



Nebraska Advantage Act Incentive Computation

for use with Forms 1120N, 1120-SN, 1120NF, 1065N, 1041N, and 1040N
• Application date from October 1, 2009 to July 14, 2010.

FORM 312N
Page 1

Name on Return		Nebraska ID or Social Security No.	Federal ID Number	Tax Year End
Project Number	Date of Application	Type of Return <input type="checkbox"/> 1120N <input type="checkbox"/> 1120-SN <input type="checkbox"/> 1120NF <input type="checkbox"/> 1065N <input type="checkbox"/> 1041N <input type="checkbox"/> 1040N		
Project Location		Business Classification Code	Tier Selected in Nebraska Advantage Act Agreement <input type="checkbox"/> Tier 1 <input type="checkbox"/> Tier 2 <input type="checkbox"/> Tier 3 <input type="checkbox"/> Tier 4 <input type="checkbox"/> Tier 5 <input type="checkbox"/> Tier 6	
Name of Contact Person		Phone Number	Email Address	

Eligibility Survey

1 Does the project include a political subdivision or an organization that is exempt from income taxes under § 501(a) of the Internal Revenue Code (IRC)? YES NO

If the answer is Yes, your project includes an entity that cannot participate in the incentive program. STOP HERE. Contact the Nebraska Department of Revenue before completing the remainder of the form.

2 a Does the project include a partnership, limited liability company, cooperative, joint venture, or limited cooperative association? YES NO

If the answer is Yes, complete Schedule II for EACH partnership, limited liability company, cooperative, joint venture, or limited cooperative association.

b Is the ownership percentage on ANY Schedule II, line 4 less than 90%? YES NO

If the answer is Yes, your project includes an entity that cannot participate in the incentive program. STOP HERE. Contact the Department before completing the remainder of the form.

Important

Any partnership, limited liability company, cooperative, joint venture, or limited cooperative association in which political subdivisions or organizations described in IRC § 501(c) or (d) that hold an ownership interest of 10% or more, is not eligible to participate in the Act.

3 Has there been any change in the project ownership, entities, locations, or business activities during the year that has not been reported? YES NO

If the answer is Yes, complete and attach Schedule III.

4 a Have you timely verified the work eligibility of all newly-hired Nebraska employees through the [E-Verify](#) system operated by the the United States Citizenship and Immigration Service? YES NO

b Have the hours worked by, and compensation paid to any employee who is not eligible to work in Nebraska, according to E-Verify, been excluded from the project calculations? YES NO

If the answer to either 4a or 4b is No, revise the computation of benefits to exclude the hours and wages for employees hired after the date of application and not timely verified, or for unauthorized Nebraska employees.

Name on Return	Project Number	Tier	Date of Application	Nebraska ID Number	Tax Year End
----------------	----------------	------	---------------------	--------------------	--------------

SECTION 1 — ANALYSIS OF EMPLOYMENT
Statewide Information for Unitary Group (Report Head Count)

		A Calendar Quarter __/__/__	B Tax Year End __/__/__
1 Column A. Enter the last day of the calendar quarter prior to the application date. Column B. Enter the last day of the tax year reported on this return	1		
2 Number of paychecks issued in this last pay period	2		
3 Average annual employee compensation	3		

Project Information [Report Full-time Equivalent (FTE) Information]

4 Adjusted base-year FTEs (Schedule A, FTE column, line 5)		4
5 Average compensation for new employees (Schedule A, line 12)		5
6 Withholding ratio for Tiers 1, 2, 3, 4, and 6 (Schedule A, line 18)		6
7 FTE growth (Schedule A, line 11)		7

SECTION 2 — ANALYSIS OF INVESTMENT

8 Direct refunds for current year investment		8
9 Current year investment of qualified property (Schedule B, line 6)		9
10 Cumulative net investment in the project (Schedule B, line 12)		10

SECTION 3 — ESTABLISHMENT AND USAGE OF TAX CREDITS

		Investment Credit	Compensation Credit
11 a Tax credits carried forward from prior year's filing (Form 312N, page 2, line 21)	11a		
b Change of tax credits from amended filing (Form 312XN, line 21)	11b		
c Adjustment for recapture or Department determination (Attach an explanation)	11c		
d Total tax credits carried forward (add lines 11a, 11b, and 11c)	11d		
12 Compensation credits used to offset payroll withholding	12		
13 Tax credits used for sales or use tax refunds	13		
14 Tax credits used for refunds of real estate taxes paid (Tiers 2LDC and 6 only)	14		
15 Remaining balance of tax credits carried forward (line 11d minus lines 12, 13, and 14)	15		
16 Compensation credit earned (Schedule A, line 15)	16		
17 Investment credit earned (Schedule B, line 16)	17		
18 Total available tax credits (add lines 15, 16, and 17)	18		
19 Tax credits used in current year against income tax liability (enter here and on Form 3800N, line 6)	19		
20 Tax credits distributed to partners, shareholders, members, patrons, or beneficiaries (Schedule II, line 1)	20		
21 Ending balance of tax credits to be carried forward to next year (line 18 minus lines 19 and 20)	21		

INSTRUCTIONS FOR NEBRASKA ADVANTAGE ACT INCENTIVE COMPUTATION, FORM 312N

CAUTION

There are multiple versions of the schedules and instructions for this form that are based on the date of application. You must use the appropriate version to calculate benefits correctly.

Taxpayers with multiple projects may need to use a different version for each project.

WHO MUST FILE. Any taxpayer who has filed an application for a Nebraska Advantage Act (Act) project must file a Form 312N with supporting schedules, for each year beginning with the filing of the application through the expiration of all incentives under the Act. If a taxpayer has more than one project, a separate Form 312N must be completed for each project.

WHEN AND WHERE TO FILE. The Form 312N and supporting schedules must be filed as an attachment to the taxpayer's Nebraska income tax, financial institution, or partnership return. However, the taxpayer may elect to provide the form reporting the initial attainment of the minimum levels to the Nebraska Department of Revenue (Department) prior to the filing of the income tax return for the year of qualification.

Failure to complete the Form 312N and supporting schedules will be considered a violation of the terms of the project agreement and will be grounds for delay or termination of benefits.

The information required depends on the tier selected, type of entities in the project, and whether the project has changed.

REQUIRED DOCUMENTS

Reference	Title	Tier Option	When to File
Page 1	Eligibility Survey	All Tiers	Year of application through the end of the carryover period.
Page 2	Incentive Computation		Year of application through the end of the entitlement period, and any year in the carryover period where compensation credits are used to offset payroll withholding.
Schedule A	Employment Calculation		Year of application through the end of the entitlement period, and each year in the carryover period until all compensation credits are used.
Schedule B	Investment Calculation	Tiers 1, 2, 4, 5, and 6	Year of application through the end of the carryover period.
Schedule I	Estimated Sales or Use Tax Refunds	All Tiers	Each year the project is owned by or includes a flow-through entity or there is a distribution of credits.
Schedule II	Ownership Analysis and Distribution of Tax Credits		Each year there is a change of the project definition or ownership.
Schedule III	Changes to the Project		Each year the project is owned by a flow-through entity that is owned by another flow-through entity.
Schedule IV	Ownership Verification Statement		

HOW TO AMEND. When correcting a prior year's filing, complete the [Form 312XN](#), revise the supporting schedules, and attach these to an amended income tax return, financial institution, or partnership return.

GENERAL INSTRUCTIONS

- Follow the specific line instructions provided for each page and schedule.
- Rounding instructions.**
 - For all dollar values, enter amounts in whole dollars. Do not include cents. Round any amount from 50 cents to 99 cents to the next higher dollar. Round any amount less than 50 cents to the next lower dollar.
 - Follow the separate instructions for Schedule A concerning rounding of hours, full-time equivalent (FTE) employees, and the withholding ratio.
 - The project must attain the minimum levels of investment and employment without any benefit from mathematical rounding or truncation.

3. **TIME PERIODS.** The required information varies for the project’s attainment, entitlement, and carryover period and by the tier selected. The maximum life of a project impacts the length of the entitlement or carryover period for certain tiers. Refer to the table below for information on time periods for each tier.

Time Period	Tier 1	Tier 2	Tier 3	Tier 4	Tier 5	Tier 6
Attainment	5 years	7 years	5 years	7 years	7 years	5 years
Entitlement	6 or 7 years*	7 years	6 or 7 years*	7 years	7 years	10 years
Carryover	0 to 3 years*	2 to 8 years*	0 to 3 years*	2 to 8 years*	N/A	1 year
Maximum Life	10 years	15 years	10 years	15 years	13 years	15 years

*Time periods are limited by the maximum life of the project.

4. References to Tier 2 in this form include Tier 2, Tier 2 Web Portal or Data Center, and Tier 2 Large Data Center (Tier 2LDC) applications. References to Tier 5 in this form include Tier 5, Tier 5 Web Portal or Data Center, and Tier 5 Large Data Center applications.

TERMS

Refer to the [Nebraska Advantage Act](#) statutes for statutory definition of terms. The definitions stated in these instructions do not supersede, alter, or otherwise change any provisions of the Nebraska tax code, regulations, Department rulings, or court decisions.

