



2008

Nebraska

S Corporation

Income Tax Booklet

Included in this Booklet:

Form 1120-SN,
Schedules I, II, and III,
and Business Classification
Codes.

Questions?

www.revenue.ne.gov

(800) 742-7474 (toll free in NE or IA), (402) 471-5729

2008 Nebraska S Corporation Income Tax

INSTRUCTIONS

IMPORTANT REMINDERS

BONUS DEPRECIATION AND ENHANCED SECTION 179 EXPENSE. Shareholders are no longer required to add back bonus depreciation or any enhanced Section 179 expense deduction on their Nebraska income tax returns. **Shareholders** may reclaim 20 percent of the bonus depreciation previously added back in tax years 2000 through 2002 on their 2008 Nebraska income tax return. **Shareholders** may also reclaim 20 percent of the bonus depreciation **and** enhanced Section 179 expense deduction previously added back in tax years 2003 through 2005 on their 2008 Nebraska income tax return. See specific instructions. **NOTE: No bonus depreciation or enhanced Section 179 subtraction amounts can be claimed directly on Form 1120-SN.**

NEBRASKA CHARITABLE ENDOWMENT TAX CREDIT. Due to the passage of LB 28 (2005) and LB 1010 (2006), certain planned gifts to Nebraska charitable organizations may qualify for a nonrefundable credit of up to \$5,000. The credit is to be disbursed to the shareholders or members in the same manner as income and cannot be carried back or forward. See page 4 for more details or visit www.revenue.ne.gov.

NOTE: Beginning with the 2009 tax year, the Department will no longer complete a mass mailing of printed S Corporation Income Tax Booklets. The S corporation forms and instructions continue to be available at www.revenue.ne.gov. If you are unable to access them electronically a printed copy may be obtained from either the Department or your accountant.

WHAT'S NEW

BIODIESEL TAX CREDIT. Due to the passage of LB 343 (2007), S corporations may establish a credit for investing in a Nebraska biodiesel facility. The credit cannot be taken by the S corporation, but may be distributed to shareholders in the same manner as income.

WITHHOLDING (GRANTOR TRUSTS). Due to the passage of LB 915 (2008), S corporations are to withhold tax from nonresident grantors of a grantor trust in the same manner as a nonresident individual.

WITHHOLDING ON CONTRACTORS. Due to the passage of LB 1001 (2008), contractors are required to withhold five percent of any payment or payments exceeding \$600 from their construction subcontractors that are not registered in the Revenue Contractor Database. The amount withheld may be used as a credit against a shareholder's income tax liability. See www.revenue.ne.gov for additional information regarding the mandatory five percent withholding and the Revenue Contractor Database.

WHO MUST FILE. Except as provided below, every S corporation, as defined by Section 1361 of the Internal Revenue Code, must file a Nebraska S Corporation Income Tax Return, Form 1120-SN, unless all shareholders are residents of Nebraska, and all income is derived from Nebraska sources.

The Department does not provide for the filing of "composite" income tax returns submitted on behalf of the nonresident individual shareholders. S corporations with nonresident shareholders are required to either obtain a Nebraska Nonresident Income Tax Agreement, Form 12N, from the nonresident individual, or remit Nebraska income tax on the nonresident's share of Nebraska income. For the purposes of Form 12N and the withholding requirements, an individual includes a nonresident grantor of a grantor trust.

An S corporation whose shareholders are all Nebraska residents and which derives all of its income from Nebraska is not required to file a Nebraska S Corporation Income Tax Return, Form 1120-SN. Its shareholders report their share of the S Corporation income on their Nebraska individual income tax returns.

Financial institutions which maintain a permanent place of business in this state and actively solicit deposits from residents of this state must file a Nebraska Financial Institution Tax Return, Form 1120NF. Financial institutions organized as S corporations, must also file a Nebraska S Corporation Income Tax Return, Form 1120-SN.

WHEN AND WHERE TO FILE. This return must be filed on or before the 15th day of the third month following the close of the taxable year. The return must be filed with the

Nebraska Department of Revenue, P.O. Box 94818, Lincoln, Nebraska 68509-4818.

