

NEBRASKA

Good Life. Great Service.

DEPARTMENT OF REVENUE

Federal/State Income Tax Institute

Nebraska Updates
2018

Effective
for 2018

revenue.nebraska.gov

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Today's Agenda

- **Business Taxes**
- **Individual Income Tax**
- **Use Tax**
- **Legislative Changes**
- **Revenue Rulings; Directives;
General Information Letters; and
Information Guides**

Business Taxes

[Back to Agenda](#)



Collection of Sales Tax by Remote Sellers

- Requirement for remote sellers engaged in business in Nebraska to register and start collecting and remitting Nebraska and local sales tax.
 - Beginning January 1, 2019.
 - More than \$100,000 of gross sales annually or,
 - 200 or more separate transactions for delivery into the state annually.
- Nebraska-based retailers making sales into other states may now be required to collect and remit sales tax in those other states.

Note: Additional Information Regarding [South Dakota V. Wayfair U.S. Supreme Court Decision](#)

“New Business Owners” Register Your Business Online

Eligible tax programs

- Sales and Use Tax
- Income Tax Withholding
- Business Income Tax
 - Corporation
 - Fiduciary
 - Partnership
 - Financial institution
- Miscellaneous Taxes;
 - Litter Fee
 - Severance and Conservation;
 - Lodging Tax
 - Tire Fee
 - Prepaid Wireless Surcharge

Note: Electronic registration is not available when adding additional tax programs.

E-file Mandate Business Income Tax Preparer Filing Mandate

- Beginning January 1, 2019, any paid tax preparer who prepared and filed more than 25 corporate or partnership income tax returns during any prior calendar year is mandated to file 2018 returns electronically.
- Form 1120N, 1120-SN, and 1065N
- The penalty is \$100 for each return not e-filed.
- Hardship waiver from the Tax Commissioner is available if unable to comply with the requirement.
- Waivers will be evaluated and approved or denied on a case by case basis.

Note Neb. Rev. Stat. § 77-1784(7)

Thank you for supporting e-file!

How many people are using e-file?	
Corporate	62%*
S-Corp	64%
Partnership	49%

*As of 10/18/2018

What are the benefits of e-file?

- Faster refund, especially when direct deposit is also used
- More accurate return
- Confirmation that the return was received
- E-filing costs less to process so taxpayer money is saved

Extensions for Business Returns

A Nebraska extension to file may only be obtained by:

- Attaching a copy of a timely-filed Application for Automatic Extension of Time to File Certain Business Income Tax, Information, and Other Returns, Federal Form 7004, to the Nebraska return;
- Attaching to the Nebraska return a schedule listing the federal confirmation number and providing an explanation that the electronic request for automatic federal extension was not denied; or

more...

Extensions for Business Returns (continued)

- Filing a Nebraska Application for Extension of Time to File Corporation, Fiduciary, or Partnership Return, Form 7004N.
 - Generally, Nebraska allows the same number of extension months as allowed federally. Nebraska allows a 7 months extension for Corporate returns, provided the Form 7004N is filed.
 - Fiduciary returns will be allowed a six-month extension by Nebraska.

Extensions for Business Returns

When filing for an extension:

- Failure to attach the applicable extension document to the Nebraska return may result in a late filing penalty.
- An extension only extends the date to file the return.
- An extension does not extend the date to pay the tax.
- Any tax not paid by the original due date is subject to interest.

Note: See the instructions for Form 7004N for more information.

Business Income Tax

School Readiness Tax Credit

(LB 889 – Operative for taxable years beginning on or after January 1, 2017, and before January 1, 2022)

- General requirements for income tax credits:
 - The program has a total allocation cap of \$5 million per year.
 - An application must be submitted and approved by the Department of Revenue before the credit is claimed.
 - Each application will require proper documentation from the accrediting agency verifying the level or step achieved.
 - The tax credits will be allocated in the order received.

Business Income Tax

School Readiness Tax Credit

Credit for Eligible Program

- Available to persons who own or operate an eligible childcare or education program.
- The credit is a nonrefundable income tax credit.
- Must serve children who participate in the childcare subsidy program established in Neb. Rev. Stat. § 68-1202.
- This credit is available to individuals, corporations, and fiduciaries.

