



2011

Nebraska

S Corporation

Income Tax Booklet

Included in this Booklet are:

Form 1120-SN, and
Schedules A, I, II, and III, and K-1N; and
Use Tax information.

ELECTRONIC PAYMENT OPTIONS ARE AVAILABLE.

See [instructions](#).

Questions?

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800-742-7474 (NE or IA) or 402-471-5729

2011 Nebraska S Corporation Income Tax Return

INSTRUCTIONS

What's New

Electronic Filing. The Nebraska Department of Revenue (Department) is developing a Modernized e-File (MeF) program. The Department may mandate electronic filing of the Nebraska S Corporation Income Tax Return, Form 1120-SN when the MeF program is operational. The MeF program may be operational for the 2012 tax year.

Refunds. The Department will only issue refunds by Electronic Funds Transfer (EFT).

[Nebraska Schedule K-1N – Shareholder's Share of Income, Deductions, Modifications, and Credits.](#) S corporations will be required to complete and submit this new schedule for all shareholders.

Statement of Nebraska Individual Income Tax Withheld For Nonresident Individual, Form 14N. This form has been eliminated. Any taxes withheld on behalf of a nonresident individual must be reported on the new Nebraska Schedule K-1N.

Schedules. The following schedules have been renumbered or renamed to standardize all of the business income tax returns.

2011 SCHEDULE NUMBER AND NAME	2010 SCHEDULE NUMBER AND NAME
Nebraska Schedule A – Adjustments to Ordinary Business Income	Nebraska Schedule II – Adjustments to Ordinary Business Income
Nebraska Schedule I – Apportionment for Multistate Business	Nebraska Schedule I – Apportionment of Income
Nebraska Schedule II – Nonresident Individual Shareholder's Share of Nebraska Income	Nebraska Schedule III – Nonresident Shareholder's Share of Nebraska Income
Nebraska Schedule III – Subsidiary or Affiliated Corporations	Nebraska Schedule IV – Subsidiary or Affiliated Corporations

Angel Investment Tax Credit. For tax years beginning on and after January 1, 2011, shareholders of an S corporation may be eligible for a tax credit under the [Angel Investment Tax Credit Act](#).

Bonus Depreciation and Enhanced Section 179 Expense Deduction. Tax year 2010 was the last year a shareholder could take a deduction for bonus depreciation or enhanced section 179 expense previously added back on returns filed for tax years 2003 through 2005. References to these deductions have been removed from the 2011 S corporation return.

Important Information for All Filers

Enter All Amounts as Whole Dollars. Do not include cents on the return or schedules. Do not change the pre-printed zeros in the cents column of the [Form 1120-SN](#) or [schedules](#). 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.

Penalties and Interest. Either or both may be imposed under the following conditions:

- ◆ Failure to file a return and pay the tax due on or before the due date;
- ◆ Failure to pay the tax due on or before the due date;
- ◆ Failure to file an amended Nebraska income tax return to report changes made to your federal return;
- ◆ Preparing or filing a fraudulent income tax return; or
- ◆ Understatement of income on an income tax return.

Filing a false or fraudulent Nebraska return is subject to penalty, even if the amounts reported are taken from your federal return. Unpaid tax is subject to interest at the statutory rate of 5% from the original due date to the date the tax is paid. See [Revenue Ruling 99-10-1](#) for applicable interest rates.

Reporting Changes or Corrections. If information on a Nebraska S corporation return previously filed is incorrect, a Form 1120-SN with the “Amended Return” box checked must be filed. When filing an amended return, remember:

- ◆ Changes made by the Internal Revenue Service (IRS) or another state must be reported to the Department within 60 days;
- ◆ Form 1120-SN is year-specific. Please be sure to use the correct form for the tax year you are amending. The appropriate forms can be found on the Department’s website;
- ◆ You must attach a copy of the related federal or other state amended return and all related schedules or other documentation to explain the changes shown on the amended Nebraska return; and
- ◆ Show only the corrected figures on the amended return.

When an amended return reflects a reduction in tax due because Nebraska source income for its nonresident individual shareholders is reduced, the S corporation will not receive a refund. Individual shareholders may file a claim for refund resulting from the reduced Nebraska source income.

Nebraska Extension of Time. An extension to file may only be obtained by:

- ◆ Attaching a copy of a timely-filed Application for Automatic Extension of Time to File Certain Business Income Tax, Information, and Other Returns, Federal Form 7004, to the Nebraska return when filed;
- ◆ Attaching a schedule to the Nebraska return listing the federal confirmation number and providing an explanation that the electronic request for automatic federal extension was not denied; or
- ◆ Filing a [Nebraska Application for Extension of Time to File Corporation, Fiduciary or Partnership Return, Form 7004N](#), on or before the due date of the return, when you need to make a tentative Nebraska payment or when a federal extension is not being requested. When a federal extension of time has been granted, and additional time is necessary to file the Nebraska return, the Nebraska Form 7004N must be filed on or before the date the federal extension expires. Remember to attach proof of the federal extension to the Form 7004N.

Failure to attach the applicable extension document may result in a late filing penalty. An extension of time only extends the date to file the return. It does not extend the due date to pay the tax. Any tax not paid by the original due date is subject to interest. By requesting an extension of time to file your federal return using the Federal Form 7004, you are granted an automatic 6-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](#) must be filed on or before the date the federal extension expires. An extension of time cannot exceed a total of seven months after the original due date of the return.

Accounting Methods. The accounting method used for federal income tax purposes must be used for Nebraska income tax purposes. A taxpayer may not change the accounting method used to report income in prior years unless the change is approved by the IRS. A copy of this approval must accompany the first return which shows the change in the method of accounting.

Federal Return. A copy of the federal return and supporting schedules, as filed with the IRS, must be attached to this return. If there are more than ten Federal Schedules K-1, please submit them and any supporting schedules on CD-R media rather than on paper. The preferred format for the Federal Schedules K-1 and supporting schedules is PDF. However, a Word or Excel electronic document is also acceptable.