APPLICANT. An applicant is one or more persons listed in the application, or in an amendment to the application, who performs the qualified business activities at the project, and is part of the taxpayer as defined.

ATTAINMENT PERIOD. The attainment period is the number of years, including the year of application, allowed for the applicant to meet the minimum levels of investment and employment.

Tiers 1, 3, and 6. The applicant must meet the minimum levels within five years.

Tiers 2, 4, and 5. The applicant must meet the minimum levels within seven years.

BASE YEAR. The base year is the year prior to the year of application.

BASE-YEAR EMPLOYEE. A base-year employee is an individual who is employed at the project and subject to Nebraska income tax on compensation received from the taxpayer or its predecessors during the base year.

Base-year employee also includes an individual who was subject to Nebraska income tax on compensation received from:

- An acquired business during the 366 days preceding the date of acquisition, if the acquisition occurred after the date of application; and/or
- The taxpayer or its predecessor, during the 366 days prior to the date of application, if business activities were moved to what is now the project.

CARRYOVER PERIOD. The carryover period starts after the end of the entitlement period. No additional credits are earned during the carryover period.

Tiers 1 and 3. Credits may not be carried over more than nine years after the year of application.

Tiers 2 and 4. Credits may not be carried over more than 14 years after the year of application.

Tier 6. Credits may not be carried over more than one year past the end of the entitlement period.

COMPENSATION.

Applications dated before July 15, 2010. Compensation means wages and other payments subject to withholding for federal income tax purposes.

Applications dated on or after July 15, 2010. Compensation means wages and other payments subject to the federal Medicare tax.

CREDIT REFUND OF SALES AND USE TAXES. A credit refund is a refund to the applicant of Nebraska and local sales and use taxes paid on otherwise non-refundable purchases made after the year the minimum levels of investment and employment were met, through the end of the carryover period. The credits used must have been earned in a prior year.

Tiers 1, 2, 3, and 4. Purchases eligible for the credit refund must have been used at the project. A Tier 1 applicant may claim 50% of sales and use taxes paid on qualified property placed in service after the year of qualification as a credit refund.

Tier 6. The purchases eligible for a credit refund must have been used in Nebraska.

DIRECT REFUND OF SALES AND USE TAXES. A direct refund is a refund to the applicant of Nebraska and local sales and use taxes paid on the purchase or lease of qualified property for use at the project, or on the purchase or lease of an aircraft for use in connection with the project, which is placed in service during the attainment or entitlement period. For Tier 1 projects, only 50% of the sales and use taxes paid are eligible for a direct refund. An unrelated owner of a building leased to the applicant can file for a direct refund of sales tax paid on property incorporated into real estate.

ENTITLEMENT PERIOD. The entitlement period includes the years when the project may both earn and use credits. No credits are earned in a year in which the project does not maintain the minimum levels of investment or employment. The entitlement period begins the year the minimum investment and employment increases are met.

Tiers 1 and 3. The entitlement period continues until the end of the ninth year following the year of application, or the sixth year after the year the minimum increases of investment and employment were met, whichever is earlier.

Tiers 2, 4, and 5. The entitlement period continues until the end of the sixth year after the year the minimum increases of investment and employment were met.

Tier 6. The entitlement period continues until the end of the ninth year after the year the minimum increases of investment and employment were met.

EQUIVALENT EMPLOYEES. Equivalent employees means the number of employees computed by dividing the total hours paid in a year by the product of 40 times the number of weeks in a year.

INVESTMENT. Investment is the value of qualified property incorporated into or used at the project. For qualified property owned by the taxpayer or leased from a related person, the value is the amount capitalized and depreciated for federal tax purposes. For qualified property leased by the taxpayer from an unrelated person, the average net annual rent is multiplied by the number of years of the lease for which the taxpayer was originally bound, not to exceed ten years. This includes land that is rented in connection with, and incidental to, a building that is leased.

MOTOR VEHICLE. Motor vehicle means any motor vehicle, trailer, or semitrailer as defined in the Motor Vehicle Registration Act and subject to registration for operation on the highways.

NEBRASKA AVERAGE WEEKLY WAGE. The Nebraska average weekly wage for any calendar year means the most recent average weekly wage paid by all employers in all counties in Nebraska as reported by the Department of Labor on October 1 of the calendar year prior to application.

NUMBER OF NEW EMPLOYEES. The number of new employees is equal to the **lesser** of the Method 1 or Method 2 calculations.

Method 1. Subtract the number of equivalent base-year employees from the number of equivalent employees that are employed at the project during the current year.

Method 2.

- Tiers 1, 2, 3, and 4. Calculate the number of equivalent employees at the project who are not base-year employees and who are paid wages at a rate of at least 60% of the Nebraska average weekly wage for the calendar year of application.
- Tier 6. Calculate the number of equivalent employees at the project who are not base-year employees and who are paid compensation at a rate equal to or greater than the Tier 6 weekly required compensation for the calendar year of application. The employee must be paid a wage equal to 200% of the county average weekly wage for the county or counties in which the project is located or 150% of the state average weekly wage, whichever is greater. If the project is located in more than one county, the highest county average weekly wage will be used to determine the Tier 6 weekly required compensation.

PROJECT. The application and approved amendments define the project. This includes defining the qualified business activities that will be engaged in, the person conducting the qualified business activities, and the location of the project.

PROJECT OWNER. The project owner is the parent company of the taxpayer who applied. If the project is transferred, the project owner is the parent company of the taxpayer to whom the project is transferred in its entirety.

QUALIFIED BUSINESS. An applicant must be conducting a qualified business activity at a project location. The qualified business activities differ by the tier selected and the year of application. For a complete list of qualified business activities, refer to [Neb. Rev. Stat. § 77-5715](#) for the year of application. Click here for a list of current [qualified business activities](#).

QUALIFIED EMPLOYEE LEASING COMPANY. Qualified employee leasing company means a company which places ALL employees of a client-lessee on its payroll and leases them to the client-lessee on an ongoing basis for a fee. The written agreement between the employee leasing company and a client-lessee must grant the client-lessee input into hiring and firing the employees leased to the client-lessee.

QUALIFIED PROPERTY. Qualified property is any tangible property of a type subject to depreciation, amortization, or other recovery under the Internal Revenue Code of 1986, as amended (IRC), or the components of such property, that will be located and used at the project. Qualified property does not include: (1) aircraft, barges, motor vehicles, railroad rolling stock, or watercraft; or (2) property that is rented by the taxpayer to another person.

Qualified property of the taxpayer, which is located at the Nebraska residence of a teleworker working on tasks interdependent with the work performed at the project, is deemed to be located and used at the project.

RATE OF PAY. The rate of pay is the amount used to determine if an employee meets or exceeds the required wage level for the calculation of the number of new employees.

RELATED PERSONS. Related persons means any corporations, partnerships, limited liability companies, or joint ventures which are or would otherwise be members of the same [unitary](#) group, if incorporated, or any persons who are considered to be related persons under either IRC § 267(b) and (c) or IRC § 707(b).

RECAPTURE OF BENEFITS. Recapture is a reduction in benefits when the taxpayer fails to maintain the minimum levels of investment or employment for all years during the entitlement period. If a project in a tier eligible for property tax exemptions does not meet the minimum investment and employment levels, the taxpayer owes recapture of property tax exemptions already received in the attainment period. Recapture also includes any refunds or reductions in tax to which the taxpayer was not entitled. Contact the Department for additional information.

TAXPAYER. A taxpayer is any person subject to sales and use taxes under the [Nebraska Revenue Act of 1967](#) and subject to withholding under [Neb. Rev. Stat. § 77-2753](#); and any corporation, partnership, limited liability company, cooperative, including a cooperative exempt under IRC § 521, as amended, limited cooperative association, or joint venture that is or would otherwise be a member of the same [unitary group](#), if incorporated, that is subject to sales and use taxes or withholding. Taxpayer does not include a political subdivision or an organization that is exempt from income taxes under IRC § 501(a), or any partnership, limited liability company, cooperative, including a cooperative exempt under IRC § 521, as amended, limited cooperative association, or joint venture in which political subdivisions or organizations described in IRC § 501(c) or (d) hold an ownership interest of 10% or more for applications dated prior to July 15, 2010, or 20% or more for all later applications.

YEAR. The year is the federal taxable year of the taxpayer.

INSTRUCTIONS FOR FORM 312N, PAGE 1

Form 312N, page 1, must be completed for each project for each year of the attainment, entitlement, and carryover periods. This page is required for each year until the project has received all possible benefits.

SPECIFIC INSTRUCTIONS

NEBRASKA ID NUMBER. Enter the Nebraska ID number assigned by the Department or the individual's Social Security number.

FEDERAL ID NUMBER. Enter the Federal ID number assigned by the Internal Revenue Service.

TAX YEAR END. Enter the last day of the year reported on this Form 312N.

PROJECT NUMBER. Enter the project number stated in the heading of the project agreement.

TIER. Enter the tier stated in the first paragraph of the project agreement.

DATE OF APPLICATION. Enter the date of application shown in paragraph 1(a) of the project agreement.