PERIOD TO BE COVERED BY THE RETURN. This return must be filed for the calendar year 2008 or fiscal year beginning in 2008. An S corporation reporting for a fiscal year or filing a short-period return must enter the beginning and ending dates of the taxable year in the space provided at the top of the return. The taxable year for Nebraska must be the same as the year used for federal income tax purposes. If an S corporation changes its federal taxable year, it must change the Nebraska taxable year accordingly. A copy of the approval from the Internal Revenue Service (IRS) to change accounting periods must accompany the first return which reflects the change. Check the "Final Return" box at the top of the return if the corporation ceased to exist during the 2008 tax year.

EXTENSION OF TIME. It is not necessary to request a Nebraska extension of time when the S corporation has been granted an extension to file its federal return. The Nebraska Department of Revenue will accept an approved federal extension of time, provided a copy of the Federal Form 7004 or other federal approval is attached to the Nebraska return when filed. By requesting an extension of time to file your federal return using the Application for Automatic Extension of Time to File Corporation Income Tax Return, Form 7004, you are granted a six-month extension. When a federal extension of time has been granted and additional time is necessary to file the Nebraska return, the Nebraska Form 7004N needs to be filed on or before the date the federal extension expires.

An extension of time to file may be obtained from the Nebraska Department of Revenue even if the S corporation does not request a federal extension of time. The extension must be requested on Application for Automatic Extension of Time to File Nebraska Corporation, Fiduciary, or Partnership Return, Form 7004N, on or before the due date of the return. If granted, the extension will be for a seven-month period. No further extension can be granted.

NONRESIDENT SHAREHOLDER WITHHOLDING.

The S corporation is required to remit Nebraska income tax for each nonresident individual shareholder for whom a properly executed Form 12N is not attached to the original S corporation return. For the purposes of Form 12N and the withholding requirements, an individual includes a nonresident grantor of a grantor trust. The amount to be withheld is 6.84 percent of the nonresident shareholder's share of taxable income which was derived from or attributable to sources within Nebraska.

When calculating the withholding for each nonresident individual shareholder, the S corporation must not subtract bonus depreciation or enhanced section 179 expense deduction previously added back for such individuals in prior tax years. Instead, the nonresident shareholder may recover 20 percent of the total bonus depreciation previously added back for tax years 2000 through 2002 by filing a 2008 Nebraska individual income tax return. The nonresident shareholder may also recover 20 percent of the total bonus depreciation and enhanced section 179 expense deduction previously added back for tax years 2003 through 2005 on his or her 2008 Nebraska individual income tax return.

The S corporation must report the amount withheld from each nonresident shareholder on the Statement of Nebraska Income Tax Withheld for Nonresident Individual, Form 14N. Attach the white copy of each Form 14N to the S corporation return. The nonresident individual shareholder may claim the amount withheld as a credit against his or her Nebraska income tax liability by attaching a copy of the Form 14N to the Nebraska Individual Income Tax Return, Form 1040N.

The Form 12N and Form 14N requirements apply only to nonresident **individual** shareholders. For the purposes of Form 12N and the withholding requirements, an individual includes a nonresident grantor of a grantor trust. Shareholders other than individuals are not subject to the nonresident shareholder withholding requirements. Withholding is not calculated for shareholders which are corporations, estates, trusts (**except grantor trusts**), or any other entities. Nebraska statutes do not provide for the remittance of tax by the S corporation or on behalf of these entities.

If a nonresident shareholder's only connection with Nebraska is conduct of the business activities of the S corporation and the corporation has withheld tax from all the Nebraska income attributable to the nonresident's share of the organization's income, the nonresident shareholder does not have to file an individual income tax return. The full amount of the withholding is, at the taxpayer's option, retained in lieu of filing an individual income tax return. Any nonresident who so desires can still file an individual income tax return and claim a refund if there is one due.

NONRESIDENT SHAREHOLDER – NO WITHHOLDING REQUIREMENT. Withholding is not required to be remitted by the S corporation on behalf of any nonresident individual shareholder who submits a properly

executed Nebraska Nonresident Income Tax Agreement, Form 12N, to the S corporation before the original filing of the Nebraska S Corporation Income Tax Return, Form 1120-SN. For the purposes of the Form 12N, an individual includes a nonresident grantor of a grantor trust. To be properly executed, the Form 12N must be completed with **all the requested information** and must be **signed and dated** by either the **shareholder** agreeing to file a Nebraska Individual Income Tax Return, Form 1040N, or his or her duly authorized representative (attach copy of Power of Attorney). **The S corporation will be held responsible for withholding related to each nonresident individual shareholder for whom a properly executed Form 12N is not attached to the original S corporation return.**

The Form 12N is an agreement by the nonresident individual shareholder to file a Nebraska individual income tax return. Form 12N is not to be completed for corporations, estates, or trusts (except grantor trusts) that are shareholders. These entities must file the respective Nebraska income tax return to report the S corporation income derived from Nebraska.