NONRESIDENT SHAREHOLDERS

S corporations must withhold and remit Nebraska income tax for each nonresident individual shareholder who does not complete a [Nebraska Nonresident Income Tax Agreement, Form 12N](#). For the purposes of Form 12N and the withholding requirements, an individual includes a nonresident grantor of a grantor trust.

Nonresident shareholders who sign the Form 12N agree to file a Nebraska income tax return and pay all taxes due directly to the Department. This relieves the S corporation from withholding and remitting the tax on the shareholder's behalf. All completed [Forms 12N](#) must be attached to the [Form 1120-SN](#).

If a Form 12N is not completed for a nonresident individual shareholder, the amount to be paid is 6.84% of the nonresident shareholder's share of S corporation income from Nebraska sources.

The S corporation reports the amount withheld from each nonresident shareholder on the [Nebraska Shareholder's Share of Nebraska Income, Deductions, Modifications, and Credits – Schedule K-1N](#). Attach each Nebraska Schedule K-1N to the S corporation return. Do not withhold for corporations, estates, or trusts (except grantor trusts) that are shareholders. Nebraska law does not allow payment of tax by an S corporation on behalf of these entities. Instead, these entities are required to file a Nebraska return.

A nonresident individual shareholder may claim the amount withheld and remitted by the S corporation as a credit against his or her Nebraska income tax liability by attaching a copy of the Nebraska Schedule K-1N to the Form 1040N.

Nonresident individual shareholders do not have to file a Nebraska individual income tax return if:

- ◆ Their only connection with the state is the conduct of the business activities of the S corporation; and
- ◆ The S corporation has withheld and remitted tax from all the Nebraska income attributable to the nonresident's share of the S corporation's income.

The full amount of the withholding, at the nonresident shareholder's option, is retained in lieu of filing an individual income tax return. Any nonresident may still file a Form 1040N, however, and claim a refund if one is due.

No Composite Filing. The Department does not provide for the filing of "composite" income tax returns. S corporations with nonresident shareholders must either:

- ◆ Obtain a Form 12N from the nonresident individual shareholder; or
- ◆ Withhold and remit Nebraska income tax on the nonresident shareholder's share of Nebraska income with Form 1120-SN.

Nonresident Shareholder – No Withholding Requirement. The S corporation is not required to withhold and remit tax for any nonresident individual shareholder who completes and submits a Form 12N to the S corporation, **before the original filing** of the Form 1120-SN. For purposes of the Form 12N, an individual includes a nonresident grantor of a grantor trust. A complete Form 12N must:

- ◆ Include all the requested information; and
- ◆ Be signed and dated by the shareholder or the shareholder's authorized representative (attach copy of [Power of Attorney, Form 33](#)).

Any nonresident shareholder who files Form 12N to avoid withholding, must file a Form 1040N. Failure to file the required Form 1040N may result in:

- ◆ The issuance of an assessment to the nonresident individual shareholder based on the information available to the Department; or
- ◆ The loss of use, by the nonresident individual shareholder, of the current year Nebraska net operating or capital loss distributed from the S corporation. A Nebraska net operating or capital loss carryforward will not be allowed to offset Nebraska income until the Nebraska return for the loss year has been filed.

Shareholder's Return. Both resident and nonresident shareholders are subject to the Nebraska income tax on their share of the S corporation income derived from sources within Nebraska.

Reporting Nebraska Source Income to Shareholders. An S corporation must provide all shareholders with a Nebraska Schedule K-1N. See the [Nebraska Schedule K-1N instructions](#) for additional information.

The amounts reported on the Nebraska Schedule K-1N must be calculated in the same manner as income is distributed.

**CREDITS
DISTRIBUTABLE
TO
SHAREHOLDERS**

Withholding on Contractors. Construction contractors are required to withhold 5% of any payment or payments exceeding \$600 from their construction subcontractors that are not registered on the [Nebraska Department of Labor's Contractor Registration Database](#). An S corporation against whom the contractor withholding was applied, must distribute the amount withheld to its shareholders. The total amount withheld from the S corporation must be distributed in the same manner as income. No credit will be allowed on the [S Corporation Income Tax Return, Form 1120-SN](#), for contractor withholding. For additional information see the "[Construction Contractors](#)" section of the Department's website.

Nebraska Community Development Assistance Act (CDA) Credit. This credit is allowable for contributions to approved projects of community betterment organizations recognized by the Nebraska Department of Economic Development. Attach the [2011 Nebraska Community Development Assistance Act Credit Computation, Form CDN](#), and a copy of [Form 1099NTC](#) to the [Form 1120-SN](#), and also provide each shareholder a copy of the Form 1099NTC. Each shareholder is allowed a share of the credit calculated by using the same method used to report income received from the S corporation.

For more details regarding this credit, contact:

Nebraska Department of Economic Development
Community and Rural Development Division
PO Box 94666
Lincoln, Nebraska 68509-4666
402-471-3775; or 800-426-6505
www.neded.org

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 [Statement of Nebraska Tax Credit, Form 1099BFC](#), from the Nebraska Department of Agriculture. Each shareholder is allowed a share of the credit calculated by using the same method used to report income received from the S corporation. The Form 1099BFC must be filed with the shareholder's individual income tax return. Form 1099BFC is not filed with Form 1120-SN.

For more details regarding this credit, contact:

Nebraska Department of Agriculture
PO Box 94947
Lincoln, Nebraska 68509-4947
402-471-6890; or 800-446-4071
www.agr.ne.gov

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, go to the Department's [website](#).

USE TAX

An S corporation may be subject to use tax. An S corporation owes use tax when the proper sales tax has not been paid on purchases delivered into Nebraska. This often occurs when purchases are made from out-of-state, mail order, or Internet sellers. Use tax is also due when items purchased for resale are withdrawn from inventory for business or personal use.

EXAMPLE 1.

The S corporation purchased a computer from a seller in South Dakota over the Internet for \$1,570 plus \$30 shipping and handling charges. Both charges are taxable. The computer is shipped to the S corporation in Scottsbluff, Nebraska and no tax is charged or collected by the seller. The total state tax is \$88 (\$1,600 X 5.5%) and the local tax is \$24 (\$1,600 X 1.5%). The total use tax owed is \$112 (\$88 + \$24 = \$112).