BUSINESS CLASSIFICATION CODE. Enter the six-digit number that best describes the project's principal business activity in Nebraska. The business classification codes may be found on the Department's [website](#).

NAME OF CONTACT PERSON. Enter the name of the individual authorized to receive and provide information to the Department on the Form 312N and supporting schedules. Designating a contact person gives that individual a limited power of attorney for the information on the Form 312N. The contact person has authority to receive confidential information on behalf of the taxpayer and to provide additional information.

EMAIL ADDRESS. If you allow the Department to contact you by email, you accept any risk of loss of confidentiality associated with this method of communication.

ELIGIBILITY SURVEY. The eligibility survey asks questions about ownership, entity structure, and project changes which determine eligibility for participating in the Act.

QUESTION 4a. Refer to [Revenue Ruling 29-11-1](#) for consequences of not timely verifying an employee's work eligibility.

INSTRUCTIONS FOR FORM 312N, PAGE 2

General Instructions

The project's investment level, employment level, and utilization of tax credits are summarized on Form 312N, page 2.

Each tax year must be reported on a separate Form 312N. Many of the numbers reported on page 2 are calculated on a supporting schedule. See the supporting schedule and its instructions for information on how to calculate the required data.

If a correction to a prior year's Form 312N is needed, complete a Form 312XN, revise the supporting schedules, and attach to an amended income tax return.

1. Section 1, the Analysis of Employment, requires statewide and project-specific employment information for the Nebraska Department of Revenue's Annual Report on Incentives, required by [Neb. Rev. Stat. § 77-5731](#).
2. The attainment or maintenance of levels at the project is based upon the cumulative net project investment on line 10 AND the number of new FTE employees on line 7.

Section 1 — Analysis of Employment

Specific Instructions

LINES 1 THROUGH 3. The information reported relates to the taxpayer's unitary, statewide activity, even if the project is limited to only a portion of the taxpayer's statewide activities.

LINE 2. Report the statewide employee head count on the last day of the calendar quarter prior to application and the last day of the tax year reported on this return for the taxpayer's unitary business. This is the number of employees paid in the last pay period prior to the date entered on line 1. An individual employee counts as one regardless of how many hours the individual worked in the pay period. If there is an acquired Nebraska business added to the project, increase the Calendar Quarter column to include the head count of the other business at the date of acquisition.

LINE 3. Applications dated prior to July 15, 2010. For the 12-month period ending on the date on line 1, the average annual employee compensation is equal to the wages subject to income tax withholding for all employees working in Nebraska for all members of the unitary group, divided by the number of Forms W-2 issued to employees working in Nebraska during the year.

Applications dated on or after July 15, 2010. For the 12-month period ending on the date on line 1, the average annual employee compensation is equal to the Medicare wages for all employees working in Nebraska for all members of the unitary group, divided by the number of Forms W-2 issued to employees working in Nebraska during the year.

LINES 4 THROUGH 7. The information reported on these lines is limited to activity at the defined project. The information reported is based upon a calculation on Schedule A.

Section 2 — Analysis of Investment

LINE 8. After the project meets or exceeds the minimum levels of investment and employment and the Department has issued a notice of qualification, the applicant may file a [Tax Incentive Claim for Refund of Sales and Use Taxes, Form 7-I](#), for a direct refund. An applicant for a Tier 2, 4, 5, or 6 project may file for a direct refund of ALL sales and use taxes paid on qualified property; while a Tier 1 project may file for a direct refund of 50% of the sales and use taxes paid.

The project is eligible for a direct refund on qualified property placed in service during each year of the entitlement period in which the project meets or exceeds the minimum levels of investment and employment. In the first year the project meets or exceeds the minimum levels of investment and employment, the direct refund may include taxes paid on all qualified property since the date of application.

Enter the direct refund amount for the year reported. Prior to meeting the minimum levels of investment and employment, enter zero (-0-).

Section 3 — Establishment and Usage of Tax Credits (Tiers 1, 2, 3, 4, and 6)

LINE 11a. The credit balance reported on the prior year's Form 312N must be reported on line 11a.

LINE 11b. Any change to the previously reported credit balance due to a change in tax credits claimed, income tax usage, or a distribution of tax credits must be reported on a [Form 312XN](#) and on line 11b.

LINE 11c. Enter an adjustment to the credit balance due to recapture, a Department audit, or another Department approved correction. This line cannot be used to report a change in tax credits earned on lines 16 or 17 in a previous year, or a change in credit usage on lines 12, 13, 14, 19, or 20 of the Form 312N. Refer to the outline below for information on how to change the credit usage.

- Income tax: File an amended income tax return and Form 312XN. Report the change in income tax usage on Form 312XN, line 19b.
- Distribution of tax credit: File an amended income tax, financial institution, or partnership return, Form 312XN, and revised Schedule II. Record the additional amount to be distributed on Form 312XN, line 20. The amount of tax credit previously distributed cannot be reduced.

- Sales and use taxes: File [Tax Incentive Claim for Refund of Sales and Use Taxes, Form 7-I](#), to claim an additional credit refund. For a reduction to the credit usage, submit a detailed letter which includes an explanation of the change, a list of items previously refunded, and a copy of the previously-approved refund.
- Withholding: File an amended [Nebraska Withholding Return, Form 941N](#).
- Real estate tax: File amended Claim for Refund of Real Estate Taxes, Form 312RE (Tiers 2LDC and 6 only).

After all benefits have been processed for the entitlement period, a project that is in recapture must reduce the end of entitlement period credit balance by an amount dependent on the number of years of recapture and the date of application. The remaining investment and compensation credit must be adjusted proportionally. [Contact the Department](#) for additional information on how to calculate the recapture adjustment.

LINE 12. Enter compensation credits used in the year to offset payroll withholding on any Forms 941N approved by the Department.

LINE 13. Enter tax credits used in the year for sales or use tax refunds on any Forms 7-I approved by the Department.

LINE 14. Enter tax credits used for reimbursement of real estate taxes on any Forms 312RE approved by the Department.

LINE 16. This line is only completed for years in the entitlement period.

If the project meets or exceeds the minimum levels of investment on line 10 and employment on line 7, enter the compensation credits earned (Schedule A, line 15).

If the taxpayer failed to maintain the project at the minimum levels of investment and employment under the Act, no tax credits are earned for the year. In addition, all benefits will be partially recaptured from either the taxpayer or the owner of the improvement to real estate and any carryover of tax credits will be partially disallowed. [Contact the Department](#) for additional information.

LINE 17. This line is only completed for years in the entitlement period.

If the project meets or exceeds the minimum levels of investment on line 10 and employment on line 7, enter the investment credits earned (Schedule B, line 16).

If the taxpayer failed to maintain the project at the minimum levels of investment and employment under the Act, no tax credits are earned for the year. In addition, all benefits will be partially recaptured from either the taxpayer or the owner of the improvement to real estate and any carryover of tax credits will be partially disallowed. [Contact the Department](#) for additional information.

LINE 21. The ending balance of tax credits calculated on line 21 should be carried forward to the following year's Form 312N, page 2, line 11a.

SCHEDULE A — Nebraska Advantage Employment

Name on Return		Project Number	Date of Application	Nebraska ID Number	Tax Year End
Salaried: Payroll Frequency and Number Pay Periods		Hourly: Payroll Frequency and Number of Pay Periods	Weeks Paid in the Base Year	Weeks Paid in the Current Year	

SECTION A — Base-Year Employees		Hours Paid	FTE [Hours/ (40xwks pd in yr)]
1	Enter the adjusted number of base-year employee hours from prior year's Form 312N, Schedule A, line 5 (for calculation in year of application, see instructions)	1	
Current year addition to base-year hours.			
2	Transferred employees: Hours paid in Nebraska in the base year to employees who were transferred to the project	2	
3	Moved a Nebraska business to the project: Hours paid to the employees of the moved business in the 366 days prior to the date of application	3	
4	Acquired a Nebraska business and added it to the project: Hours paid at the acquired business in the 366 days prior to the date of acquisition	4	
5	Adjusted number of base-year employee hours (In the Hours Paid column, add lines 1, 2, 3, and 4. In the FTE column, divide the number of Hours Paid by the product of 40 multiplied by the number of weeks paid in the year.)	5	

SECTION B — Current Year at the Project TYE ___/___/___		Compensation	Hours Paid	FTE [Hours/ (40xwks pd in yr)]
6	Current year compensation and hours paid to base-year employees. Employees included in Section A calculation with current year hours	6		
Current year compensation and hours paid to new employees.				
7	New (non-base year) employees	7		
8	New employee compensation in excess of \$1 million (included in line 7)	8		
9	Total (In the Compensation column, subtract line 8 from line 7. In the Hours column, enter the amount from line 7. In the FTE column, divide the number in the Hours Paid column by the product of 40 multiplied by the number of weeks paid in the year.)	9		
10	Project total of compensation, hours paid, and FTE (In the Compensation and Hours Paid columns, add lines 6 and 9. In the FTE column, divide the number in the Hours column by 40 multiplied by the number of weeks paid in the year.)	10		

SECTION C — Number of Full-Time Equivalents (FTE) and Average Compensation			FTE
11	FTE growth (line 10 FTE column minus line 5 FTE column). Enter here and on Form 312N, page 2, line 7.	11	
12	Average compensation (line 9 Compensation col. divided by line 9 FTE col.). Enter here and on Form 312N, page, 2 line 5	12	

SECTION D — Recapture Analysis		A Tax Year End Date	B Current Year FTEs Section B, line 10	C Adjusted Base Year Section A, line 5
FTEs				
13	Year 1 of entitlement period (qualification year)	13		
14	Year 2 of entitlement period	14		
15	Year 3 of entitlement period	15		
16	Year 4 of entitlement period	16		
17	Year 5 of entitlement period	17		
18	Year 6 of entitlement period	18		
19	Year 7 of entitlement period	19		
20	Total (lines 13 through 19).	20		
21	Number of years in the entitlement period	21	7	7
22	Average number of FTEs (divide line 20 by line 21)	22		
23	Change in average FTEs (line 22: column B minus line 22 column C)	23		
24	Recapture Ratio: If line 23 is negative, divide line 23 by line 22, column C. If line 23 is positive, enter -0-	24		

INSTRUCTIONS FOR SCHEDULE A (TIER 5)

Schedule A must be completed and filed as part of the Form 312N for each year of the project.