Nebraska Step Up to Quality Website
<https://www.education.ne.gov/StepUpToQuality/>

Income Tax Withholding

Circular EN was updated for 2017

- Withholding rate schedules and tables were updated to reflect changes to the individual income tax brackets.
- The 2017 Circular EN replaced the 2013 version.

Tips for preparing Forms W-2 and 1099

- Verify the employee's Social Security number is correct.
- If the income is subject to Nebraska withholding, the employer or payor is required to list their Nebraska ID number on all Federal Forms W-2, W-2G, 1099-R, and 1099-MISC issued.
 - Be sure the Nebraska ID number is in the appropriate box on the Forms W-2 and 1099. Do not add prefix.
 - The Federal Employer ID number cannot be substituted for the Nebraska ID number.

Income Tax Withholding

When filing wage and tax statements, any employer or payor who issues more than 50 wage and tax statements must e-file those statements with the Department.

- This includes Forms W-2, W-2G, 1099-R, and 1099-MISC.
- Nebraska Form W-3N and related federal wage and tax statements must be filed by January 31.
- If your payroll software does not support creating the proper file format, use the Nebraska W-2 File Creator to assist you with uploading Forms W-2 electronically. See the instructions on our website.

Changes in Local Sales and Use Tax Rates

Two cities have decreased their local sales and use tax rate:

- Effective April 1, 2018
 - Norfolk 1.5%
- Effective October 1, 2018
 - Lincoln 1.5%

Changes in Local Sales and Use Tax Rates

The following cities have increased their local sales and use tax rate:

- Effective October 1, 2018
 - Stuart 1.5%
- Effective October 1, 2018
 - Tekamah 2%
 - Wisner 2%

Changes in Local Sales and Use Tax Rates

The following cities have increased their local sales and use tax rate:

- Effective January 1, 2019
 - Randolph 2%
 - Wahoo 2%
 - Dakota City 0.5%

Note: Dakota County is currently the only county in Nebraska to impose a local sales and use tax. The tax was implemented on April 1, 2015, and the rate is 0.5%.

Changes in Local Sales and Use Tax Rates

The following city has terminated its local sales and use tax:

- Effective January 1, 2019
 - Pender

Individual Income Tax

[Back to Agenda](#)

General

Nebraska Standard Deductions

	2018	2019
• Single taxpayers	\$ 6,750	\$ 6,900
• Head of household	\$ 9,900	\$10,100
• Married, filing jointly	\$13,500	\$13,800
• Married, filing separately	\$ 6,750	\$ 6,900
• Qualifying Widow(er)	\$13,500	\$13,800

Taxpayers Over Age 65 and/or Blind

- Taxpayers using married, filing jointly; married, filing separately; or qualifying widow(er) filing status, add \$1,300 per box checked.
- Taxpayers using single or head of household filing status, add \$1,600 per box checked.

General

Individual Income Tax Brackets in 2018

Bracket Number	Married, Filing Jointly	Head of Household	Single Individuals	Tax Rate
1	\$0 – 6,290	\$0 – 5,870	\$0 – 3,150	2.46%
2	\$6,290 – 37,770	\$5,870 – 30,210	\$3,150 – 18,880	3.51%
3	\$37,770 – 60,840	\$30,210 – 45,110	\$18,880 – 30,420	5.01%
4	Over \$60,840	Over \$45,110	Over \$30,420	6.84%

Individual Income Tax Brackets in 2019

Bracket Number	Married, Filing Jointly	Head of Household	Single Individuals	Tax Rate
1	\$0 – 6,440	\$0 – 6,020	\$0 – 3,230	2.46%
2	\$6,440 – 38,680	\$6,020 – 30,940	\$3,230 – 19,330	3.51%
3	\$38,680 – 62,320	\$30,940 – 46,200	\$19,330 – 31,160	5.01%
4	Over \$62,320	Over \$46,200	Over \$31,160	6.84%

High School District Code Changes

County	Prior Year District	Explanation for Change	Current Year District
Cedar/Wayne	Wayne 17	Encapsulated parcel school district	Wayne Community 17

Personal Exemption Credit

2018 = \$134

2019 = \$137

Thank you for supporting e-file!

How many people are using E-File?

2018	91.9%
2017	90.8%
2016	91.2%

*As of 10/18/2018

What are the benefits of e-file?