EXAMPLE 2.

A motor vehicle repair shop in Scottsbluff, Nebraska provides motor vehicle repair service. The repair shop also owns a tow truck used for towing customers' motor vehicles needing repair. The shop purchases oil and oil filters, tax exempt, for resale using the [Nebraska Resale or Exempt Sale Certificate, Form 13](#). When oil and oil filters are removed from tax exempt inventory and used to change the oil in the business-owned tow truck, state and local use tax is due on the cost of the oil and oil filters.

For additional information, see the [Nebraska Consumer's Use Tax Information Guide](#) on the Department's website.

PURPOSE OF FORM

The [Nebraska S Corporation Income Tax Return, Form 1120-SN](#), is not simply an informational return. The Form 1120-SN and schedules are necessary to:

- ◆ Calculate the income, deductions, and credits that will be passed through to the shareholders;
- ◆ Calculate and pay tax on behalf of nonresident individual shareholders; and
- ◆ Report and pay any recapture of incentive credits.

Who Must File?

The [Nebraska S Corporation Income Tax Return, Form 1120-SN](#), must be filed by every S corporation, as defined by Internal Revenue Code (IRC) § 1361, unless all of the S corporation's shareholders are Nebraska residents and all of its income is derived from Nebraska sources. Form 1120-SN must also be filed by every S corporation that will distribute Nebraska incentive credits to its shareholders. The Form 1120-SN must be filed regardless of where the S corporation income is earned or the residence of the shareholders.

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.

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.

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.

Mail the Form 1120-SN to:

Nebraska Department of Revenue
PO Box 94818
Lincoln, NE 68509-4818

How to Complete Form 1120-SN

Tax Period. A 2011 [Form 1120-SN](#) must be used to file for the calendar year 2011, or a fiscal year beginning in 2011. Space is provided at the top of the return to enter the beginning and ending dates for short-period or fiscal year filers. The taxable year for Nebraska must be the same as the taxable year used for the federal income tax return.

If the S corporation changes its federal taxable year, it must also change its Nebraska taxable year. A copy of the approval from the IRS to change accounting periods must accompany the first return that shows the change.

Business Classification Code. Enter the six-digit code that best describes the S corporation's principal business activity in Nebraska. The [business classification codes](#) may be found on the Department's website. Please carefully review the codes before you select one.

Principal Business Activity in Nebraska. Enter the principal business activity of the S corporation from the Business Classification Code listing.

Federal ID Number. Enter the Federal ID number assigned to the S corporation by the IRS.

Nebraska ID Number. Enter the Nebraska ID number assigned to the S corporation by the Department. If the S corporation has not been assigned a Nebraska ID number, leave this field blank. A Nebraska ID number will be assigned when the return is received. The Department will mail notification of the assigned Nebraska ID number to the address shown on the return.

Final Return. Check the "Final Return" box at the top of the return if the S corporation ceased to exist during the 2011 tax year.

LINE 1	Ordinary Business Income. Enter the ordinary business income or loss as shown on line 21 of Federal Form 1120S.
LINE 2	Nebraska Adjustments Increasing Ordinary Business Income. Enter the amount from line 7 of Nebraska Schedule A . See the Schedule A instructions for additional information.
LINE 3	Nebraska Adjustments Decreasing Ordinary Business Income. Enter the amount from line 17 of Nebraska Schedule A. See the Schedule A instructions for additional information.
LINE 4	Nebraska Adjusted Income. If the S corporation does not have adjustments to ordinary business income, enter the line 1 amount on line 4. If the S corporation has adjustments to ordinary business income, line 4 equals line 1 plus line 2 minus line 3.
LINE 5	Income Reported to Nebraska. If all of the income earned by the S corporation is derived from Nebraska sources, enter the line 4 amount on line 5. If the S corporation earned income from both within and without Nebraska, enter the amount from line 3 of Nebraska Schedule I . See the Nebraska Schedule I instructions for additional information.
LINE 6	Percent of Ownership by Nonresident Individual Shareholders. Enter the "TOTAL" percentage from column (B) of Nebraska Schedule II . See the Schedule II instructions for additional information.
LINE 7	Percent of Ownership By Nonresident Individual Shareholders For Whom Nebraska Nonresident Income Tax Agreements, Forms 12N, are Attached. Enter the total ownership percentage for those individuals for whom a properly completed Form 12N is attached. See the Form 12N instructions for completion requirements.