- Sections A, B, and C are required for each year of the attainment and entitlement periods.
- Section D is required for the last year of the entitlement period.

Instructions for Boxes in the Heading

PROJECT NUMBER. Enter the project number stated in the heading of the project agreement.

DATE OF APPLICATION. Enter the date of the application shown in paragraph 1(a) of the project agreement.

NEBRASKA ID NUMBER. Enter the Nebraska ID number assigned by the Department or the individual's Social Security number.

TAX YEAR END. Enter the last day of the year reported on this Form 312N.

SALARIED AND HOURLY. Payroll Frequency and Number of Pay Periods.

1. Enter the payroll frequency, such as weekly, biweekly, semimonthly, or monthly.
2. Enter the total number of pay **dates** in the year being reported. Count every pay date even if a payment was not issued on that date.

The following factors may affect the number of pay dates:

- If employees are paid on the same day of the week, it may result in an extra pay date in the year;
- If the business was in existence prior to hiring the first employee; or
- If the taxpayer had a short tax year.

WEEKS PAID IN THE BASE YEAR. Enter the number of weeks paid in the base year.

WEEKS PAID IN THE CURRENT YEAR. Enter the number of weeks paid in the year reported.

General Instructions Schedule A

Schedule A is used to calculate the base-year full-time equivalent (FTE) employees, entitlement period FTE employees, and average compensation. Schedule A also provides a recapture analysis that is completed in the final year of the entitlement period to determine the percentage of benefits subject to recapture if the taxpayer failed to maintain the average number of equivalent employees at the project.

- Hours included in the FTE employee calculation are hours paid in the year for time worked and for leave time used instead of work (for example, hours recorded for regular, overtime at straight time, vacation, holiday, jury, funeral, and sick leave).
- Hours recorded in the payroll system to generate additional compensation cannot be included in the FTE employee calculation (for example, vacation pay upon termination, hours recorded to generate a bonus or severance payment, or to generate overtime pay differential, and short term disability reimbursed by a third party).
- Hours included in the calculation of Schedule A are limited to hours paid to employees of an entity within the project. All independent contractors and leased employees are excluded, unless the employment situation meets the requirements of a qualified employee leasing company.
- If an employee other than a teleworker is paid solely on commission and is eligible for all employee benefits, include hours for this employee as if the employee is a salaried employee. If a teleworker is paid solely on commission or on a per-item basis, exclude all hours for this employee.

Section A – Base-Year Employees

General Instructions

Section A calculates the number of equivalent base-year employees.

Base-year employees include individuals who were employed in Nebraska and subject to the Nebraska income tax on compensation received from:

- The taxpayer or its predecessors during the base year;
- An acquired business during the 366 days preceding the date of acquisition, if the acquisition occurred after the date of application; and
- The taxpayer or predecessor during the 366 days prior to the date of application for a move of business activities to the project from another Nebraska location.

The number of base-year employees will not decrease. However, employees will not be considered base-year employees for more than one project of the taxpayer with the same base year. In this situation, these employees should be counted in the base year of the taxpayer's project at which they were last employed.

Section A must be updated each year during the attainment and entitlement periods for adjustments to the previously calculated base-year employees.

The FTE column is calculated by: 1) multiplying 40 times the number of weeks paid in the current year; and 2) dividing the Hours Paid column amount by this number. Count every pay date even if a payment was not issued on that date. The number of weeks paid in a year may vary due to the pay date and payroll frequency of the applicant, or if the taxpayer has a short tax year.

EXAMPLES:

- If there is a short tax year with three pay dates for biweekly pay periods, the number of weeks paid in the year is six.
- If the payroll frequency is weekly and there are 53 pay dates in the year, the number of weeks paid in the year is 53, even though some of the hours were worked in the prior year.
- If the payroll frequency is monthly and the year has 365 days, the number of weeks paid in the tax year is 52.14 (365 days divided by 7 days in a week).

If the number of weeks paid is not the same for the time periods used to compute lines 1, 2, 3, and 4, calculate the FTE column for each line and add the resulting FTE employee numbers.

If the salaried and the hourly employees are not paid on the same payroll frequency, calculate Section A for the salaried employees and the hourly employees separately, and add the resulting FTE employee numbers.

Compute the FTE employees to 3 decimals and round to 2 decimals. For example, 687.565 rounds to 687.57 and 687.564 rounds to 687.56.

Specific Line Instructions

LINE 1. Enter the adjusted base-year employee hours reported on Schedule A, line 5, of the prior tax year.

FOR THE APPLICATION YEAR. Enter the total hours paid in the base year to employees who worked at the project at some time during the base year. If some employees only worked at the project for a portion of the base year, include ALL hours paid to those employees for work in Nebraska.

LINE 2. If any employees worked for the taxpayer at a non-project location in Nebraska in the base year and then worked at the project at any time after the base year, enter the hours paid to those employees in the base year. These hours remain in the base year calculation for all years, even if the employees' employment at the project ended. ([See Line 2 Example](#))

LINE 3. If the taxpayer operated a business in Nebraska in the 366 days prior to the application date and the business was moved to the project during the current year, enter the hours paid at the original business location in the 366 days prior to the date of application. Include hours paid to all individuals employed at the original business location during this time period even though some individuals did not move to the project. Form 312N, Schedule III, lines 12 and 13, must be completed and filed as a part of the Form 312N for the year the business was moved.

LINE 4. If the taxpayer acquired a Nebraska business whose business activity was added to the project, and the business operated in Nebraska in the 366 days prior to the acquisition date, there is an addition to the previously calculated base-year hours. Form 312N, Schedule III, lines 3 through 5, or lines 6 through 8, must also be completed and filed as a part of the Form 312N for the year the business was acquired. ([See Line 4 Example](#))

- If the date of acquisition is after the application date, enter the hours paid to all employees of the newly-added business in the 366 days prior to the date of acquisition.
- If the date of acquisition occurred prior to the application date, but after the base year, include all hours paid at the acquired business during the base year.
- If the acquisition occurred during the base year, include all hours paid at the acquired business during the entire base year by the taxpayer and the predecessor.

LINE 5. In the Hours Paid column, add lines 1, 2, 3, and 4 to compute the adjusted number of base-year employee hours.

In the FTE column, calculate the adjusted number of base-year employees: 1) multiply 40 times the number of weeks paid in the base year; and 2) divide the Hours Paid column amount by this number.

Section B – Current Year at the Project

General Instructions

Section B categorizes the compensation and hours paid at the project as defined in the agreement. The compensation and hours paid during the current year, to employees who were verified with E-Verify, are segregated based on whether the employees were base-year employees or new employees. For applications dated before July 15, 2010, compensation is defined as wages subject to withholding.

Base-year employees are those individuals with hours included in the calculation of Section A in any year of the project. There is no adjustment for an individual who was terminated. New employees are those individuals who are not base-year employees.

The FTE column is calculated by: 1) multiplying 40 times the number of weeks paid in the current year; and 2) dividing the Hours Paid column amount by this number. Count every pay date even if a payment was not issued on that date. The number of weeks paid in a year may vary due to the pay date and payroll frequency of the applicant, or if the taxpayer has a short tax year.

EXAMPLES:

- If there is a short tax year with three pay dates for biweekly pay periods, the number of weeks paid in the year is six.
- If the payroll frequency is weekly and there are 53 pay dates in the year, the number of weeks paid in the year is 53.
- If the payroll frequency is monthly and the year has 365 days, the number of weeks paid in the tax year is 52.14 (365 days divided by 7 days in a week).

If salaried and hourly employees were not paid on the same payroll frequency, calculate Section B for the salaried employees and the hourly employees separately, and add the resulting FTE numbers.

Projects with application dates on or after October 1, 2009, must use E-Verify, the federal electronic verification program or a successor program, to evaluate the work eligibility of all newly-hired employees hired on or after the date of application. The hours worked and compensation paid to an employee who was not eligible to work in Nebraska according to E-Verify, or an employee who was not evaluated by E-Verify at the time of hiring, must be excluded from line 7 for the life of the project. See [Revenue Ruling 29-11-1](#).