- Faster refund, especially when direct deposit is also used
- More accurate return
- Confirmation that the return was received
- E-filing costs less to process so taxpayer money is saved

Nebraska plans to begin accepting e-filed returns on the same date as the IRS.

Individual Income Tax New for 2018

- Dependent's Social Security Number requirement
- Nebraska Net Operating Loss Worksheet (NOL)
 - Begin with Federal NOL and increase or decrease based on adjustments allowed by Neb. Rev. Stat. § 77-2716
 - Other allowable adjustments.
- For tax years prior to 2017, Form NOL will continue to be used
- Removed Nebraska Long-Term Care Savings Plan

NEBRASKA Nebraska Individual Income Tax Return **FORM 1040N**
2018

1 Federal Filing Status: (1) Single (2) Married, filing separately (3) Head of household (4) Married, filing jointly (5) Widowed (6) Spouse

2 Check FOLU box: (1) 65 or older (2) Blind (3) Check box if someone (such as your parent or spouse) is claiming you as a dependent, (4) 100% Disabled (5) Spouse

3 Type of Return: (1) Resident (2) Partial-year resident (3) Nonresident (4) Nonresident alien

4 Nebraska personal exemption: Enter in each box or on the right (if applicable):
 a Yourself, if someone can claim you as a dependent, enter 000
 b Spouse, Married filing jointly, enter 000
 c Dependents, if more than three, see instructions
 Total Nebraska personal exemptions: 000

5 Federal adjusted gross income (AGI) (line 7, Federal Form 1040)

6 Nebraska standard deduction (if you checked any boxes on line 3, do not enter; otherwise, enter \$6,700 if single, \$13,400 if head of household, or \$13,700 if married, filing jointly)

7 Total itemized deductions (line 12, Federal Schedule A, or Nebraska Schedule D)

8 State and local income taxes (line 5a, Schedule A, Federal Form 1040) - see instructions

9 Nebraska itemized deductions (line 7, Form 1040)

10 Nebraska standard deduction or the Nebraska itemized deductions, whichever is greater (the larger of line 6 or line 9)

11 Nebraska income before adjustments (line 5, Form 1040)

12 Adjustments increasing federal AGI (line 9, Nebraska Schedule D)

13 Adjustments decreasing federal AGI (line 29, Nebraska Schedule D)

14 Nebraska taxable income (line 10, Form 1040) - see instructions

15 Nebraska taxable income (line 10, Form 1040) - see instructions

16 Nebraska income tax (line 16, Nebraska Schedule III) - see instructions

17 Total Nebraska tax before Nebraska general exemption credit (add lines 15 and 16)

NEBRASKA Nebraska Schedule I - Nebraska Adjustments to Income **FORM 1040N**
Schedule I
2018