LINE 8	Percent of Income Subject to Withholding. If the S corporation does not have nonresident individual shareholders, enter zero. Otherwise, line 8 equals line 6 minus line 7.
LINE 9	Income Reported to Nebraska Subject to Withholding. Multiply line 5 by the line 8 percentage and enter the result on line 9.
LINE 10	Nebraska Income Tax Withheld for Nonresident Individual Shareholders. Line 10 equals line 9 multiplied by .0684 (Nebraska's highest individual income tax rate).
LINE 11	Form 3800N Credit and Recapture. Enter the net amount of any refundable credits and any recapture of credits reported on the Nebraska Incentives Credit Computation, Form 3800N . If the credits are larger than the recapture, enter as a negative number.
LINE 12	Tax Deposited with Form 7004N and 2011 Estimated Tax Payments. Add the total amount paid as estimated payments and any amount paid with the Nebraska extension request, Form 7004N . Enter the total on line 12.
LINE 13	<p>Tax Due. If line 10 plus line 11 minus line 12 is greater than zero, enter the result on line 13.</p> <p>Electronic Payment. Payment may be made by electronic funds transfer (EFT), or by credit card. Details for these payment options can be found at the Department's website.</p> <p>E-Pay (ACH Debit). Pay the amount withheld for nonresident shareholders electronically. It's secure, easy, and fast. See the Department's website.</p> <p>Credit Card. Secure credit card payments can be initiated through Official Payments at www.officialpayments.com, or via telephone at 800-2PAY-TAX. Eligible credit cards include American Express, Discover, MasterCard, and VISA. A convenience fee (2.49% of the tax payment, \$1 minimum) is charged to the card you use. This fee is paid to the credit card vendor, not the state, and will appear on your credit card statement separately from the tax payment.</p> <p>ACH Credit. The corporation, or its financial institution, must use computer software to create an electronic file in the appropriate ACH file format, and submit it to the Federal Reserve. This file instructs the corporation's bank to "credit" the State's bank. See the Department's website for additional information.</p> <p>Some S corporations are required to make their corporate payments by EFT. An S corporation with an EFT mandate from the Department must make all corporate payments using one of the electronic methods outlined above.</p> <p>Check or Money Order. Include a check or money order payable to the Nebraska Department of Revenue with your return. Checks written to the Department may be presented for payment electronically.</p>
LINE 14	<p>Overpayment. If line 10 plus line 11 minus line 12 is less than zero, enter the result on line 14.</p> <p>NOTE: An S corporation filing an amended return 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. Instead, the shareholders may file a claim for refund resulting from the reduced Nebraska source income.</p>
LINE 15	Amount Credited to 2012 Estimated Tax. Enter the amount of overpayment shown on line 14 that you want credited as a tax year 2012 estimated payment for the S corporation.
LINE 16	Overpayment to be Refunded. Enter the amount of overpayment shown on line 14 that you want refunded. The overpayment to be refunded is calculated by subtracting line 15 from line 14. All refunds will be issued using EFT.
LINE 17	<p>Direct Deposit. To deposit the refund directly into your checking or savings account, 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 digits. The account number is listed to the right of the routing number and can be up to 17 digits. Enter these numbers in the boxes found on lines 17a and 17c, and complete line 17b, Type of Account.</p> <p>The box on line 17d must be checked if the refund will go to a bank outside the United States. This is necessary to comply with banking rules regarding International ACH Transactions (IATs). These refunds cannot be processed as direct deposits and instead will be mailed.</p>

Sign and Date the Tax Return. This return must be signed by a corporate officer. Include a daytime phone number and email address in case the Department needs to contact you about your account. By including your email address, you are agreeing that the Department may use it to transmit confidential information through a secure website.

If the S corporation authorizes another person to sign the return, there must be a [Power of Attorney, Form 33](#), on file with the Department or attached to the return.

Paid Preparer's Use Only. Any person who is paid for preparing a taxpayer's return must sign the return as preparer. Additionally, the preparer must enter their Preparer Tax Identification Number (PTIN), their firm's name, and Federal Employer Identification Number (EIN).

Nebraska Schedule A Instructions

Adjustments to Ordinary Business Income

Purpose. The Nebraska Schedule A is used to adjust the S corporation's ordinary business income for items of income and deduction that are required under the IRC to be reported to the shareholder separately. The ordinary business income, plus or minus these adjustments, will estimate the income that was distributed to the shareholders, and become part of the shareholders' federal adjusted gross income. These adjustments to ordinary business income are necessary to calculate any required tax withholding on [Nebraska Schedule II – Nonresident Individual Shareholder's Share of Nebraska Income](#).

Adjustments Increasing Ordinary Business Income

LINES 1-4	The amounts on each of these lines come directly from Federal Form 1120S, Schedule K.
LINE 5	Non-Nebraska State and Local Bond Interest and Dividend Income. Enter all state and local bond interest or dividends which are exempt from federal income tax and not issued by Nebraska state and local government subdivisions.
LINE 6	Other Income. 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).
LINE 7	Total Adjustments Increasing Ordinary Business Income. Enter the total of lines 1 through 6 here and on line 2 of Form 1120-SN.

Adjustments Decreasing Ordinary Business Income

LINE 8	Income From U.S. Government Obligations. Enter the amount of interest and dividend income from U.S. government obligations exempt from state taxation. Corporate Income Tax Regulation 24-048, Income from United States Government Obligations , lists U.S. interest and dividend income which can be included on line 8, Nebraska Schedule A. Interest income from repurchase agreements involving U.S. government obligations is not deductible as U.S. government interest. Gains or losses from the sale or other disposition of federal securities are taxable for state income tax purposes and should not be included on line 8.
LINES 9-15	The amounts on each of these lines come directly from Federal Form 1120S, Schedule K.

LINE 16	Other Deductions. Enter any other deductions to income for the S corporation that are deductible in the shareholders' federal income, but are not reflected in lines 8 through 15 (attach schedule).
LINE 17	Total Adjustments Decreasing Ordinary Business Income. Enter the total of lines 8 through 16 here and on line 3 of Form 1120-SN.

Nebraska Schedule I Instructions

Apportionment for Multistate Business

Purpose. The Nebraska Schedule I is used to determine the amount of Nebraska source income ([Form 1120-SN](#), line 5, Income Reported to Nebraska) received by an S corporation that derives income from both within and without Nebraska.

Nebraska source income is determined by apportioning the S corporation income using a single, sales only (gross receipts) factor. Apportionment refers to the division of business income between states by the use of a formula containing one or more apportionment factors.

Sales Factor. The sales factor is a fraction. The numerator is the total sales of the S corporation in Nebraska during the taxable year. The denominator is the total sales of the S corporation everywhere during the taxable year. Total sales includes gross sales of real and tangible personal property less returns and allowances, and all other items of gross receipts. The sales factor on this schedule is rounded to six decimal places. It is entered as a percentage.

An S corporation using an alternative method of apportionment must attach a copy of the Tax Commissioner's prior written approval of the alternative method. The alternative apportionment factor computation must be included. Enter the factor on line 2, [Nebraska Schedule I](#).

NOTE: Approval of an alternative method of apportionment is rare.

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 to the income of the S corporation. Separate returns must be filed for the S corporation and the C corporation.

An S corporation that operates a trucking business and has income from both within and without this state, must compute its sales factor in accordance with [Corporate Income Tax Regulation 24-059, Special Rules: Trucking Companies](#).

The method of computing the sales factor must be consistent with prior tax years and with the S corporation's filings in other states. If the S corporation modifies the basis for including or excluding gross receipts in the sales factor used in returns for prior years, the 2011 return must disclose the nature and extent of the modification.