Any nonresident who filed Form 12N to avoid withholding must file Form 1040N.

PAYMENT OF TAX WITHHELD. The entire tax withheld from nonresident shareholders is required to be paid on or before the original due date of the return. Payment can be made by electronic funds transfer (EFT), or by credit card. Details for these payment options can be found at www.revenue.ne.gov. Make check or money order payable to the Nebraska Department of Revenue. An extension of time to file Form 1120-SN does not extend the date for payment of tax. Checks written to the Department of Revenue may be presented for payment electronically.

PENALTIES AND INTEREST. Penalties may be imposed for failure to file a complete return, failure to file a timely return, or failure to file an amended return when required. Any unpaid tax is subject to interest at the statutory rate from the original due date to the date the tax is paid.

QUALIFIED SUBCHAPTER S SUBSIDIARIES. Any subsidiary of an S corporation which is treated as a Qualified Subchapter S Subsidiary (QSSS) for federal income tax purposes will be treated in the same manner for Nebraska income tax purposes. All of the assets, liabilities, and items of income, deduction, and credit of the QSSS will be considered to be those of its parent.

AMOUNTS INCLUDED IN THE RETURN OF THE SHAREHOLDER. Both resident and nonresident shareholders are subject to the Nebraska income tax on their share of the S corporation's income derived from or attributable to sources within Nebraska.

REPORT OF NEBRASKA SOURCE INCOME TO SHAREHOLDERS. An S corporation must provide each shareholder with a schedule listing the amount and type of income or loss to be included in the shareholder's Nebraska tax return.

A Federal Schedule K-1 may be used if all income is attributable to Nebraska and amounts of U.S. government obligations and non-Nebraska state and local obligations are specifically listed. The amounts reported on the K-1 must be calculated in the same manner as income is distributed.

For S corporations apportioning income, the amount of **Nebraska** income must also be provided to each

shareholder together with a copy of the Nebraska Schedule I, Form 1120-SN.

If the S corporation is a member of a unitary group, the S corporation is deemed to be doing business within this state if any part of its income is derived from transactions with other members of the unitary group doing business within this state. The corporation shall apportion its income by using the apportionment factor determined for the entire unitary group, including the S corporation.

For S corporations using an alternative method to determine income attributable to Nebraska, the amount reportable to the shareholder will be determined in accordance with the method previously approved by the Tax Commissioner.

ACCOUNTING METHODS. The method of accounting used for federal income tax purposes must be used for Nebraska income tax purposes. The taxpayer may not change the method of accounting used in reporting income in prior years unless the change is approved by the IRS. A copy of this approval must accompany the first return which reflects the change in the method of accounting.

ROUND TO WHOLE DOLLARS. Any amounts of 50 cents through 99 cents should be rounded to the next higher dollar. Round any amount less than 50 cents to the next lower dollar. The amounts on the return and schedules are to be shown in whole dollars.

FEDERAL RETURN. A copy of the actual federal return and supporting schedules as filed with the IRS must be attached to this return.

CHANGES OR CORRECTIONS ON FEDERAL RETURN OR ANOTHER STATE'S RETURN. Any corporation whose reported income or deductions are changed or corrected by the IRS or through a renegotiation of a contract with the United States is required to report the change or correction to the Nebraska Department of Revenue within 60 days of the final determination of the federal change. In addition, any corporation whose reported income or allowable tax credits in another state are changed or corrected by that state, or any other competent authority, in a way material to the tax liability owed to Nebraska is required to report the change or correction within 60 days after it becomes final.

Any corporation which filed an amended return with the IRS, which will result in a credit or refund, must report the change or correction within 60 days **after receiving proof that the IRS accepted the federal return.**

Any corporation which filed an amended return with the IRS which will not result in a federal credit or refund, or which filed an amended return with another state involving a change or correction material to its Nebraska tax liability must file an amended return with the Nebraska Department of Revenue within 60 days of the filing of the amended federal or state return.

All S corporations reporting a change or correction in the amounts previously reported to the Nebraska Department of Revenue must file a Nebraska S Corporation Income Tax Return, Form 1120-SN, and check the box "Amended Return" at the top of the return. The amended return must be mailed separately from any annual return of the corporation.