1 Interest income from all state and local obligations exempt from federal tax

2 Total interest income exempt from federal tax, Enter total of lines 1b

3 Total average interest income from Nebraska obligations, Enter total of lines 2b

4 Financial Institution Tax Credit claimed, Enter amount from Form 1040N

5 Nebraska College Savings Program receipts, Enter total of lines 5a

6 Nebraska Net Operating Loss deduction, Enter amount from Form 1040N

7 Federal net operating loss deduction, Enter amount from Form 1040N

8 S corporation or LLC Non-Nebraska loss, Enter amount from Form 1040N

9 Total adjustments increasing federal AGI (add lines 1 through 8)

10 State income tax refund deduction, Enter amount from Federal Form 1040

11 U.S. government obligations exempt for state purposes (see instructions), Enter total of lines 11a

12 Total U.S. government obligations exempt for state purposes, Enter total of lines 11

13 Total U.S. government obligations exempt for state purposes (see instructions), Enter total of lines 12

14 Total U.S. government obligations exempt for state purposes (see instructions), Enter total of lines 13

15 Total U.S. government obligations exempt for state purposes (see instructions), Enter total of lines 14

16 Total benefits paid by the IRS included in federal AGI, Enter total of lines 16a

17 Nebraska Net Operating Loss deduction, Enter amount from Form 1040N

18 S corporation and LLC Non-Nebraska loss, Enter amount from Form 1040N

19 Income earned by a Native American in Indian country, Enter amount from Form 1040N

20 Nebraska Net Operating Loss deduction, Enter amount from Form 1040N

21 Nebraska Net Operating Loss deduction, Enter amount from Form 1040N

22 Nebraska Net Operating Loss deduction, Enter amount from Form 1040N

23 Nebraska Net Operating Loss deduction, Enter amount from Form 1040N

24 Nebraska Net Operating Loss deduction, Enter amount from Form 1040N

25 Nebraska Net Operating Loss deduction, Enter amount from Form 1040N

26 Nebraska Net Operating Loss deduction, Enter amount from Form 1040N

27 Nebraska Net Operating Loss deduction, Enter amount from Form 1040N

28 Nebraska Net Operating Loss deduction, Enter amount from Form 1040N

29 Nebraska Net Operating Loss deduction, Enter amount from Form 1040N

Must be Foreign Dividends

NEBRASKA		Nebraska Net Operating Loss Worksheet		FORM
<small>Good Only - Other Services</small>		<small>Complete Loss Incurred During Tax Years 2018 and After</small>		NOL
<small>Worksheet for</small>		<small>Usable year of Net Operating Loss beginning and ending</small>		<small>Worksheet</small>
Name on Form 1042N		Your Social Security Number	Nebraska Social Security Number	
1 Enter your federal net operating loss for this year. Do not complete this worksheet if you do not have a federal net operating loss.				
Adjustments Increasing the Federal Net Operating Loss				
2	State income tax refund deduction	2	.00	
3	Total U.S. government obligations	3	.00	
4	Total benefits paid by the Railroad Retirement Board (RRB) included in federal Adjusted Gross Income (AGI)	4	.00	
5	Nebraska College Savings Program contributions	5	.00	
6	Total Nebraska Enable Plan contributions	6	.00	
7	S corporation and Limited Liability Company (LLC) Non-Nebraska income	7	.00	
8	Nonresident military servicemember active duty pay	8	.00	
9	Native American Indian Reservation income	9	.00	
10	Claim of right repayment	10	.00	
11	Nebraska agricultural revenue bond interest (NRA) bonds	11	.00	
12	Interest from federally taxable Nebraska Investment Finance Authority (NIFA) bonds	12	.00	
13	Interest from federally taxable Build America bonds issued by Nebraska governmental units	13	.00	
14	Social security income included in federal AGI	14	.00	
15	Military retirement income	15	.00	
16	Dividends received or deemed to be received from corporations not subject to the IRC	16	.00	
17	Total adjustments increasing the federal net operating loss (enter the sum of lines 2 through 16)	17	.00	
18	Federal net operating loss after increasing adjustments (enter the result of line 1 minus line 17)	18	.00	
Adjustments Decreasing the Federal Net Operating Loss				
19	Total state and local taxable interest income	19	.00	
20	Financial Institution Tax Credit claimed	20	.00	
21	Nebraska College Savings Program recapture	21	.00	
22	Nebraska Enable Plan recapture	22	.00	
23	S corporation or LLC Non-Nebraska loss	23	.00	
24	Total adjustments decreasing the federal net operating loss (enter the sum of lines 19 through 23)	24	.00	
25	Nebraska net operating loss incurred for the current tax year (enter the sum of line 18 and line 24)	25	.00	
Note: If the result is zero or greater, you do not have a Nebraska net operating loss.				

Attach this page to your original Form 1042N or its Amended Nebraska Individual Income Tax Return, Form 1042EN.
Nonresidents and partial-year residents—Also complete and attach Schedule L.

