

INSTRUCTIONS

WHO MAY FILE. Any nonresident individual taxpayer, which for the purposes of this agreement includes a nonresident grantor of a “grantor trust,” who has Nebraska source income derived from an estate, trust, S corporation, partnership, or limited liability company may complete a Nebraska Nonresident Income Tax Agreement, Form 12N, if the taxpayer was a nonresident of Nebraska during any part of the organization’s taxable year.

WHEN AND WHERE TO FILE. Form 12N must be completed and delivered to the organization prior to the filing of the organization’s Nebraska income tax return. The due date for the Nebraska income tax return for estates, trusts, partnerships, and limited liability companies is the 15th day of the fourth month following the close of the taxable year. The due date for the Nebraska income tax return of an S corporation is the 15th day of the third month following the close of the taxable year.

IF FORM 12N IS FILED. The nonresident individual who has filed the Form 12N is required to timely file a Nebraska Individual Income Tax Return, Form 1040N. Such return must report and pay tax on the nonresident’s share of the organization’s Nebraska income attributable to his or her interest in the organization during the taxable year as well as

any other income the nonresident has earned from Nebraska sources.

IF FORM 12N IS NOT FILED. If Form 12N is not attached to the organization’s return for a nonresident individual, the organization is required to remit 6.84 percent of the nonresident’s share of the organization’s income derived from or attributable to Nebraska sources. Publicly traded partnerships are not subject to the above withholding provision. The withholding is to be remitted with the Statement of Nebraska Income Tax Withheld for Nonresident Individual, Form 14N, and the organization’s Nebraska return. When the nonresident files Form 1040N, the remittance submitted by the organization will be allowed as a credit against the taxpayer’s Nebraska income tax liability.

If the organization has filed a Form 14N and withheld tax on all the Nebraska income attributable to the nonresident, the nonresident is not required to file a Nebraska Individual Income Tax Return if the nonresident has no other income from Nebraska sources. Instead, the full amount of the withholding may, at the nonresident taxpayer’s option, be retained in lieu of the filing of Form 1040N. However, any nonresident may still file a return and claim a refund if one is due.