An S corporation will not receive a refund of any tax due with its original return when the Nebraska source income

for its nonresident individual shareholders is reduced. Such shareholders may file a claim for refund resulting from the reduced Nebraska source income.

NEBRASKA COMMUNITY DEVELOPMENT ASSISTANCE ACT CREDIT. This credit is allowable for contributions to **approved** projects of community betterment organizations recognized by the Nebraska Department of Economic Development. See the instructions on the 2008 Nebraska Community Development Assistance Act Credit Computation, Form CDN, for more information on this credit. Form CDN and a copy of Form 1099NTC must be attached to the Form 1120-SN and a copy provided to each shareholder.

Each shareholder of an electing S corporation shall report his or her share of the credit in the same manner and proportion as he or she reports the S corporation income.

More detailed information on this credit can be obtained at www.neded.org/content/view/97/227/ or by contacting the Nebraska Department of Economic Development, Community and Rural Development Division, P.O. Box 94666, Lincoln, Nebraska 68509-4666; or by calling (402) 471-6587 or (800) 426-6505, extension 6587.

BEGINNING FARMER CREDIT. This credit is available to owners of agricultural assets which are rented to qualifying beginning farmers or livestock producers. Each shareholder eligible for the credit will receive a copy of the Certificate of Nebraska Tax Credit, Form 1099 BFC, from the Nebraska Department of Agriculture. To claim their share of the credit, eligible shareholders must file Form 1099 BFC with their income tax return. **Form 1099 BFC is not filed with Form 1120-SN.** For detailed information on this credit see www.agr.state.ne.us/division/med/begfrm.htm, or contact the Nebraska Department of Agriculture, P.O. Box 94947, Lincoln, NE 68509-4947, or call (402) 471-6890 or (800) 446-4071.

FORM 3800N CREDITS. Nebraska provides several tax incentive credits that may be earned by entities conducting business in this state. For additional information on each of the tax credits available, see Form 3800N, www.revenue.ne.gov, or contact the Nebraska Department of Revenue, P.O. Box 94818, Lincoln, Nebraska 68509-4818, or call the Lincoln office at (402) 471-5729, or (800) 742-7474 (toll free in Nebraska and Iowa).

NEBRASKA CHARITABLE ENDOWMENT TAX CREDIT. This credit is calculated at 15 percent of a planned gift to a qualified Nebraska charitable endowment for Nebraska charitable purposes (other requirements also apply), up to a maximum \$5,000 credit (\$10,000 for married, filing jointly taxpayers). **Most charitable donations will not qualify for this credit.** The credit is to be disbursed to the shareholders in the same proportion used to distribute income or loss for income tax purposes. The credit cannot be carried back or forward, and can only be claimed in the tax year in which the contribution is made. The credit applies to the same tax year end used to report income. The credit cannot be used to offset nonresident withholding.

For more details regarding this credit, see www.revenue.ne.gov.

SIGNATURES. This return must be signed by a corporate officer. If the S corporation authorizes another person to sign the return, there must be a power of attorney on file with the Department. Include your phone number and e-mail address

in case the Department needs to contact you about your account. **By including your e-mail address you are agreeing that the Department may use it to transmit confidential information.** Any person who is paid for preparing a taxpayer's return must also sign the return as preparer.

DEFINITIONS

1. **Apportionment.** The process of determining the portion of income derived from sources within a state. The entire federal taxable income of a unitary business operating within and without Nebraska is presumed subject to apportionment.
2. **Sales.** All gross receipts of the taxpayer.
3. **Single economic unit.** A business where there is a sharing or exchange of value between the parts of the unit. A sharing or exchange of value occurs when the parts of the business are linked by a) common management, or b) common operational resources that provide material economies of scale or transfers of value or flow of goods, capital, or services between the parts of the unit.
4. **State.** Any state of the United States, the District of Columbia, the Commonwealth of Puerto Rico, any territory or possession of the United States, and any foreign country or political subdivision thereof.

SPECIFIC INSTRUCTIONS

BUSINESS CLASSIFICATION CODE. Enter the number from the Business Classification Code list in this booklet that best describes your principal business activity. **Please review your code carefully.**

ALL S CORPORATIONS. If you are required to file a Form 1120-SN you must complete lines 1 through 6. Lines 7 through 18 are completed only if the S corporation has nonresident individual shareholders and its line 6 entry is not a loss.

