

Instructions

Who Must File. Corporations required to make estimated income tax payments must file Corporation Underpayment of Estimated Income Tax, Form 2220N, when any underpayment is computed on line 20 of Form 2220N.

Corporations are required to make estimated income tax payments if they reasonably expect their Nebraska income tax to exceed their allowable credits by \$400 or more. The allowable credits are: the premium tax credit; the Community Development Assistance Act (CDAA) credit; the new markets tax credit (NMTC); the Nebraska tax incentive credits (Form 3800N credits); the Beginning Farmer credit; and the biodiesel tax credit.

If the amount on line 8 is less than \$400, do not complete the rest of the form. No penalty is owed.

When and Where to File. This form must be attached to the [Nebraska Corporation Income Tax Return, Form 1120N](#), and filed with that return.

Part I—Calculate the Underpayment

Line 1. Enter the tax amount from line 11 of the 2014 Form 1120N on line 1 of this form.

Line 6. The amount entered on this line should only include the Beginning Farmer credit. Any amount claimed for Nebraska income tax withheld on line 21 of Form 1120N must be included on line 14 of Form 2220N.

Line 10. The entry on this line allows corporations to use the income tax reported on their prior year's return less the prior year's allowable credits to determine whether an underpayment exists. Enter line 18 minus lines 19 and 22 from the 2013 Form 1120N. "Large corporations," except as noted, cannot use this calculation. The prior year's Nebraska return must cover a period of 12 months and show an income tax liability. If this calculation does not apply, enter the line 9 amount on line 11.

Large Corporations. A "large corporation" is one which had, or its predecessor had, federal taxable income of at least \$1 million for any of the three taxable years immediately preceding the tax year involved. In applying the "\$1 million test," taxable income is computed without regard to net operating loss and capital loss carrybacks and carryovers.

A **large corporation** is prohibited from using its prior year's tax liability, except in determining the first installment of its tax year. Any reduction in a large corporation's first installment as a result of using the prior year's tax must be recaptured in the corporation's second installment.

Large corporations compute line 13 amounts by using the same procedures that result in the comparable entry on the Federal Form 2220.

Methods to Reduce or Avoid Penalty. A corporation may reduce or eliminate the penalty by using the annualized income or adjusted seasonal installment method. To use one or both of these methods to compute one or more required installments, recalculate and attach the Federal Schedule A, "Adjusted Seasonal Installment Method and Annualized Income Installment Method" using Nebraska income and other Nebraska amounts.

Enter the corresponding amount from the recalculated Federal Schedule A in each column of line 13 on this form.

Line 12. Enter the installment due dates in a MMDDCCYY format. For example, April 15, 2014 should be entered as 04152014.

Line 14. Enter the income tax payments made by the corporation and any credit for Nebraska income tax withheld from the corporation as indicated below.

In Column (A), enter the total of:

1. The corporation's 2013 income tax overpayment that was credited to its 2014 estimated income tax payments;
2. Any estimated income tax payments made for the 2014 tax year by the date on line 12, Column (A); and
3. Any Nebraska income tax withheld from the corporation by the date on line 12, Column (A).

In Columns (B), (C), and (D), enter the total of:

1. Any estimated income tax payments made for the 2014 tax year by the date on line 12 for that column and after the date on line 12 of the preceding column; and
2. Any Nebraska income tax withheld from the corporation by the date on line 12 for that column and after the date on line 12 of the preceding column.

Line 20. Underpayment. When an underpayment is reported on this line, complete Part II, lines 22 through 26, to determine the penalty amount for each underpayment of an installment.

Line 21. Overpayment. Any overpayment of an installment on line 21 in excess of all prior underpayments should be applied as a credit on line 15 against the next installment.

Part II—Calculate the Penalty

Line 23. A payment of estimated income tax is applied against underpayments of required installments in the order that installments are required to be paid, regardless of the installment to which the payment pertains.

In determining the date of payment on line 23, use the date of the payment which was applied against the underpayment of income tax on line 22, the due date of the next payment (line 12 of the next column), or the 15th day of the 3rd month following the close of the taxable year, whichever is earliest. Enter the payment date or next due date in a MMDDCCYY format. For example, April 15, 2014 should be entered as 04152014.

Example. A corporation has an underpayment for the April 15 installment of \$1,000. The June 15 installment requires a payment of \$2,000. On June 15, the corporation deposits \$2,000 for its June 15 installment. However, \$1,000 of this payment is considered to be for the April 15 installment. The penalty for the April 15 installment is calculated to June 15 (61 days). The payment of \$1,000 should be applied to the June 15 installment.

Line 25. The penalty is calculated at three percent per year for any days in 2014 and 2015. Multiply line 22 by the applicable interest rate for the number of days on line 24 divided by 365.

If the corporation has made more than one payment for a required installment, make separate penalty calculations through the date of payment and for the remaining underpayment through the date it is paid, then add the results together and enter on line 25.