Compute the FTE employees to 3 decimals and round to 2 decimals. For example, 687.565 becomes 687.57 and 687.564 becomes 687.56.

Specific Line Instructions

LINE 6. Enter the compensation and the number of hours paid in the current year to individuals who have hours included in any year of the project in Section A, Base-Year Employees. Include hours of employees at the project in the current year who worked for the taxpayer at a non-project site in Nebraska in the base year, employees who worked for a business which moved to the project, and employees added to the project due to acquisition of a business. Refer to Section A, General Instructions, for a more detailed description of base-year employees. ([See Line 6 Example](#))

LINE 7. For all employees confirmed with E-Verify, who were not base-year employees, enter the current year compensation and number of hours paid. ([See Line 7 Example](#))

LINE 8. Enter the compensation for each new employee included in line 7 that is in excess of \$1 million.

LINE 9. In the Compensation column, subtract line 8 from 7. In the Hours Paid column, enter the amount from line 7.

LINE 10. Add lines 6 and 9 of the Compensation column and the Hours Paid column. For applications dated before July 15, 2010, the Compensation column total should equal the wages subject to withholding for all employees at the project as reported on Forms W-2, Box 1 minus the amount on line 8.

In the FTE column, calculate the current year FTE by: 1) multiplying 40 times the number of weeks paid in the current year; and 2) dividing the Hours Paid column amount by this number.

Section C – Number of Full-Time Equivalents (FTE) and Average Compensation

LINE 11. Enter the change in FTEs, line 10 FTE column minus line 5 FTE column. Enter this number here and on on Form 312N, page 2, line 7.

LINE 12. Compute the average compensation of new employees by dividing the line 9 Compensation column by the line 9 FTE column. Enter here and on Form 312N, page 2, line 5.

Section D – Recapture Analysis

A Tier 5 project is subject to recapture for either not maintaining the minimum level of investment, not maintaining the base-year employment level, or both. Section D is used to calculate the recapture ratio for not maintaining the applicant's base-year employment level.

LINES 13 through 19. Enter the appropriate information from the Schedule A filed for each year of the entitlement period.

LINE 22. Compute the average number of FTEs. Divide line 20 by line 21.

LINE 23. Subtract the average base-year employment from the average current year employment (line 22, column B, minus column C).

LINE 24. If the number computed on line 23 is negative, the project is in recapture and the recapture percentage must be computed on line 24. Divide line 23 by line 22, column C. Calculate this number to 5 decimal places and round to 4 decimal places. For example, .11237 would be .1124. If the number is positive, the project is not in recapture.



SCHEDULE B — Nebraska Advantage Act Investment

FORM 312N
Schedule B
Tier 5

Name on Return	Project Number	Date of Application	Nebraska ID Number	Tax Year End
----------------	----------------	---------------------	--------------------	--------------

SECTION A — Current Year Investment at the Project		Value of Qualified Property
1 Owned property	1	
2 Property leased from an unrelated person	2	
3 Property leased from a related person	3	
4 Current year total (add lines 1, 2, and 3)	4	
5 Unpaid portion of cancelled leases from unrelated person previously claimed as investment	5	
6 Current year investment amount (line 4 minus line 5). Enter here and on Form 312N, page 2, line 9	6	

SECTION B — Cumulative Investment at the Project		
7 Prior year cumulative investment (prior year Schedule B, line 12)	7	
Current year retirements, completed leases, and cancelled leases of property included in lines 6 or 7:		
8 Owned property or property leased from a related person. Enter the original cost of retired, qualified property placed in service on or after date of application and retired in the current year	8	
9 Property leased from an unrelated person. Enter the total value of completed leases previously claimed as investment	9	
10 Property leased from an unrelated person. Enter the paid portion of cancelled leases previously claimed as investment	10	
11 Total (add lines 8, 9, and 10).	11	
12 Cumulative net investment (line 6 plus line 7 minus line 11). Enter here and on Form 312N, page 2, line 10 . . .	12	

Instructions for Boxes in the Heading

PROJECT NUMBER. Enter the project number stated in the heading of the project agreement.

DATE OF APPLICATION. Enter the date of application shown in paragraph 1(a) of the project agreement.

NEBRASKA ID NUMBER. Enter the Nebraska ID number assigned by the Department or the individual’s Social Security number.

TAX YEAR END. Enter the last day of the year reported on this Form 312N.

INSTRUCTIONS FOR SCHEDULE B (Tier 5)

WHEN TO FILE. Schedule B must be completed and filed as part of the Form 312N for each year of the attainment and entitlement periods.

Schedule B is used to calculate the investment and cumulative investment for the project for each year. An applicant will not be eligible to file for the associated direct refund of sales and use taxes, until the project has attained the minimum levels of investment, the Department has completed an audit, and the applicant has received a notice of qualification.

CUMULATIVE INVESTMENT. Cumulative investment at the project determines whether the project has attained or maintained the minimum investment level for the selected tier. Investment made on or after the date of application and prior to the end of the current year, less retirements of owned property previously claimed and the value of leases no longer in effect, will determine whether a project has attained or maintained the required investment level.

TIMING OF INVESTMENT. For tangible personal property owned by the applicant, the property will be considered an investment when it is placed in service as defined in the IRC. For improvements to real estate owned by the applicant or leased from a related person, the date of the investment is the date the personal property was incorporated into the real estate. For property leased by the applicant, the property will be considered an investment when control of the property was transferred to the applicant. Refer to [Revenue Ruling 29-05-5](#) for additional information on the timing of investment.

Section A – Current Year at the Project

The investment at the project may be owned, leased from a related person, or leased from an unrelated person. The valuation of investment and the calculation of the associated sales and use taxes vary by ownership method and type of property. Use the following worksheet to calculate the value of qualified property.

Value of Qualified Property Worksheet		Gross Value	Sales and Use Taxes	Value of Qualified Property (Gross Value - Tax)
1 Owned property				
A Building and improvements incorporated into real estate	A			
B Annexed property, not incorporated into real estate	B			
C Contracts including both annexed and incorporated property . . .	C			
D Manufacturing equipment	D			
E Other personal property	E			
Total owned property (add lines A, B, C, D, and E). Enter on Schedule B, line 1			1	
2 Property leased from an unrelated person				
F Building and improvements incorporated into real estate	F			
G Personal and annexed property	G			
Total property leased from an unrelated person (add lines F and G). Enter on Schedule B, line 2			2	
3 Property leased from a related person				
H Building and improvements incorporated into real estate	H			
I Annexed property, not incorporated into real estate.	I			
J Contracts including both annexed and incorporated property . . .	J			
K Manufacturing equipment	K			
L Other personal property	L			
Total property leased from a related person (add lines H, I, J, K, and L) . Enter on Schedule B, line 3			3	

The **Gross Value column** equals the cost of qualified property at the project either owned by the applicant or leased from a related person, including any sales or use taxes paid when the property was acquired. For qualified property leased from an unrelated person, in the year the lease begins, the Gross Value column equals the average net annual rent times the number of years originally bound by the lease, not to exceed 10 years.

- The average net annual rent for real estate includes the amount paid to the lessor for the cost of the real estate, real estate property taxes, and real property insurance. Common area maintenance costs are not allowed as investment.

The **Sales and Use Tax column** equals the amount of Nebraska and local sales and use taxes which are **included** in the Gross Value column. This reduction to investment is required even if the applicant has not filed for the refund of any taxes paid. The amount to enter in the Sales and Use tax column is computed in one of five ways:

1. **Tax paid.** Enter the amount of sales tax paid to the vendor or use tax reported by the applicant or a related person.
2. **Tax included in lease payments.** The amount of sales tax to be charged on the lease payments for the entire term of the lease included in the Gross Value column.
3. **Contractor's calculation using 50%.** Enter the sales and use taxes paid on building materials incorporated into real estate.
 - Use the statutory presumption that 50% of the labor and materials contract is the cost of materials, including sales or use taxes.
 - The contractor must provide a [Tax Incentive Purchasing Agent Appointment and Certification](#) that states the taxed percentage, which is the percentage of building materials upon which Nebraska and local sales and use taxes were paid.
 - $$\frac{(\text{Contract price} \times 50\%)}{1 + \text{Tax Rate}} \times \frac{\text{Tax Rate}}{\text{Taxed Percentage}}$$
4. **Contractor's calculation using materials percentage.** Enter the sales and use taxes paid on materials using the general contractor's certification of the percentage of materials annexed, but not incorporated into real estate (annexed).
 - Use the general contractor's certification of the percentage of the contract price that is for building materials or annexed property to determine the cost of materials, including sales or use tax.
 - The contractor must provide a Tax Incentive Purchasing Agent Appointment and Certification that states the taxed percentage, which is the percentage of building materials upon which sales and use taxes were paid.
 - $$\frac{(\text{Contract price} \times \text{Materials percentage})}{1 + \text{Tax Rate}} \times \frac{\text{Tax Rate}}{\text{Taxed Percentage}}$$
5. **Contractor's verified tax paid.** Enter the sales and use taxes paid on purchases of building materials or annexed property. The contractor and subcontractor must provide detailed evidence of the sales or use tax paid (for example, the contractor's invoice copies and listings supporting the [Nebraska and Local Sales and Use Tax Return, Form 10](#)).