LINE 4. Enter line 17 of Nebraska Schedule II. Federal income taxes paid cannot be deducted as an adjustment decreasing federal taxable income.

LINE 6. If all income is derived from sources within Nebraska, enter the amount from line 5, Form 1120-SN.

The entire income of an S corporation is from Nebraska sources when the S corporation is not subject to tax in another state.

S corporations deriving income from sources within and without Nebraska and which are subject to tax in another state shall enter the amount from line 3, Nebraska Schedule I.

LINE 12. Enter the net amount of any refundable Form 3800N credit and any recapture of Nebraska Advantage Rural Development Act credits. If the credits are larger than the recapture, enter this as a negative number.

LINE 14. Enter the amount of taxes deposited with Form 7004N. Also include any amounts that were paid as estimated taxes for 2008 for any S corporation which is included on this return. Please note that there is no requirement that S corporations remit estimated taxes and no penalty for failure to do so. Do not include any Nebraska withholding reported on Form 1099-MISC which was withheld on payments for nonresident personal services performed by shareholders of the S corporation.

LINE 18, OVERPAYMENT TO BE REFUNDED. For the purposes of economy and efficiency the Department encourages all taxpayers to have their refunds electronically direct deposited to their financial institution by using the instructions found on line 19 below.

LINE 19, DIRECT DEPOSIT. In order to have your refund deposited directly into your checking or savings account, it is necessary to enter the routing number and account number found on the bottom of the checks used with the account. The routing number is listed first and must be nine (9) digits. The account number is listed to the right of the routing number and can be up to seventeen (17) digits. Enter these numbers in the boxes found on lines 19a and 19c. Also complete line 19b, Type of Account.

INSTRUCTIONS FOR NEBRASKA SCHEDULE I Apportionment of Income

Nebraska Schedule I must be completed by all S corporations which derive income from sources both within and without Nebraska. Income apportioned to Nebraska is determined by multiplying the income of the S corporation by the apportionment factor. The factor on this schedule must be calculated to at least five decimal places and rounded to four decimal places.

Nebraska uses a single factor, sales only formula to apportion income.

An S corporation using an alternative method of apportionment or separate accounting must attach a copy of the Tax Commissioner's prior written approval of either method. The separate accounting calculation or the alternative apportionment factor computation must be included. Enter the factor on line 2, Nebraska Schedule I.

If the S corporation is a partner in a partnership or joint venture, see Corporate Income Tax Regulation 24-056, Corporation as Partner in a Partnership or Joint Venture.

If an S corporation is a member of a unitary group which includes a C corporation, the apportionment factor for the S corporation will be the apportionment factor as determined for the unitary group. This factor will be applied against the income of the S corporation. **Separate returns must be filed for the S corporation and the C corporation.**

SALES FACTOR. The sales factor is a fraction, the numerator of which is the total sales of the taxpayer in Nebraska during the taxable year, and the denominator of which is the total sales of the taxpayer everywhere during the taxable year. Total sales include gross sales of real and tangible personal property less returns and allowances and all other items of gross receipts which constitute apportionable income. Intercompany sales between unitary corporations using the combined income approach are excluded from the sales factor. Gross receipts, if substantial in amount, realized from an incidental or occasional sale of a fixed asset used in connection with the taxpayer's regular trade or business are excluded from the sales factor since the inclusion of such receipts would not fairly reflect the extent of the taxpayer's business activity in Nebraska. Trucking companies with income from within and without this state, must compute their sales factor in accordance with Corporate Income Tax Regulation 24-059. For additional information see Reg-24-059 and the Apportionment Worksheet for Transportation Revenue found at www.revenue.ne.gov.

The following sales of tangible personal property are included as Nebraska sales in the sales factor:

1. Sales of property which are delivered or shipped to a purchaser, other than the U.S. government, within Nebraska regardless of the f.o.b. point or other conditions of the sale; and
2. Sales to the U.S. government of property shipped from an office, store, warehouse, factory, or other place of storage in this state.

Sales other than the sales of tangible personal property are in Nebraska if:

1. The income-producing activity is performed in Nebraska; or
2. The income-producing activity is performed both within and without Nebraska and a greater proportion of the income-producing activity is performed in Nebraska during the taxable year than in any other state, based on cost of performance.