If the returns filed with all states to which the S corporation reports are not uniform in the inclusion or exclusion of gross receipts, the Form 1120-SN filed with the Department must disclose the nature and extent of the variance.

Computation of Nebraska Source Income

LINE 1	Nebraska Adjusted Income. Enter the amount from line 4 of Form 1120-SN.
LINE 2	Nebraska Apportionment Factor. Enter the amount from line 15, Nebraska Schedule I, Form 1120-SN .
LINE 3	Income Apportioned To Nebraska. Enter in line 3 the result of line 1 multiplied by line 2. Also, enter this amount on line 5, Form 1120-SN.

Nebraska Apportionment Factor - Sales or Gross Receipts

Nebraska sales include all items of income received by the S corporation from Nebraska sources. The following types of sales are from Nebraska sources:

- ◆ Sales of tangible personal property delivered in this state;
- ◆ Sales of tangible personal property shipped from this state to the U.S. government;
- ◆ Sales of other than tangible personal property if —
 - ✓ The income-producing activity is performed in Nebraska; or
 - ✓ The income-producing activity is performed both within and without Nebraska and a greater proportion of the income-producing activity is performed in Nebraska than in any other state, based on cost of performance;
- ◆ Gross receipts from the sale, rental, or lease of real property if the real property is located in Nebraska;
- ◆ Gross receipts from the rental, lease, or licensing of tangible personal property 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;
- ◆ Gross receipts from the performance of personal services if the personal services are performed in Nebraska. When the personal services are performed partly within and partly without Nebraska, a portion of the gross receipts from performance of the personal services must be attributed to Nebraska. This is based on the ratio of time spent in performing personal services in this state to the total time spent in performing personal services everywhere; and
- ◆ Gross receipts from interest or service charges arising from the sale of tangible personal property if the sale is attributed to Nebraska.

LINE 4	Sales or Gross Receipts Less Returns and Allowances. Enter the gross receipts, less any returns and allowances reported on the Federal Form 1120S.
LINE 5	Sales Delivered or Shipped to Purchasers in Nebraska: Shipped From Outside Nebraska. Delivery in Nebraska is determined without regard to the F.O.B. point or other conditions of the sale. The amount entered on this line should not include sales to the U.S. government.
LINE 6	Sales Delivered or Shipped to Purchasers in Nebraska: Shipped From Within Nebraska. Delivery in Nebraska is determined without regard to the F.O.B. point or other conditions of the sale. The amount entered on this line should not include sales to the U.S. government.
LINE 7	Sales Shipped From Nebraska to the U.S. Government. The U.S. government is the purchaser when it makes direct payment to the seller. The amount entered on this line includes all sales of tangible personal property to the U.S. government that are shipped from an office, store, warehouse, factory, or other place of business in this state. For other sales made to the U.S. government, use the rules for sales other than tangible personal property. For additional information see Nebraska Corporate Income Tax Regulation 24-040, Sales Factor: Sales Other Than Sales of Tangible Personal Property in This State .
LINE 8	Interest on Sales of Tangible Personal Property. In the TOTAL column, enter all interest or service charges received from the sale of tangible personal property. In the NEBRASKA column, enter all the interest or service charges related to the sale of tangible personal property delivered in Nebraska and from sales to the U.S. government shipped from Nebraska.
LINE 9	Interest, Dividends, and Royalties From Intangible Property. In the TOTAL column, enter all of the interest, dividend, and royalty income from intangible property received by the S corporation. In the NEBRASKA column, the amount entered is determined based on cost of performance. In general, S corporations organized and operating primarily in Nebraska will enter all of the interest, dividend, and royalty income received on intangible property because the greatest cost of performance is in this state. In general, S corporations organized and operating primarily outside Nebraska will not include any interest, dividend, or royalty income on intangible property. Their greatest cost of performance is outside this state. For additional information, see Nebraska Corporate Income Tax Regulation 24-040, Sales Factor: Sales Other Than Sales of Tangible Personal Property in This State .

LINE 10

Gross Rents. In the TOTAL column, enter all receipts from the rental or lease of real or tangible personal property.
In the NEBRASKA column, enter all receipts for the rental or lease of real or tangible personal property located in Nebraska. If the tangible personal property rented or leased is located or used both inside and outside this state, the Nebraska receipts are determined based on the ratio of time the tangible personal property was physically present or used in Nebraska over the total time or use of the tangible personal property everywhere.

LINE 11

Net Gain on Sales of Intangible Property. In the TOTAL column, enter the net gain on the sale of all intangible property made during the tax year.
In the NEBRASKA column, the amount entered is based on cost of performance. See the instructions for line 9, Nebraska column, above.
NOTE: A net loss on the sale of intangible property is not included in the calculation of the Nebraska sales factor.

LINE 12

Gross Receipts From Sales of Tangible Personal Property and Real Property Not Included Above. In the TOTAL column, enter all receipts from sales of tangible personal property and real property not included above.
In the NEBRASKA column, enter the gross receipts from the sale of real property located in Nebraska. Also enter the gross receipts from tangible personal property delivered in this state or delivered to the U.S. government from a location in this state.

LINE 13

Other Income. In the TOTAL column, enter any other income not reported above that was received by the S corporation and is included in the amount reported on line 4, Form 1120-SN.
In the NEBRASKA column, enter any other income not reported above that was derived from Nebraska sources.
The amounts entered on this line include, but are not limited to, net farm income (loss) and the ordinary business income (loss) from partnerships. If the S corporation would be considered unitary with the partnership if the partnership was a corporation, enter the distributive share of the partnership’s gross receipts. If the S corporation and the partnership would not be considered unitary, enter the distributive share of the income received from the partnership. See [Nebraska Corporate Income Tax Regulation 24-056, Corporation as Partner in a Partnership or Joint Venture](#) for additional information regarding the apportionment of income received from a partnership.

LINE 14

Total Sales or Gross Receipts. In the TOTAL column, add lines 4 and 8 through 13. Enter the result on line 14.
In the NEBRASKA column, add lines 5 through 13 and enter the result on line 14.

LINE 15

Nebraska Apportionment Factor. Compute the Nebraska apportionment factor by dividing line 14, NEBRASKA column, by line 14, TOTAL column; calculate to six decimal places and enter as a percent.