NEBRASKA		Nebraska Net Operating Loss Worksheet		FORM
<small>Good Only - Other Services</small>		<small>Complete Loss Incurred During Tax Years 2018 and After</small>		NOL
<small>Worksheet for</small>		<small>Usable year of Net Operating Loss beginning and ending</small>		<small>Worksheet</small>
Name on Form 1042N		Your Social Security Number	Nebraska Social Security Number	
1 Enter your federal net operating loss for this year. Do not complete this worksheet if you do not have a federal net operating loss.				
Adjustments Increasing the Federal Net Operating Loss				
2	State income tax refund deduction	2	.00	
3	Total U.S. government obligations	3	.00	
4	Total benefits paid by the Railroad Retirement Board (RRB) included in federal Adjusted Gross Income (AGI)	4	.00	
5	Nebraska College Savings Program contributions	5	.00	
6	Total Nebraska Enable Plan contributions	6	.00	
7	S corporation and Limited Liability Company (LLC) Non-Nebraska income	7	.00	
8	Nonresident military servicemember active duty pay	8	.00	
9	Native American Indian Reservation income	9	.00	
10	Claim of right repayment	10	.00	
11	Nebraska agricultural revenue bond interest (NRA) bonds	11	.00	
12	Interest from federally taxable Nebraska Investment Finance Authority (NIFA) bonds	12	.00	
13	Interest from federally taxable Build America bonds issued by Nebraska governmental units	13	.00	
14	Social security income included in federal AGI	14	.00	
15	Military retirement income	15	.00	
16	Dividends received or deemed to be received from corporations not subject to the IRC	16	.00	
17	Total adjustments increasing the federal net operating loss (enter the sum of lines 2 through 16)	17	.00	
18	Federal net operating loss after increasing adjustments (enter the result of line 1 minus line 17)	18	.00	
Adjustments Decreasing the Federal Net Operating Loss				
19	Total state and local taxable interest income	19	.00	
20	Financial Institution Tax Credit claimed	20	.00	
21	Nebraska College Savings Program recapture	21	.00	
22	Nebraska Enable Plan recapture	22	.00	
23	S corporation or LLC Non-Nebraska loss	23	.00	
24	Total adjustments decreasing the federal net operating loss (enter the sum of lines 19 through 23)	24	.00	
25	Nebraska net operating loss incurred for the current tax year (enter the sum of line 18 and line 24)	25	.00	
Note: If the result is zero or greater, you do not have a Nebraska net operating loss.				

Attach this page to your original Form 1042N or its Amended Nebraska Individual Income Tax Return, Form 1042EN.
Nonresidents and partial-year residents—Also complete and attach Schedule L.

NEBRASKA		Nebraska Schedule L—		FORM
<small>Good Only - Other Services</small>		Nebraska NOL Computation for Nonresidents or Partial-Year Residents		NOL
<small>Worksheet for</small>		<small>Usable year of Net Operating Loss beginning and ending</small>		<small>Worksheet</small>
Name on Form 1042N		Your Social Security Number	Nebraska Social Security Number	
26	Income derived from Nebraska sources, including Nebraska income from wages, interest, and dividends, business, farming, partnerships, limited liability companies, S corporations, estates and trusts, gain or loss, rents and royalties, and any other Nebraska source income (from line 1, Schedule 8E)	26	.00	
27	Adjustments as applied to Nebraska income, if any (from line 2, Schedule 8E)	27	.00	
28	Nebraska income after adjustments (line 26 minus line 27) (from line 5, Schedule 8E)	28	.00	
29	Enter the amount from line 25	29	.00	
30	Enter the amount from line 28 or 29, whichever is smaller. This is your Nebraska net operating loss. Note: If the result is zero or greater, you do not have a Nebraska net operating loss.	30	.00	

Income Tax

Individual Income Tax Credit for Volunteer Emergency Responders

(LB 886 – Operative for taxable years beginning on or after January 1, 2017)

- Beginning with tax year 2017.
- Refundable income tax credit is equal to \$250.
- Available to qualified active volunteer:
 - emergency responders (includes counties among political subdivisions);
 - rescue squad members; and
 - firefighters.

Income Tax

Individual Income Tax Credit for Volunteer Emergency Responders (continued)

- Credit is available beginning with the second taxable year in which the qualified active volunteer is included on a certified list (see below).
- Qualified active volunteers accumulate points for service and emergency service-related training and activities.
- Each county, city, village, or rural or suburban fire protection district must file a certified list of those volunteers who have qualified for the immediately preceding calendar year by each February 15.

Income Tax

School Readiness Tax Credit

(LB 889 – Operative for taxable years beginning on or after January 1, 2017, and before January 1, 2022)

- General requirements for income tax credits:
 - The program has a total allocation cap of \$5 million per year.
 - The provider or staff member will be required to submit an application to the Department of Revenue.
 - Each application will require proper documentation from the accrediting agency verifying the level or step achieved.
 - The tax credits will be allocated in the order received.