Refer to the specific line instruction for the computation method to use.

The applicant must choose whether to compute all sales and use tax refunds for transactions with contractors at the project under Computation Method A or Computation Method B, as shown below. The [Nebraska Advantage Act Election of Contractor's Computation Method](#) must be completed prior to the Department's audit of the first year the project meets or exceeds the minimum levels of investment and employment. The computation method selected is binding and applies to refund calculations for the remaining life of the project.

The table below summarizes the calculation methods for various types of property acquired by the applicant from a contractor.

Contractor's Calculation Guide

Property Type Option 2 or 3 Contractor	Computation Method A	Computation Method B
Incorporated into real estate	Contractor's calculation using 50%	Contractor's calculation using 50%
Annexed, but not incorporated into real estate	Contractor's calculation using materials percentage	Contractor's verified tax paid
Single contract including both property incorporated into real estate and property annexed, but not incorporated into real estate	Contractor's calculation using 50%	Contractor's verified tax paid

Refer to the Nebraska Advantage Act Election of Contractor's Computation Method form for more detailed information on the calculation.

The applicant's direct refund of sales and use taxes paid on qualified property may be different than the amount listed in the Sales and Use Taxes column for several reasons, including:

- The Gross Value column does not include all refundable sales and use taxes;
- The statute of limitations period for the refund has expired;

- The tax was paid in error and is refundable on a [Claim for Overpayment of Sales and Use Tax, Form 7](#); or
- The sales and use taxes on a lease must be deducted for the lease's entire original term but, the applicant can only file for a refund of taxes previously paid.

LINE A. In the Gross Value column, enter the capitalized cost of qualified buildings and improvements incorporated into real estate. In the Sales and Use Taxes column, enter the amount of tax calculated by applying the contractor's calculation using 50%. Subtract the amount in the Sales and Use Taxes column from the Gross Value column, and enter the resulting amount in the Value of Qualified Property column.

LINE B. In the Gross Value column, enter the capitalized cost of qualified annexed property. In the Sales and Use Taxes column, enter the amount of tax calculated by applying the contractor's calculation using the materials percentage (Computation Method A) or the contractor's verified tax paid (Computation Method B), depending on the election previously filed with the Department. Subtract the amount in the Sales and Use Taxes column from the Gross Value column, and enter the resulting amount in the Value of Qualified Property column.

LINE C. In the Gross Value column, enter the capitalized cost of qualified contracts including both annexed property and property incorporated into real estate. In the Sales and Use Taxes column, enter the amount of tax calculated by applying the contractor's calculation using 50% (Computation Method A) or the contractor's verified tax paid (Computation Method B), depending on the election previously filed with the Department. Subtract the amount in the Sales and Use Taxes column from the Gross Value column, and enter the resulting amount in the Value of Qualified Property column.

LINE D. In the Gross Value column, enter the capitalized cost of qualified manufacturing equipment. In the Sales and Use Taxes column, enter the amount of sales and use taxes paid included in the Gross Value column. Subtract the amount in the Sales and Use Taxes column from the Gross Value column, and enter the resulting amount in the Value of Qualified Property column.

LINE E. In the Gross Value column, enter the capitalized cost of any other qualified property. In the Sales and Use Taxes column, enter the amount of sales and use taxes paid included in the Gross Value column. Subtract the amount in the Sales and Use Taxes column from the Gross Value column, and enter the resulting amount in the Value of Qualified Property column.

LINES F AND G. The Gross Value column for property leased from an unrelated person is equal to the net annual rent for qualified property multiplied by the number of years the applicant was originally bound by the lease, not to exceed 10 years. The total value of leased property is claimed in the year control of the property is transferred to the applicant, whether or not lease payments are due for the period during which control is transferred. ([See Lines F and G Example](#))

Sales and use taxes associated with a building or improvements incorporated into real estate included in the line F Gross Value column are not available for refund to the applicant. The owner of the building or improvements can file for a refund of the sales and use taxes, and no tax is entered in the Sales and Use Taxes column.

The line G Sales and Use Taxes column must include the amount of sales and use tax included in the line 8 Gross Value column. The amount entered must include tax on all lease payments included in the calculation of investment.

LINE H. In the Gross Value column, enter the capitalized cost of qualified buildings and improvements incorporated into real estate and leased from a related person. In the Sales and Use Taxes column, enter the amount of tax calculated by applying the contractor's calculation using 50%. Subtract the amount in the Sales and Use Taxes column from the Gross Value column, and enter in the Value of Qualified Property column.

LINE I. In the Gross Value column, enter the capitalized cost of qualified annexed property leased from a related person that is not incorporated into real estate. In the Sales and Use Taxes column, enter the amount of tax calculated by applying the contractor's calculation using the materials percentage (Computation Method A) or the contractor's verified tax paid (Computation Method B), depending on the election previously filed with the Department. Subtract the amount in the Sales and Use Taxes column from the Gross Value column, and enter the resulting amount in the Value of Qualified Property column.

LINE J. In the Gross Value column, enter the capitalized cost of qualified buildings, building improvements, and annexed property, which are leased from a related person. In the Sales and Use Taxes column, enter the amount of tax calculated by applying the contractor's calculation using 50% (Computation Method A) or the contractor's verified tax paid (Computation Method B), depending on the election previously filed with the Department. Subtract the amount in the Sales and Use Taxes column from the Gross Value column, and enter the resulting amount in the Value of Qualified Property column.

LINES K AND L. In the Gross Value column, enter the capitalized cost of qualified manufacturing and other equipment leased from a related person. In the Sales and Use Taxes column, enter the amount of sales and use taxes paid. Subtract the amount in the Sales and Use Taxes column from the Gross Value column, and enter in the Value of Qualified Property column.

SCHEDULE B, LINE 5. Enter the value of the remaining, unpaid payments for a cancelled lease from an unrelated

person which was previously claimed as investment at the project. The unpaid lease payments should not be reduced for penalties incurred for early cancellation. ([See Line 5 Example](#))

Section B — Cumulative Investment at the Project

Section B must be completed for each year of the attainment period and entitlement period for a Tier 5 project.

Cumulative investment at the project is the sum of all qualified property placed in service on or after the date of application which is still in use at the project at the end of the year.

LINE 8. Enter the original cost of any qualified property owned by the applicant or leased from a related person that was claimed as investment at the project and has been retired in this year, or is no longer in use.

LINE 9. In the year the applicant completes a lease from an unrelated person originally included in the calculation of investment for the project, enter the original investment value. The lease is considered to be complete the day after the final period covered by the lease. ([See Line 9 Example](#))

LINE 10. If a lease from an unrelated person was included as investment for the project and is terminated prior to the completion date, enter the value of the paid portion of the cancelled lease. ([See Line 10 Example](#))

**SCHEDULE I —
Nebraska Advantage Act Estimated Sales or Use Tax Refunds**

Name on Return	Project Number	Date of Application	Nebraska ID Number	Tax Year End
A Tax Year in Which Refund Will Be Paid	B Direct Refunds	C Credit Refunds		
1	\$	\$		
2				
3				
4 Total Estimated Refunds (add lines 1 through 3)	\$	\$		

Instructions for Boxes in the Heading

PROJECT NUMBER. Enter the project number stated in the heading of the project agreement.

DATE OF APPLICATION. Enter the date of application shown in paragraph 1(a) of the project agreement.

NEBRASKA ID NUMBER. Enter the Nebraska ID number assigned by the Department or the individual's Social Security number.

TAX YEAR END. Enter the last day of the year reported on this Form 312N.

GENERAL INSTRUCTIONS

Form 312N, Schedule I is required by [Neb. Rev. Stat. § 77-5723\(5\)\(e\)](#) and used by the Department for state tax revenue forecasting and budgetary purposes. The refund estimates provided in Schedule I must be based on when the Department will issue the refund, not when the applicant paid the taxes. For statutory restrictions that determine when some direct and credit refunds will be issued, refer to the instructions for [Tax Incentive Claim for Refund of Sales and Use Taxes, Form 7-I](#).

WHO MUST FILE. All applicants under the Act must file the Nebraska Schedule I from the year of application through the end of the carryover period.

COLUMN B. Estimate the expected direct refunds of Nebraska and local sales and use taxes on purchases of qualified property for use at the project, or on aircraft for use in connection with the project. The direct refunds cannot be claimed or paid until the year after the minimum levels of investment and employment are met, the qualification audit is completed, and the Department has issued a notice of qualification.

COLUMN C. Estimate the expected refunds of Nebraska and local sales and use taxes using tax credits earned. The credit refunds cannot be claimed or paid until the year after the credits have been established. Tier 5 applicants should enter zero (-0-).

ATTACH THIS PAGE TO YOUR NEBRASKA INCOME TAX RETURN.