EXAMPLE:
$$\frac{\text{Line 14 Nebraska Column } 120,599}{\text{Line 14 Total Column } 559,873} = .215404$$

Enter 21.5404 % on line 15.

Nebraska Schedule II Instructions

Nonresident Individual Shareholder's Share of Nebraska Income

Purpose. The Schedule II is completed to identify the nonresident shareholders and to calculate withholding tax for the nonresident individual shareholders. No tax is withheld when the nonresident individual shareholder has completed a Form 12N.

This schedule is not necessary when the S 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 II is also not necessary when all the S corporation's shareholders are Nebraska residents.

Part A. Enter the name and address of each nonresident individual shareholder. If additional space is needed, attach a schedule using the same format as Nebraska Schedule II.

Part B. Complete for nonresident **individual** shareholders only.

Column (A). Enter the Social Security number for each nonresident individual shareholder or nonresident grantor of a grantor trust in the same order they are identified in Part A.

Column (B). Enter the pro rata ownership interest of each nonresident individual who was a shareholder during the S corporation's taxable year.

Column (C). Enter the amount from line 5, Form 1120-SN.

Column (D). Place a check mark in this column if a properly completed and signed 2011 Nebraska Nonresident Income Tax Agreement, Form 12N, is attached. Do not complete columns (E) and (G) when this box is checked.

Column (E). Enter the nonresident individual shareholder's share of Nebraska income reported by the S corporation. This amount is determined by multiplying the amount in column (C) by the column (B) percentage.

Column (G). Multiply the amount in column (E) by .0684 and enter the result in column (G). This is the amount of Nebraska income tax to be withheld for each nonresident individual shareholder who did not complete a Form 12N. Report the amount withheld from each nonresident individual shareholder on a [Shareholder's Share of Nebraska Income, Deductions, Modifications, and Credits – Nebraska Schedule K-1N](#). The total of column (G) must equal the amount entered on line 10, Form 1120-SN.

Nebraska Schedule III Instructions

Subsidiary or Affiliated Corporations

Purpose. The Nebraska Schedule III is used to identify the members of a unitary group and summarize the Nebraska sales or receipts for those members of the unitary group that have nexus in this state.

This schedule must be completed if the S corporation is a member of a unitary group and should include any Qualified Subchapter S Subsidiary (QSSS) and all C corporations which are part of the unitary group.

The total Amount of Nebraska Sales or Receipts reported on this schedule must agree with the TOTAL SALES OR GROSS RECEIPTS from line 14 of the Nebraska column of Nebraska Schedule I.

NOTE: For Nebraska income tax purposes, including the determination of nexus, the parent S corporation and all QSSSs will be treated as one entity.

Nebraska Schedule K-1N Instructions

Shareholder's Share of Income, Deductions, Modifications, and Credits

Purpose. The Nebraska Schedule K-1N is used by the S corporation to report each shareholder's share of the entity's Nebraska income, deductions, modifications, and credits. The Nebraska Schedule K-1N is also used by each shareholder to complete their Nebraska tax return.

The S corporation must provide a Nebraska Schedule K-1N to each shareholder. A copy of every Nebraska Schedule K-1N must be submitted with the [Form 1120-SN](#). If there are more than ten Nebraska Schedules K-1N, please submit them and any supporting schedules on CD-R media rather than on paper. The preferred format for the Nebraska Schedules K-1N and supporting schedules is PDF. However, a Microsoft Word or Excel electronic document is also acceptable.

S Corporation and Shareholder Information

Nebraska ID Number. Enter the Nebraska ID number assigned to the S corporation by the Department. If the S corporation has not been assigned a Nebraska ID number, leave this field blank. A Nebraska ID number will be assigned when the return is received. The Department will mail notification of the assigned Nebraska ID number to the address shown on the return.

Federal ID Number. Enter the Federal ID numbers assigned by the IRS to both the S corporation and the shareholder. If the shareholder is an individual, enter the individual's Social Security number.

Taxable Year of Organization. S corporations filing on a fiscal year basis or filing a short period return must enter the date the tax year began and the date the tax year ended. Calendar-year filers may leave this blank.

S Corporation's Nebraska Apportionment Factor. Enter the S corporation's Nebraska apportionment factor from the Nebraska S Corporation Income Tax Return, Form 1120-SN, Schedule I, line 15.

Shareholder's Ownership Percentage. Enter the shareholder's percentage of stock ownership for the tax year from the Federal Schedule K-1.

Part A – Shareholder's Share of Income and Deductions

Complete Part A to report the shareholder's share of the S corporation's income (loss) and deductions from Nebraska sources.

LINES 1-13

For S corporations that are only subject to tax in Nebraska, the amounts entered on lines 1-13 will come directly from the shareholder's Federal Schedule K-1.

For S corporations that are subject to tax in another state, the amounts entered on lines 1-13 will be the result of the Federal Schedule K-1 amounts multiplied by the S corporation's Nebraska apportionment factor.

Part B – Shareholder’s Share of Modifications

Complete Part B to report the shareholder’s share of the income distributed by the S corporation that modifies the federal adjusted gross income or federal taxable income of the shareholder. For S corporations that are only subject to tax in Nebraska, the amounts entered on lines 14 and 15 will be the same as the amounts reported to the IRS.

For S corporations that are subject to tax in another state, the amounts entered on lines 14 and 15 will be the result of the federal amounts multiplied by the S corporation’s Nebraska apportionment factor.

LINE 14 **Income From U.S. Government Obligations.** Enter the shareholder’s share of all interest and dividend income from U.S. government obligations exempt from state taxation. [Corporate Income Tax Regulation 24-048, Income from United States Government Obligations](#), lists U.S. interest and dividend income which can be included on line 14, Nebraska Schedule K-1N. Interest income from repurchase agreements involving U.S. government obligations **is not** exempt U.S. government interest. Gains or losses from the sale or other disposition of federal securities are taxable for state income tax purposes and should not be included on line 14.