Income Tax

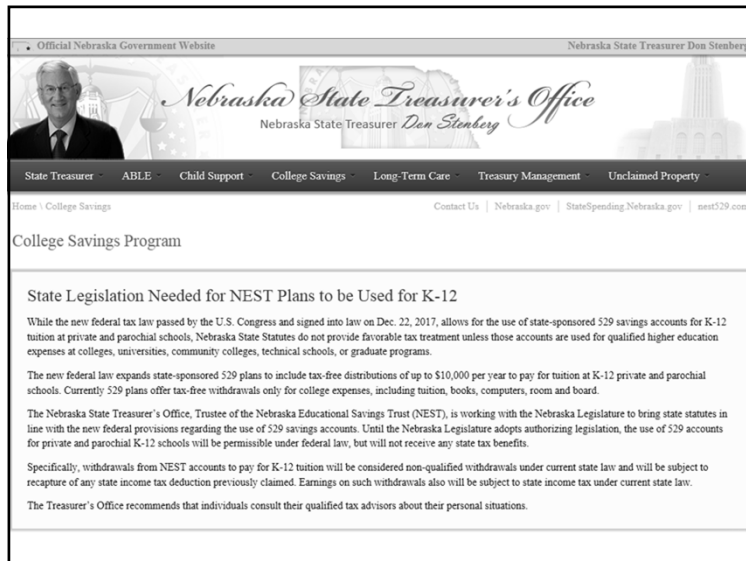
School Readiness Tax Credit

Credit for Eligible Staff Members

- Available to staff members who are both employed with an eligible program for at least six months during the taxable year, and are classified in the Nebraska Early Childhood Professional Record System.
- The credit is a refundable income tax credit.
- Eligible staff members receive a credit equal to:
 - \$1,530 for a Level Four classification;
 - \$1,275 for a Level Three classification;
 - \$765 for a Level Two classification; and
 - \$510 for a Level One classification.

Nebraska Educational Savings Trust (NEST)

- Even though the Federal Tax Cuts and Jobs Act allows accounts to be used for K-12 tuition, Nebraska law still restricts use of NEST Accounts:
 - Any withdrawal used for K-12 tuition is considered non-qualified, and
 - Any amount withdrawn for K-12 tuition that was previously claimed as a deduction is subject to recapture



E-file Requirement

No Change to the Tax Preparer Individual Income Tax E-file Requirement

- Applies to tax preparers who filed 25 or more Nebraska individual income tax returns during a prior calendar year.
- All individual income tax returns they are paid to prepare during calendar year 2019 must be e-filed.
- The penalty is \$100 for each return not e-filed.

For more information, see the [Tax Preparer E-file Mandate FAQs](#) on the Department's website or [Neb. Rev. Stat. § 77-1784](#).

Review Wage and Tax Statements Forms W-2 and 1099

When preparing individual income tax returns, verify each of the Forms W-2 and 1099 to ensure completeness and accuracy.

- If the Nebraska Employer ID number is blank and there is Nebraska withholding, a corrected form must be obtained.
- Verify the employee's Social Security number is correct on each Form W-2 or 1099.

Documentation

Examples of documents required include:

- Forms W-2 and 1099
- Railroad Retirement Board, Forms W-2 and 1099
- Schedule K-1N, Form 1041N
- Schedule K-1N, Form 1065N
- Schedule K-1N, Form 1120-SN
- Nebraska Child and Dependent Care Expenses, Form 2441N
- Nebraska Refund for Deceased Taxpayers, Form 1310N-supporting documentation as indicated on the form

The Department may request additional documentation to verify credits and adjustments during processing.

Documentation

- Nebraska Incentives Credit Computation, Form 3800N, and supporting worksheets and schedules
 - Form 3800N may be e-filed with your return if your software supports it; however, all supporting documentation must be sent as a PDF attachment, or it will be requested later during processing
 - Review and processing can take 6 weeks or more
- NOL worksheet
 - If you do not have a Federal NOL, you do not have a Nebraska NOL under Nebraska law.
 - See [Form NOL Worksheet](#) instructions or [Neb. Rev. Stat. § 77-2716\(2\)](#) for more information.
- Statement of Nebraska Financial Institution Tax Credit, Form NFC

For more information, see [Current Year Individual Income Tax Forms](#) on the Department's website.

Filing Tips

When filing Income tax return

- Verify address
 - If return has been filed, update address with Nebraska Change Request, Nebraska Form 22A for Individual Income Tax
- Verify banking information is correct
- If unsure have the client check with bank. Generally, don't use deposit slip or debit card information

Balance Due Payment Options

If the taxpayer owes tax and is not able to pay the entire balance by the due date, they are still encouraged to pay as much as possible by the due date to avoid interest charges.