Sales or receipts not specifically assigned by the preceding paragraphs shall be assigned as follows:

1. Gross receipts from the sale, rental, or lease of real property are in Nebraska if the real property is located in Nebraska;
2. Gross receipts from the rental, lease, or licensing of the use of tangible personal property are in Nebraska if the property is in Nebraska. If the property was both within and without Nebraska during the taxable year, then the gross receipts attributable to the period or the percentage of time the property was used in Nebraska are considered in Nebraska; and
3. Gross receipts from the performance of personal services are in Nebraska if the personal services are performed in Nebraska. If such personal services are performed partly within and partly without Nebraska, a portion of gross receipts from performance of the personal services shall be attributed to Nebraska based upon the ratio which the time spent in performing such services in this state bears to the total time spent in performing such services everywhere.

Sales to the U.S. government. The U.S. government is the purchaser when it makes direct payment to the seller. A sale to the U.S. government of tangible personal property is in Nebraska if it is shipped from an office, store, warehouse, or other place of storage in Nebraska. For other sales made to the U.S. government, use the rules stated above for sales of other than tangible personal property.

LINE 15. NEBRASKA APPORTIONMENT FACTOR.

To compute the Nebraska apportionment factor, divide line 14, NEBRASKA column, by line 14, TOTAL column, calculate to at least five decimal places and round to four decimal places.

**INSTRUCTIONS FOR NEBRASKA SCHEDULE II
Adjustments to Ordinary Income**

Complete Nebraska Schedule II to compute Nebraska adjustments to ordinary income, such as income from U.S. government obligations. Use Schedule K, Federal Form 1120S, as the source for the amounts of income and deductions.

LINE 5. Enter all interest income from state and local bonds which are exempt from federal tax and are not issued by Nebraska sources.

LINE 6. Enter any other additions to income for the S corporation that are includible in the shareholders' federal income but are not reflected in lines 1 through 5 (attach schedule). Also, if the S corporation is a financial institution, include the total Financial Institution Tax Credit calculated for all shareholders.

LINE 8. Enter income from obligations of the U.S. government exempt from state taxation. A listing of the U.S. government securities that are exempt may be obtained by reviewing Corporate Income Tax Regulation 24-048. Interest income from repurchase agreements involving U.S. government obligations is **not** deductible as U.S. government interest.

LINE 16. Enter any other deductions to income for the S corporation that are deductible in determining the shareholders' federal income but are not reflected in lines 8 through 15 (attach schedule). Do not include bonus depreciation.

**INSTRUCTIONS FOR NEBRASKA SCHEDULE III
Nonresident Shareholder's Share
of Nebraska Income**

An S corporation which has income derived from sources within Nebraska and has at least one nonresident shareholder who is an individual will complete Nebraska Schedule III. This schedule is not necessary when the corporation has a Nebraska loss; instead, attach a schedule showing each shareholder who owned stock during the taxable year, the dates of ownership, and the percent of ownership. Compute the share of the Nebraska loss by multiplying the loss by the percent of ownership for the portion of the year the stock was owned.

Nebraska Schedule III is also not necessary when all the corporation's shareholders are Nebraska residents.

Enter the name, address, and social security number of each nonresident individual shareholder. If additional space is needed, attach a schedule using the same format as Nebraska Schedule III. **This schedule is completed for nonresident individual shareholders only. For the purposes of the schedule and any applicable withholding, an individual includes a nonresident grantor of a grantor trust. Withholding is not calculated for corporations, estates, trusts (except grantor trusts), or any other entities.** The information included on each specific line number of the upper and lower portions of the schedule must be for the same taxpayer.

COLUMN B. Enter the pro rata interest of each nonresident individual who was a shareholder during the corporation's taxable year.

COLUMN D. If a signed Nebraska Nonresident Income Tax Agreement, Form 12N, is attached, do not complete columns E and G.

COLUMN G. Enter 6.84 percent of column E, which is the amount of Nebraska income tax to be withheld for each nonresident individual shareholder. Report the amount withheld from each nonresident individual shareholder on a Statement of Nebraska Income Tax Withheld for Nonresident Individual, Form 14N. The total of column G must equal the amount entered on line 11, Form 1120-SN.