LINE 15 **Non-Nebraska State and Local Bond Interest and Dividend Income.** Enter the shareholder’s share of all state and local bond interest or dividends which are exempt from federal income tax and not issued by Nebraska state and local government subdivisions.

LINE 16 **Income (Loss) from Non-Nebraska Sources.** The shareholder’s share of the non-Nebraska income or (loss) is equal to the shareholder’s share of Form 1120-SN, line 4 minus the shareholder’s share of Form 1120-SN, line 5.

Part C – Shareholder’s Share of Credits

Complete Part C to report the credits that were earned by the S corporation and distributed to the shareholders.

LINE 17 **CDAA Credit.** Enter the shareholder’s share of the Community Development Assistance Act (CDAA) credit reported on the Nebraska Community Development Assistance Act Credit Computation, [Form CDN](#), Part C.

LINE 18 **Form 3800N Credit.** Enter the shareholder’s share of the distributed [Form 3800N](#) credits.

LINE 19 **Contractor Withholding.** An S corporation that was subjected to the mandatory 5% contractor withholding must distribute the amount withheld to its shareholders. The amount entered on line 19 is the total amount of Nebraska withholding reported on the Form 1099-MISC issued to the S corporation, multiplied by the shareholder’s ownership percentage. For additional information see “Withholding on Contractors” found on [page 5](#) of the Form 1120-SN instructions.

LINE 20 **Nebraska Income Tax Withheld.** Enter the amount from Form 1120-SN, Schedule II, Part B, Column (G) that reflects the income tax withheld and remitted by the entity on behalf of the shareholder. For an amended Schedule K-1N, enter the larger of the amount calculated on either the original or the amended Form 1120-SN, Schedule II, Part B, Column (G).



Nebraska S Corporation Income Tax Return

FORM 1120-SN

for the calendar year January 1, 2011 through December 31, 2011 or other taxable year
beginning _____, and ending _____**2011**

Name Doing Business As (dba)			PLEASE DO NOT WRITE IN THIS SPACE	
Legal Name				
Street or Other Mailing Address				
City	State	Zip Code	Business Classification Code	Date Business Began in Nebraska
Principal Business Activity in Nebraska	Federal ID Number	Nebraska ID Number 24—	Does the S corporation have nonresident individual shareholders? <input type="checkbox"/> YES (Complete Schedule I.) <input type="checkbox"/> NO	

Check applicable box(es):

(1) <input type="checkbox"/> Initial Nebraska Return	(3) <input type="checkbox"/> Change in Address	(5) <input type="checkbox"/> Form 7004 Attached
(2) <input type="checkbox"/> Final Return	(4) <input type="checkbox"/> Amended Return	(6) <input type="checkbox"/> Form 3800N Attached

Do not file if all shareholders are Nebraska residents and all income is derived from Nebraska sources.

1 Ordinary business income (line 21, Federal Form 1120S)	1		00
2 Nebraska adjustments increasing ordinary business income (line 7, Schedule A)	2		00
3 Nebraska adjustments decreasing ordinary business income (line 17, Schedule A)	3		00
4 Nebraska adjusted income (line 1 plus line 2 minus line 3)	4		00
5 Income reported to Nebraska (enter line 4 above or line 3, Schedule I, if applicable)	5		00

If line 5 shows a loss, skip lines 6 through 10 and go to line 11.

6 Percent of ownership by nonresident individual shareholders	6	%	
7 Percent of ownership by nonresident individual shareholders for whom Nebraska Nonresident Income Tax Agreements, Forms 12N, are attached	7	%	
8 Percent of income subject to withholding (line 6 minus line 7)	8	%	
9 Income reported to Nebraska subject to withholding (line 5 multiplied by line 8)	9		00
10 Nebraska income tax withheld for nonresident individual shareholders (multiply line 9 by .0684)	10		00
11 Form 3800N credit and recapture	11		00
12 Tax deposited with Form 7004N and 2011 estimated tax payments	12		00
13 TAX DUE if line 10 plus line 11 minus line 12 is greater than zero	13		00
14 Overpayment if line 10 plus line 11 minus line 12 is less than zero	14		00
15 Amount on line 14 you want credited to 2012 estimated tax	15		00
16 Overpayment to be REFUNDED (line 14 minus line 15). Lines 17a, 17b, and 17c must be completed. Complete line 17d if appropriate (see instructions)	16		00

17a Routing Number **17b** Type of Account 1 = Checking 2 = Savings

(Enter 9 digits - the first two digits must be 01 through 12, or 21 through 32.
Use the checking or savings account number from an actual check, not a deposit slip.)

17c Account Number

(Can be up to 17 characters. Omit hyphens, spaces, and special symbols. Enter from left to right and leave any unused boxes blank.)

17d Check this box if this refund will go to a bank account outside the United States (see instructions).



Under penalties of perjury, I declare that as taxpayer or preparer I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is correct and complete.

sign here	Signature of Officer	Date	E-Mail Address
	Title	() Phone Number	
paid preparer's use only	Preparer's Signature	Date	Preparer's PTIN
	Firm's Name (or yours if self-employed), Address, and Zip Code	EIN	() Daytime Phone

A COPY OF THE FEDERAL RETURN AND SUPPORTING SCHEDULES MUST BE ATTACHED TO THIS RETURN. IF MORE THAN TEN FEDERAL SCHEDULES K-1, SUBMIT COPIES AND SUPPORTING SCHEDULES ON CD-R MEDIA ONLY.

Mail this return and payment to: **NEBRASKA DEPARTMENT OF REVENUE, PO BOX 94818, LINCOLN, NE 68509-4818.**



S CORPORATION WITH OTHER INCOME AND DEDUCTIONS
NEBRASKA SCHEDULE A—Adjustments to Ordinary Business Income
 • Read instructions.
 • Enter amounts for lines 1 through 4 from Schedule K, Federal Form 1120S.