- Interest will accrue on any unpaid tax until it is fully paid.
- If the taxpayer is unable to pay the entire balance by the due date, the Department offers several payment options.

Pay by credit card.

- Payments are made online at officialpayments.com.
 - A convenience fee of 2.35% will be charged by Official Payments.
 - Use Jurisdiction Code 3700.

Balance Due Payment Options

Pay entire amount within 90 days.

- No forms are required to be filed.
- Make four equal payments.
 - Pay either electronically or by check or money order.
 - Send the remaining three payments every 30 days.

Pay entire amount in more than 90 days.

- Complete [Form 27D, Payment and Authorization Agreement](#).
- Payments must be made by electronic funds transfer (EFT).
 - The Department will respond and either approve or deny the payment proposal.
 - If approved, payments will automatically be withdrawn from the bank account as the taxpayer has scheduled.
- Contact the Department if you have questions

Balance Due Payment Options

Other helpful hints:

- Payments can be made prior to the return being submitted.
 - If mailing in a payment, attach the proper form.
 - If you have questions, contact Taxpayer Assistance.
- If you set up a payment plan and make the payments as agreed, no further collection action will be taken.
- Discuss with the taxpayer ways to avoid a balance due in the future.
 - Is a sufficient amount of income tax being withheld from the taxpayer's paycheck?
 - Do they need to make or increase estimated income tax payments?

For more information, see [How to Pay Your Individual Income Tax Balance Due](#) on our website, or contact Taxpayer Assistance at 800-742-7474 (NE and IA), or 402-471-5729.

Use Tax

[Back to Agenda](#)

NEBRASKA
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DEPARTMENT OF REVENUE

Nebraska Individual Income Tax Return
for the taxable year January 1, 2018 through December 31, 2018 or other taxable year:
2018 through 2018

FORM 1040N
2018

41 Use tax due on taxable purchases where applicable sales tax was not collected. (See instructions)
Enter purchases subject to state tax 91 \$ _____ State tax 92 \$ _____ (purchases x 5.5%);
Enter purchases subject to local tax 93 \$ _____ Local tax 94 \$ _____ (purchases x local rate of _____ %)
95 Local code _____ (see local rate schedule);
Add state and local taxes and enter on line 41. If no use tax is due, enter 00 on line 41. 41 00

42 Total amount due. If line 38 is less than total of lines 40 and 41, subtract line 38 from the total of lines 40

- Report individual use tax on line 41 of Form 1040N.
- If the taxpayer needs to report use tax to multiple local jurisdictions, report it on [Form 3](#).
- If the taxpayer has a credit for tax paid to another state, along with use tax, report both the credit and tax on [Form 2](#).
- Report business use tax on [Form 10](#) or [Form 2](#).
- Businesses that hold a Nebraska Sales and Use Tax Permit, must use [Form 10](#).

Note: Do not report business use tax on Form 1040N.

Legislative Changes

[Back to Agenda](#)

Refund of Local Sales and Use Taxes

(LB 745-Operative July 19,2018)

- Beginning July 1, 2020, the bill requires notice to the affected local government within 20 days after receiving a claim for refund of local sales tax of at least \$5,000
- If the Tax Commissioner approves the refund, another notice is provided to the affected local government giving it the option of having the refund deducted from its current monthly sales tax settlement in 12 monthly installments
- The local government must certify it's choice within 20 days after receiving notice of the approved refund.

Note: Does not apply to refunds claimed as part of incentive programs governed by Neb. Rev. Stat § 77-27,144(2)

Sales and Use Tax

- Exemption for Sales and Leases of Dark Fiber (LB 994 – Operative October 1, 2018)
- Sourcing for Motor Vehicles Purchased by Public Power Districts (LB 1030-Operative January 1, 2021)
 - Returns to the location where the motor vehicle is stored for the greater portion of the year.

Income Tax

Social Security Taxability Thresholds Adjusted for Inflation (LB738-Operative for taxable years beginning with 2020)

- Indexes the threshold AGI for purposes of decreasing adjustment for social security benefits
- Index percentage is the same as is used to adjust individual income tax brackets

Overpayments Clarified (LB 1089– Operative April 18, 2018)

- Clarify that a refundable income tax credit is considered an overpayment only to the extent that the refundable credit exceeds liability.