**Schedule II —
Nebraska Advantage Act Ownership Analysis and Distribution of Tax Credits**

Name on Return	Project Number	Date of Application	Nebraska ID Number	Year End
----------------	----------------	---------------------	--------------------	----------

If tax credits are distributed, check box below:

Distribution by Applicant Redistribution of Tax Credits Received from _____

Project Owner _____

1 Total tax credits distributed to partners, shareholders, members, patrons, or beneficiaries **1**

A Name of Partner, Shareholder, Member, Patron, or Beneficiary	B Social Security or Nebraska ID Number	C Percentage Share of Ordinary Income	D Is this an individual?		E Is this a political subdivision or 501(c) or (d) organization?		F Eligible Ownership Percentage	G Amount of Tax Credit (Column C x line 1)
			Yes	No	Yes	No		
2 a*		%	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	%	
b		%	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	%	
c		%	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	%	
d		%	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	%	
e		%	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	%	
f		%	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	%	
g		%	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	%	
h		%	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	%	
i		%	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	%	
j		%	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	%	
k		%	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	%	
l		%	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	%	
m		%	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	%	
n		%	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	%	
o		%	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	%	
p		%	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	%	
q		%	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	%	
r		%	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	%	
3 In column G, total the tax credits on lines 2a through 2r . .		100%						
4 In Column F, total the eligible ownership (Add lines 2a through 2r)							%	

* If you distributed tax credits, you must notify each recipient (listed on line 2) of their distributed share of the tax credit, the project owner's name, the project's number, and the project's tax year end. This information will allow the recipient to complete their Form 3800N.

Instructions for Nebraska Schedule II – Ownership Analysis and Distribution of Tax Credits

Who Must Complete – Ownership Analysis. A project with an application date prior to September 6, 2013 must file a Nebraska Schedule II for each entity listed on page 3 of the application as an entity performing a qualified business activity at the project that is a: partnership; limited liability company that has elected to be taxed as a partnership; cooperative; limited cooperative association; or joint venture.

Who Must Complete – Distribution Of Tax Credits (Tiers 1, 2, 3, 4, and 6). A project owner who is a partnership, S corporation, limited liability company which has elected to be taxed as a partnership, cooperative, limited cooperative association, estate, or trust must file Schedule II and complete the distribution of tax credits information for every year the project owner elects to make a distribution.

A recipient of tax credits, that is one of the entity types listed above must file Schedule II and complete the distribution of tax credits information for every year the recipient elects to further distribute the tax credits to its owners.

Instructions for Boxes in the Heading

Project Number. Enter the project number stated in the heading of the project agreement.

Date of Application. Enter the date of application shown in paragraph 1(a) of the project agreement.

Nebraska ID Number. Enter the Nebraska ID number assigned by the Department or the individual's Social Security number.

Year End. Enter the project's year end date for this Form 312N.

Project Owner. Enter the name of the applicant or the person who received the project in its entirety by transfer.

General Instructions

Ownership Analysis.

Applications dated from July 15, 2010 to September 5, 2013. Projects that have ownership interests of 20% or more from a political subdivision or an IRC § 501(c) or (d) organization are not eligible to receive benefits under the Act. Eligible projects must show an ownership percentage by these types of entities of less than 20%. This ownership analysis applies to a: partnership; limited liability company that has elected to be taxed as a partnership; cooperative; limited cooperative association; or joint venture.

Applications dated prior to July 15, 2010. Projects that have ownership interests of 10% or more from a political subdivision or an IRC § 501(c) or (d) organization are not eligible to receive benefits under the Act. Eligible projects must show an ownership percentage by these types of entities of less than 10%. This ownership analysis applies to a: partnership; limited liability company that has elected to be taxed as a partnership; cooperative; limited cooperative association; or joint venture.

Distribution of Tax Credits. A project owner or recipient of tax credits that is a partnership; S corporation; limited liability company that has elected to be taxed as a partnership; cooperative; estate; or trust, may elect to distribute all or part of the tax credits to its owners. The tax credits must be distributed in the same manner as ordinary income is distributed. The tax credits may be used by the recipient for the tax year of the distribution or a later tax year, until the end of the carryover period. The tax credits may be used to offset the recipient's Nebraska income tax liability, and they are not refundable.

The distribution of tax credits is considered a use of the tax credits and cannot be reduced at a later time. Recapture, if applicable, is based on the amount of tax credits distributed. It is not based on the amount of tax credits actually used by the recipients.

Specific Line Instructions

Line 1. Enter the total tax credits distributed to partners, shareholders, members, patrons, or beneficiaries here. If this is a distribution by the project holder, also enter on Form 312N, page 2, line 20.

Line 2. Enter each partner's, shareholder's, member's, patron's, or beneficiary's name, Social Security number or Nebraska ID number, percentage share of ordinary income, and distributed share of the tax credits reported.

Columns D, E, and F are not required for: any S corporation distributing tax credits; any recipient further distributing tax credits; or any project with an application date on or after September 6, 2013.

Column D. State whether each owner is an individual.

- For each line where the answer in column D is Yes, skip column E and enter in column F the percentage share of income from column C.
- For each line where the answer in column D is No, complete column E.

Column E. For each line where the answer in column D is No, state whether each owner is a political subdivision or an organization described in IRC § 501(c) or (d) and attach Schedule IV – Nebraska Advantage Act Ownership Verification

Statement that has been completed by an authorized representative of that entity.

Column F. Determine the ownership eligibility for each owner listed.

- If the answer in column D is Yes, enter the percentage share of income from column C.
- If the answer in column D is No and the answer in column E is No, enter the percentage share of income from column C.
- If the answer in column D is No and the answer in column E is Yes, enter zero (-0-).

Column G. Multiply the percentage in column C by the total distribution on line 1.

Line 3, Column C. The total of all the percentages must be 100%, other than for rounding differences.

Line 3, Column G. Total all of the tax credits distributed on line 2. The total must equal the amount of distributed tax credits on line 1, other than for rounding differences.

Line 4. Total all of the eligible ownership percentages on line 2, column F. The total must be more than 90% for a project with an application date prior to July 15, 2010; or more than 80% for a project with an application date from July 15, 2010 to September 5, 2013. If the column total is less than the required percentage, the project is not eligible to receive benefits under the Act. [Contact the Department](#) for more information.

Schedule III —
Nebraska Advantage Act – Changes to the Project
Only complete this schedule if any changes were made during the year.

Name on Return	Nebraska ID or Social Security No.	Federal ID Number	Tax Year End
----------------	------------------------------------	-------------------	--------------

Project Location	Project Number	Date of Application	Tier Selected in Nebraska Advantage Act Agreement <input type="checkbox"/> Tier 1 <input type="checkbox"/> Tier 2 <input type="checkbox"/> Tier 3 <input type="checkbox"/> Tier 4 <input type="checkbox"/> Tier 5 <input type="checkbox"/> Tier 6
------------------	----------------	---------------------	--

New Location

- 1** Is there a new location to be added to the project? _____ YES NO
- a** If YES, what is the address of the new location? _____
- b** When did the taxpayer complete the purchase or begin to lease the site? ____/____/____
- c** Which entity purchased or leased the location? _____
- d** Attach a copy of the lease or purchase agreement for the new location.
- e** Revise and attach page 4 of the project application to include the new location.

New Entity at the Project

- 2** Is there a new C corporation, partnership, S corporation, limited liability company, cooperative, exempt cooperative, limited cooperative association, or joint venture that is doing business at the project? . . . YES NO
- a** If YES, what is the name of the new entity at the project? _____
- b** Revise and attach page 3 of the project application to include the new entity.

Purchase of Stock or Ownership of Another Business Activity to be Added to the Project

- 3** Did the taxpayer acquire the stock or ownership of another business? YES NO
- a** If YES, attach a summary of the transaction and the purchase documents.
- b** Attach a description of the activity performed by the acquired business.
- c** What is the name and Federal ID number of the purchased entity?
 Name _____ FEIN _____
- d** Revise and attach page 3 of the project application to include the new entity.

Important: The acquisition of a business that operated in Nebraska in the 366 days prior to the date of acquisition will not create any tax credits or benefits under the Act.

- ALL hours paid to employees of the acquired business during the 366 days prior to the date of acquisition must be added to the base year. Enter these hours on Schedule A, line 4.
- ANY investment placed in service in Nebraska prior to the date of acquisition by the acquired business CANNOT be added to the investment reported on Schedule B.

- 4** Did the acquired business operate in Nebraska during the 366 days prior to the acquisition? YES NO
- 5** Was the acquired business participating in a Nebraska tax incentive program at the time of acquisition? YES NO
- If the answer is YES, provide the name of the incentive participant and contact the Department for further information on limitations to benefits for the incentive projects.
- _____

Name on Return	Project Number	Date of Application	Nebraska ID Number	Tax Year End
----------------	----------------	---------------------	--------------------	--------------

Purchase of Assets of Another Business Activity to be Added to the Project

- 6** Did the taxpayer acquire the assets of another business? YES NO
- a** If YES, attach a summary of the transaction and the purchase documents.
- b** Attach a description of the activity performed by the seller.
- c** Will the taxpayer perform the same activity as described in question 6b? YES NO
- d** Is there a non-compete agreement with the seller of the assets? YES NO
- e** Did the taxpayer assume any supplier or sales contracts from the seller of the assets? YES NO
- f** Did the taxpayer receive a customer list from the seller of the assets? YES NO
- g** Revise and attach page 3 of the project application to include the new entity.