FORM 1120-SN
Schedule A
2011

Name on Form 1120-SN

Nebraska ID Number
 24—

ADJUSTMENTS INCREASING ORDINARY BUSINESS INCOME		TOTALS	
1 Net income from rental real estate activities	1		00
2 Net income from other rental activities.....	2		00
3 Portfolio income:			
a Interest income	3 a		00
b Dividend income	3 b		00
c Royalty income	3 c		00
d Net short-term capital gain	3 d		00
e Net long-term capital gain.....	3 e		00
f Other portfolio income	3 f		00
4 Net gain under Section 1231 (other than casualty or theft)	4		00
5 Non-Nebraska state and local bond interest and dividend income (see instructions)	5		00
6 Other income (attach schedule).....	6		00
7 TOTAL adjustments increasing ordinary business income (total of lines 1 through 6). Enter here and on line 2, Form 1120-SN.....	7		00
ADJUSTMENTS DECREASING ORDINARY BUSINESS INCOME		TOTALS	
• Enter amounts for lines 9 through 15 from Schedule K, Federal Form 1120S.			
8 Income from U.S. government obligations (see instructions).....	8		00
9 Net loss from rental real estate activities	9		00
10 Net loss from other rental activities.....	10		00
11 Portfolio loss:			
a Net short-term capital loss.....	11 a		00
b Net long-term capital loss	11 b		00
c Other portfolio loss.....	11 c		00
12 Net loss under Section 1231.....	12		00
13 Other loss not included in lines 9 through 12.....	13		00
14 Charitable contributions	14		00
15 Section 179 expense deduction	15		00
16 Other deductions (attach schedule)	16		00
17 TOTAL adjustments decreasing ordinary business income (total of lines 8 through 16). Enter here and on line 3, Form 1120-SN.....	17		00



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

**FORM 1120-SN
Schedule I
2011**

Name on Form 1120-SN

Nebraska ID Number
24—

1 Nebraska adjusted income (line 4, Form 1120-SN)	1		00
2 Nebraska apportionment factor (line 15 below).....	2	<input type="text"/> <input type="text"/> . <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> %	
3 Income apportioned to Nebraska (line 1 multiplied by line 2). Enter here and on line 5, Form 1120-SN.....	3		00

NEBRASKA APPORTIONMENT FACTOR – SALES OR GROSS RECEIPTS

	Total		Nebraska		Nebraska Apportionment Factor
4 Sales or gross receipts less returns and allowances	4	00			
5 Sales delivered or shipped to purchasers in Nebraska: Shipped from outside Nebraska			5	00	
6 Sales delivered or shipped to purchasers in Nebraska: Shipped from within Nebraska			6	00	
7 Sales shipped from Nebraska to the U.S. government.....			7	00	
8 Interest on sales of tangible personal property	8	00	8	00	
9 Interest, dividends, and royalties from intangible property	9	00	9	00	
10 Gross rents.....	10	00	10	00	
11 Net gain on sales of intangible property.....	11	00	11	00	
12 Gross receipts from sales of tangible personal property and real property not included above	12	00	12	00	
13 Other income (attach schedule)	13	00	13	00	
14 TOTAL SALES OR GROSS RECEIPTS.....	14	00	14	00	
15 Nebraska apportionment factor (divide line 14, NEBRASKA column, by line 14, TOTAL column, and round to six decimal places. Enter as a percent here and on Schedule I, line 2 above	15		<input type="text"/> <input type="text"/> . <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> %		



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

FORM 1120-SN
Schedule II
2011

Name on Form 1120-SN

Nebraska ID Number
 24—

PART A – 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				

PART B – COMPLETE FOR NONRESIDENT INDIVIDUAL SHAREHOLDERS ONLY

- Do not include corporations, estates, or trusts.
- Line numbers in Part B correspond to line numbers in Part A.

(A) Social Security Number	(B) Percent of Ownership	(C) Nebraska Income Reported by S Corporation (Line 5, Form 1120-SN)	(D) Check if Form 12N Attached	COMPUTATION OF NEBRASKA TAX WITHHELD		
				(E) Column (B) Times Column (C)	(F) Rate	(G) Tax Withheld Column (E) x Column (F) (Enter on Nebr. Sch. K-1N)
1		00		00	.0684	00
2		00		00	.0684	00
3		00		00	.0684	00
4		00		00	.0684	00
5		00		00	.0684	00
6		00		00	.0684	00
7		00		00	.0684	00
8		00		00	.0684	00
9		00		00	.0684	00
10		00		00	.0684	00
TOTALS				00		00

CORPORATION'S NAME AND MAILING ADDRESS				SHAREHOLDER'S NAME AND MAILING ADDRESS			
Name Doing Business As (dba)				Name			
Legal Name							
Street or Other Mailing Address				Street or Other Mailing Address			
City	State	Zip Code		City	State	Zip Code	
Nebraska ID Number	Federal ID Number			Social Security Number/Federal ID Number		Spouse's Social Security Number	
Taxable Year of Organization				Check One:			
Beginning _____, 20 ____ and Ending _____, 20 ____				<input type="checkbox"/> Resident Individual <input type="checkbox"/> Nonresident Individual <input type="checkbox"/> Estate or Trust <input type="checkbox"/> Other (describe) _____			
S Corporation's Nebraska Apportionment Factor				Shareholder's Ownership Percentage		If applicable, check the appropriate box:	
				%	%	<input type="checkbox"/> Final	<input type="checkbox"/> Amended

PART A
Shareholder's Share of Income and Deductions

1 Ordinary business income (loss)	1	
2 Net income (loss) from rental real estate activities	2	
3 Net income (loss) from other rental activities	3	
4 Interest income	4	
5 Dividend income	5	
6 Royalty income	6	
7 Net short-term capital gain (loss)	7	
8 Net long-term capital gain (loss)	8	
9 Net Section 1231 gain (loss)	9	
10 Other income	10	
11 Charitable contributions	11	
12 Section 179 expense deduction	12	
13 Other deductions and losses	13	

PART B
Shareholder's Share of Modifications

14 Income from U.S. government obligations	14	
15 Non-Nebraska state and local bond interest and dividend income	15	
16 Income (loss) from non-Nebraska sources	16	

PART C
Shareholder's Share of Credits

17 CDAA credit	17	
18 Form 3800N credit	18	
19 Contractor withholding (see instructions)	19	
20 Nebraska income tax withheld (see instructions)	20	