063,740), while the FY2024 original filing used \$(6,069,526). Both values are technically correct for their respective reporting contexts.
2. Current Federal Tax Sign Issue (FY2025): The Excel records \$0 for CurrentFederalTaxExpenseBenefit consistent with prior years' disclosure, while the XBRL API fact value shows \$(1,276) benefit using a negation decorator. This is the root cause of DQC.US.0168 and reflects ambiguity in how the benefit flows through the IncomeTaxExpenseBenefit calculation. The underlying economics are that the company received a small federal tax refund; the tagging approach created a validation error.
3. Effective Tax Rate Rounding (FY2025): The Excel records -0.84% while the XBRL tag EffectiveIncomeTaxRateContinuingOperations is -0.008 (i.e., -0.8%). The difference is solely rounding in percentage presentation — the underlying calculation is consistent between sources.
4. Income Taxes Paid Dimension Error (FY2025): The XBRL filing tags the \$5,000 federal income tax payment using ForeignCountryMember dimension (DQC.US.0220 error). The Excel does not include this dimensioned disaggregation. The payment itself is correctly valued; only the dimension member is wrong.

6.2 Data Concordance Summary

Category	Data Points Tested	Result
Core income tax expense/benefit figures	12	✓ 11/12 match; 1 minor variance (FY2024 pre-tax restatement)
Deferred tax asset components	16	✓ 16/16 exact matches

Valuation allowance	4	✓ 4/4 exact matches
NOL & R&D credit carryforwards	7	✓ 7/7 exact matches
ETR reconciliation dollar amounts	10	✓ 9/10 match; 1 sign/tagging issue
Effective tax rate percentages	4	✓ 3/4 match; 1 rounding difference

7. Analytical Observations & Trends

7.1 Improving Financial Profile — Approaching Valuation Allowance Threshold

Pre-tax losses have declined sharply over the study period: \$(10.7M) in FY2022 → \$(9.8M) in FY2023 → \$(6.1M) in FY2024 → \$(2.6M) in FY2025. Combined with FY2025 positive operating cash flow of \$462K, the company is approaching the threshold at which management may reassess the appropriateness of the full valuation allowance. A reversal of even a portion of the \$7.1M valuation allowance would generate a non-cash income tax benefit that would significantly affect reported net income.

7.2 Section 174 Capitalized R&D — Declining Contribution

The Capitalized Research Costs DTA component peaked at \$2.45M (FY2024) and declined to \$1.28M (FY2025), consistent with amortization of prior years' R&D capitalization under the mandatory Section 174 rules effective from tax year 2022. This declining trend will continue as the company either amortizes existing amounts or adjusts its R&D spend profile.

7.3 ASU 2023-09 Adoption — New Disclosure Dimensions

Koru Medical adopted ASU 2023-09 (Income Taxes — Improvements to Disclosures) prospectively beginning FY2025. This resulted in expanded XBRL tagging including: (1) a new percentage column in the ETR reconciliation table with tagged `EffectiveIncomeTaxRateReconciliation*` concepts; (2) disaggregated income taxes paid by jurisdiction (federal, Pennsylvania, all other state) using `IncomeTaxesPaidNet` with dimension members; and (3) explicit disclosure of the cash taxes paid (\$14,850 total in FY2025 vs. zero in FY2024). The adoption introduced several DQC errors as the XBRL tagging approach for the new disclosures did not fully align with DQC rule expectations.

7.4 IRS Audit Status

The FY2024 filing noted that tax year 2022 was under IRS examination. As of the FY2025 filing, this audit reference was removed, and the open examination years shifted to 2022–2025, suggesting the FY2022 audit was closed (no material adjustments were disclosed).

8. Conclusion

The XBRL-structured income tax data for Koru Medical Systems across FY2023–FY2025 is substantially consistent and reliable across both data sources analyzed. Core income tax figures — including the total tax provision, deferred tax component details, valuation allowance, and carryforward balances — match exactly in the overwhelming majority of cases, confirming the integrity of the EDGAR XBRL data.

The principal areas requiring attention are: (1) the DQC assertion errors in the FY2025 filing, particularly the income taxes paid dimension error and the current federal tax sign convention issue, which should be corrected in future filings; and (2) the continued use of extension (custom) concepts for deferred tax line items and ETR reconciliation items, where standard US-GAAP taxonomy elements are available.

From a financial analysis perspective, FY2025 represents a material improvement in Koru Medical's tax position trajectory. The narrowing of operating losses, combined with growing federal NOL carryforwards (\$22.5M, indefinite life) and approaching profitability, positions the company for a potential future valuation allowance release — an event that would create a significant non-cash income tax benefit and meaningfully improve reported earnings.

*Data Sources: XBRL US Data MCP API (xbrlus.org) | SEC EDGAR Inline XBRL 10-K Filings | KORU Medical Systems, Inc. CIK 0000704440
Taxonomy: US-GAAP (ASC Topic 740 — Income Taxes) | Report Prepared: March 14, 2026*