**S CORPORATION WITH INCOME DERIVED FROM SOURCES BOTH
WITHIN AND WITHOUT NEBRASKA
NEBRASKA SCHEDULE I—Apportionment of Income**
• If you use this schedule, read instructions

FORM
1120-SN

Name as Shown on Form 1120-SN

Nebraska Identification Number
24—

1 Nebraska adjusted income (line 5, Form 1120-SN)	1	
2 Nebraska apportionment factor (line 15 below).....	2	. <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
3 Income apportioned to Nebraska (line 1 multiplied by line 2). Enter on line 6, Form 1120-SN	3	

APPORTIONMENT FACTORS	TOTAL	NEBRASKA	NEBRASKA APPORTIONMENT FACTOR
Sales or Gross Receipts			

4 Sales or gross receipts minus returns and allowances	4		
5 Sales delivered or shipped to purchasers in Nebraska: Shipped from outside Nebraska		5	
6 Sales delivered or shipped to purchasers in Nebraska: Shipped from within Nebraska		6	
7 Sales shipped from Nebraska to the U.S. government.....		7	
8 Interest on sales of tangible property	8	8	
9 Interest, dividends, and royalties from intangible property	9	9	
10 Gross rents.....	10	10	
11 Net gain on sales of intangible property	11	11	
12 Gross receipts from sales of tangible personal and real property not included above	12	12	
13 Other income (attach schedule)	13	13	
14 TOTAL SALES OR GROSS RECEIPTS.....	14	14	
15 Nebraska apportionment factor (divide line 14, NEBRASKA column, by line 14, TOTAL column, calculate to at least five decimal places and round to four). Enter here and on line 2 above	15		. <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>



**S CORPORATION WITH OTHER INCOME AND DEDUCTIONS
NEBRASKA SCHEDULE II— Adjustments to Ordinary Income**
• Read instructions
• Enter amounts from Schedule K, Federal Form 1120S

**FORM
1120-SN**

Name as Shown on Form 1120-SN

Nebraska Identification Number
24—

ADJUSTMENTS INCREASING ORDINARY INCOME		TOTAL
1 Net income from rental real estate activities	1	
2 Net income from other rental activities.....	2	
3 Portfolio income:		
a Interest income	3 a	
b Dividend income	3 b	
c Royalty income	3 c	
d Net short-term capital gain	3 d	
e Net long-term capital gain.....	3 e	
f Other portfolio income	3 f	
4 Net gain under Section 1231 (other than casualty or theft)	4	
5 Non-Nebraska state and local bond interest and dividend income (see instructions)	5	
6 Other income (attach schedule).....	6	
7 TOTAL adjustments increasing ordinary income (total of lines 1 through 6). Enter here and on line 2, Form 1120-SN.....	7	
ADJUSTMENTS DECREASING ORDINARY INCOME		TOTAL
8 Income from U.S. government obligations (see instructions)	8	
9 Net loss from rental real estate activities	9	
10 Net loss from other rental activities.....	10	
11 Portfolio loss:		
a Net short-term capital loss.....	11 a	
b Net long-term capital loss.....	11 b	
c Other portfolio loss.....	11 c	
12 Net loss under Section 1231.....	12	
13 Other loss not included in lines 9 through 12.....	13	
14 Charitable contributions	14	
15 Section 179 expense deduction	15	
16 Other deductions (attach schedule).....	16	
17 TOTAL adjustments decreasing ordinary income (total of lines 8 through 16). Enter here and on line 4, Form 1120-SN.....	17	



NEBRASKA SCHEDULE III —
Nonresident Shareholder's Share of Nebraska Income
 • If you use this schedule, read instructions and attach this page to Form 1120-SN

FORM
1120-SN

Name as Shown on Form 1120-SN

Nebraska Identification Number
 24—

NAME AND ADDRESS OF EACH NONRESIDENT SHAREHOLDER				
Name	Street or Other Mailing Address	City	State	Zip Code
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				

COMPLETE FOR NONRESIDENT INDIVIDUAL SHAREHOLDERS ONLY
 • Do not include corporations, estates, or trusts

(A) Social Security Number	(B) Percent of Ownership	(C) Nebraska Income Reported by S Corporation (Line 6, Form 1120-SN)	(D) Check if Form 12N Attached	COMPUTATION OF NEBRASKA WITHHOLDING TAX		
				(E) Column B Times Column C	(F) Rate	(G) Tax Withheld Column E x Column F (Attach Form 14N)
1					6.84%	
2					6.84%	
3					6.84%	
4					6.84%	
5					6.84%	
6					6.84%	
7					6.84%	
8					6.84%	
9					6.84%	
10					6.84%	
TOTALS						