IMPORTANT: The acquisition of a business that operated in Nebraska in the 366 days prior to the date of acquisition will not create any tax credits or benefits under the Act.

- ALL hours paid to employees of the acquired business during the 366 days prior to the date of acquisition must be added to the base year. Enter these hours on Schedule A, line 4.
- ANY investment placed in service in Nebraska prior to the date of acquisition by the acquired business CANNOT be added to the investment reported on Schedule B.

- 7** Were the assets used in a business that operated in Nebraska during the 366 days prior to the acquisition? YES NO
- 8** Was the seller using the assets in a business that was participating in a Nebraska tax incentive program at the time of acquisition? YES NO
- If the answer is YES, provide the name of the incentive participant and contact the Department.

Sale of the Project

- 9** Was the project sold in its entirety by sale or lease to another taxpayer, or by an acquisition of assets under IRC § 381? YES NO
- a** What is the name and Federal ID number of the acquiring entity?
Name _____ FEIN _____
- b** Enter the date the sale was completed? ____/____/____
- c** Attach a summary of the transaction and the sale documents.
- d** If the sale did not occur on the last day of the taxpayer's normal tax year end, the project will have a short tax year starting at the beginning of the taxpayer's tax year and ending on the date of the sale. Has the information for the short tax year been reported on a separate filing of the Form 312N? YES NO
- If NO, attach an explanation.

Important, Read Before Completing Line 10: The seller may NOT file for ANY project benefits after the date of the notification of transfer. Answering YES to question 10 constitutes a notification of transfer and an authorization for the Department to provide information regarding benefits received, audit results, and tax year information to the purchaser. Contact the Department if you have any questions or need to delay the transfer of the project. If the transfer will be delayed, explain why and provide an estimated time frame.

- 10** Do you want to transfer the entire project to the acquiring entity at this time? YES NO
- If YES, attach a signed statement from the purchaser which includes the following:
- a** Confirmation that the purchaser is not a political subdivision or an organization exempt from income taxes under IRC § 501(a);
- b** If the purchaser is a partnership, limited liability company, cooperative, limited cooperative association, or joint venture, state the percentage of its ownership which is directly held by a political subdivision or IRC § 501(c) or 501(d) organization, if any; and
- c** Acceptance of the project and all associated risks of recapture.
- 11** Do you agree to make available to the Department and the purchaser all records needed to conduct an audit of benefits claimed? YES NO

Name on Return	Project Number	Date of Application	Nebraska ID Number	Tax Year End
----------------	----------------	---------------------	--------------------	--------------

Business Moved to the Project

- 12** Was a business activity, which the taxpayer previously operated at another site, moved to the project? YES NO
- a** If YES, where was the activity previously conducted?
 Street Address _____ City _____ State _____
- 13** Was the business activity operated in Nebraska during the 366 days prior to the date of application? YES NO

IMPORTANT: Moving a business that operated in Nebraska in the 366 days prior to the date of application does not create any tax credits or benefits under the Act.

- ALL hours paid to employees of the business during the 366 days prior to the date of application must be added to the base year. Enter these hours on Schedule A, line 3.
- ANY investment placed in service in Nebraska prior to being used at the project CANNOT be added to the investment reported on Schedule B.

Change in Partners, Members, or Patrons
Only complete line 14 if Schedule III is being submitted outside the filing of an income tax, financial institutions, or partnership return.

- 14** Do any of the entities approved as part of the project include a partnership, limited liability company, cooperative, limited cooperative association, or joint venture? YES NO
- a** Has the ownership of any of these entities changed? YES NO
- b** What percentage of these entities is directly owned by a political subdivision or IRC § 501(c) or 501(d) organization? _____
- c** Attach a Schedule II detailing the direct and indirect ownership of each of these entities after the change in ownership.

Under penalties of law, I declare that I have examined the information provided, and to the best of my knowledge and belief, it is correct and complete.

sign here ▶

Authorized Signature _____	Date _____	Print Your Name _____
Title _____	Phone Number _____	Email Address _____
Street or Other Mailing Address _____	City, State, Zip Code _____	
Contact Person _____	Phone Number _____	Email Address _____

Email Address. If you allow the Department to contact you by email, you accept any risk of loss of confidentiality associated with this method of communication.

Mailing address to file Schedule III prior to filing your income tax return:
Nebraska Department of Revenue, PO Box 94818, Lincoln, NE 68509-4818.

For Department Use Only

- Approved Comments: _____
- Approved in Part _____
- Disapproved _____

▶ Department's Authorized Signature _____	Title _____	Date _____
---	-------------	------------

Instructions

The project is limited to the entities, locations, and activities listed in the application unless the taxpayer timely reports a change and the Department agrees that the change meets the statutory requirements.

Limitations:

1. Any existing entity conducting a qualified business activity in Nebraska at the time of the agreement, but not listed in the application, must be excluded for the life of the project.
2. Any existing Nebraska location already utilized by the applicant in a qualified business activity at the time of the agreement, but not listed in the application, must be excluded for the life of the project. The application required that multiple addresses within the same city or municipality were to be listed separately.

Changes to the project must be reported on Schedule III, which may be filed with the return that includes the date the change occurred, or may be sent separately to the Department before filing the return.

Complete the first question in each section. If the answer to the first question in the section is YES, complete the remaining questions in that section. If the answer is NO, skip the remaining questions in that section and go to the next section.

If you have more than one change to report in a particular section, provide additional schedules or statements providing the information for each change.

A single transaction may require a response in more than one section.

Signature. Schedule III must be signed by an authorized person, such as a corporate officer, shareholder, partner, member, or trustee. If another person signs the statement, there must be a [power of attorney](#) form attached to this statement. Include the daytime phone number and email address of the person the Department should contact about the reported change. By including your email address, you are agreeing that the Department may use it to transmit confidential information.

Email Address. If you allow the Department to contact you by email, you accept any risk of loss of confidentiality associated with this method of communication.

Name of Entity Completing Schedule		Nebraska ID Number	Federal ID Number
Project Owner	Project's Year End	Project Number	Date of Application

1 Is the entity completing the schedule a political subdivision? Yes No

2 Is the entity completing the schedule an organization described in IRC § 501(c) or (d)? Yes No

Please complete the signature section and return the signed schedule to the project owner.

Under penalties of law, I declare that I have examined the information provided, and to the best of my knowledge and belief, it is correct and complete.

**sign
here** ▶

Authorized Signature	Date	Print your Name
Title	Phone Number	Email Address
Street or Other Mailing Address	City, State, Zip Code	
Contact Person	Phone Number	Email Address

Email Address. If you allow the Department to contact you by email, you accept any risk of loss of confidentiality associated with this method of communication.

**Instructions for Nebraska Schedule IV –
Ownership Verification Statement**

Who Must Complete. A direct owner of an entity with a project under the Nebraska Advantage Act (Act), is required to complete a Schedule IV to provide verification they are not a political subdivision or organization described in IRC § 501(c) or (d). Failure to confirm eligibility will prevent the applicant and its owners from receiving benefits under the Act.

Where to Submit. Complete the Schedule IV and return to the project owner.

Instructions for Boxes in the Heading

Nebraska ID Number. Enter the Nebraska ID number assigned by the Department.

Federal ID Number. Enter the federal ID number assigned by the Internal Revenue Service.

Project Owner's Tax Year End. Enter the last day of the project owner's year for which the ownership is being verified.

Project Owner. Enter the name of the applicant or person who received the project in its entirety by transfer.

Project Number. Enter the project number stated in the heading of the project agreement.

Date of Application. Enter the date of application shown in paragraph 1(a) of the project agreement.

General Instructions

A project owner under the Act must confirm eligibility for benefits each year. Confirmation of eligible direct ownership is one of the requirements for a project with an application date prior to September 6, 2013. The Act requires verification of eligible ownership for certain entities performing a qualified business activity at the project. Failure to confirm eligibility will prevent the project from receiving benefits under the Act.

Ownership Analysis. The ownership analysis applies to a: partnership; limited liability company that has elected to be taxed as a partnership; cooperative; limited cooperative association; or joint venture, which is listed on page 3 of the application as an entity performing a qualified business activity at the project.

Applications dated from July 15, 2010 to September 5, 2013. Projects that have ownership interests of 20% or more from a political subdivision or an IRC § 501(c) or (d) organization are not eligible to receive benefits under the Act.

Applications dated prior to July 15, 2010. Projects that have ownership interests of 10% or more from a political subdivision or an IRC § 501(c) or (d) organization are not eligible to receive benefits under the Act.

Specific Line Instructions

Line 1. State whether the direct owner is a political subdivision.

Line 2. State whether the direct owner is an organization described in IRC § 501(c) or (d).

Signature. The Schedule IV must be signed by a partner, officer, member, or trustee. If another person signs the statement, there must be a [power of attorney](#) form attached to this statement. Include the daytime phone number and email address of the person the Department should contact about the statement. By including your email address, you are agreeing that the Department may use it to transmit confidential information.