Income Tax

- Personal Exemption Credit, Inflation Adjustment Based on Consumer Price Index (CPI) Restored (LB1090-Operative for taxable years after 2017)

Miscellaneous

- Audit Selection Criteria is Confidential (LB1089-Operative April 18, 2018)
- Nebraska Uniform Protected Series Act Adopted (LB1121-Operative January 1, 2021)

Miscellaneous

Prepaid Wireless Surcharge (PWS) Expanded to Include the Universal Service Fund Charge
(LB157-Operative July 19, 2018)

- Changed the collection of the Nebraska Universal Service Fund (USF) for sales of prepaid wireless phone service
- Collected by retailers and remitted to the Nebraska Department of Revenue (Department)
- Added another percentage to the calculation of the PWS charge
- Sellers are to remit PWS monthly except that if the seller collected less than \$1,000 in prior year

Lottery/Charitable Gaming

Keno Operators May Commingle Funds
(LB724– Operative for all applications)

- A sales outlet may commingle cash receipts from sales of keno with all other cash receipts of the sales outlet subject to authorization from Department of Revenue and subject to applicable regulations as promulgated by the Department

Property Assessment

Homestead Exemption – LB 1089

- Neb. Rev. Stat. § 77-3506 now includes un-remarried surviving spouses of servicemen and women who died while on active service, as well as those that remarry after the age of 57 in the Department's category 4 (no income or value limits).
(Operative January 2019)
- Neb. Rev. Stat. § 77-3523 now requires the county assessor to sign the county summary certificate, as well as the county treasurer.

Property Assessment

Personal Property

- LB 1089 revised Neb. Rev. Stat. § 77-118 to include provisions specifically dealing with trade-ins of depreciable personal property that was original expensed under IRC § 179 occurring between January 1, 2018 and January 1, 2020.

Auditing of Records

- LB 1089 revised Neb. Rev. Stat. § 77-376 to provide that audit selection criteria is confidential information.

Property Assessment

Tax Notices

- [LB 874](#) revised Neb. Rev. Stat § 77-1704.01 require property tax statements to detail how much of the taxes went to local governments and how much TIF increment if the property is part of a redevelopment project.

County Board of Equalization Protests

- [LB 885](#) revised Neb. Rev. Stat § 77-1502 to require a notice to the owner if another person protests the value of the property. (Operative January 2019)

For more information, see [2018 Nebraska Legislative Changes Nebraska Department of Revenue, Property Assessment Division](#) on our website.

Revenue Rulings; General Information Letters; and Information Guides

[Back to Agenda](#)

2018 Revenue Rulings

- Interest rate will increase to 5% (Revenue Ruling 99-18-1).....01/01/2019

2018 General Information Letters

- Nonresident Income Tax Withholding for Personal Services.....10/05/2018

For more information, see [Revenue Rulings](#) or [General Information Letters](#) on our website.

2018 Sales and Use Tax, Income and Miscellaneous Tax Information Guides

- Advertisements, Unlawful.....05/2018
- Dentists, Orthodontists, and Oral Surgeons. 07/2018
- Food, Food Ingredients, and Dietary Supplements.....07/2018
- Political and Ballot Question Committee Fund-Raising Events.....07/2018
- What to Expect During a Sales Tax Permit Suspension or Revocation Hearing.....06/2018

2018 Sales and Use Tax, Income, and Miscellaneous Tax Information Guides

- Determining Residency Status for Nebraska Income Tax Filing.....04/2018
- Taxability of Interest and Dividend Income From State, Local, and U.S. Government Obligations.....03/2018
- Tire Fee.....03/2018

For more information, see [Information Guides](#) on our website.

2018 Property Assessment Information Guides

- Homestead Exemption.....02/2018
- Real Property Valuation Protest.....04/2018
- Real Property Assessment.....06/2018
- Personal Property Assessment.....06/2018

For more information, see [Information Guides](#) on the Property Assessment Legal Information page on our website.

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DEPARTMENT OF REVENUE

Taxpayer Assistance
402-471-5729
800-742-7474 NE & IA
revenue.nebraska.gov

Thank you!