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DEPARTMENT OF REVENUE

# 2016

# Nebraska

## Corporation

## Income Tax Booklet

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**Included in this Booklet are:**

Form 1120N;

Schedules A, I, II, III, and IV;

Form 7004N; and

Use Tax information.

**Electronic filing and payment options are available.**

**Questions?**

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

# 2016 Nebraska Corporation Income Tax Return

## Instructions

### What's New

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**Electronic Filing.** The Nebraska Department of Revenue (Department) has developed a modernized e-file (MeF) program. The Department encourages all corporate taxpayers to e-file their Nebraska Corporation Income Tax Return, Form 1120N, using the MeF program. This program also allows a corporate taxpayer to schedule payments when the Form 1120N is filed. For more information, go to [revenue.nebraska.gov](http://revenue.nebraska.gov).

**Facilitating Business Rapid Response to State Declared Disasters Act.** LB 913 – Operative July 21, 2016. When the Governor or the President declares a disaster or emergency, out-of-state businesses which conduct operations in Nebraska to repair, renovate, or install infrastructure relating to public utilities, communications networks, natural gas distribution systems, or water pipelines are not required to register with the Secretary of State to do business, withhold Nebraska income taxes from employees, pay Nebraska income taxes on income earned, or remit use taxes with respect to equipment brought into the state temporarily. Also, their nonresident employees are not considered to have established residence in Nebraska and are not subject to Nebraska income tax withholding or income taxes.

These exemptions are limited to the disaster period, which begins ten days before the declaration and ends 60 days after the expiration in the declaration. Activities by the out-of-state business or nonresident employee outside the disaster period or pursuant to a proposal or bid request are not protected. An out-of-state business is to provide notice to the Department within ten days of entry into Nebraska.

**Nonrefundable Credit for Employing a Member of a Family that Received Temporary Assistance for Needy Families (TANF).** LB 774 – Operative for taxable years beginning or deemed to begin on or after January 1, 2017. Beginning with tax year 2017, LB 774 provides a nonrefundable income tax credit equal to 20% of an employer's expenditures on eligible employees for tuition at Nebraska public institutions for postsecondary education, for the costs of a high school equivalency program, and for transportation of eligible employees to and from work. The credit may be claimed for two (not necessarily consecutive) tax years. An eligible employee is defined as a parent or responsible relative who is a member of a family that received benefits under the state or federal TANF program for any nine months of the eighteen-month period immediately prior to the employee's hiring date. The credit may be taken against individual, corporate, or fiduciary income taxes.

**School Readiness Tax Credit.** LB 889 – Operative for taxable years beginning or deemed to begin on or after January 1, 2017, and before January 1, 2022. Beginning with tax year 2017 the act provides a nonrefundable income tax credit to persons who own or operate an eligible child care and education program that serves children who participate in the child care subsidy program established in Neb. Rev. Stat. § 68-1202. The credit to the provider is equal to the average monthly number of subsidy children who attend the provider's program multiplied by a dollar amount based on the quality scale rating of the eligible program: A) \$750 for a Step Five program; B) \$500 for a Step Four program; C) \$250 for a Step Three program; D) \$0 for a Step Two program; and E) \$0 for a Step One program. This credit is available to individuals, corporate taxpayers, and fiduciaries.

The providers must first apply to the Department to receive the credits. The total amount of credits for the program is limited to \$5 million per tax year.

**Nebraska Historic Tax Credit (NHTC).** For tax years beginning on and after January 1, 2015, corporations may earn a nonrefundable tax credit equal to 20% of eligible expenditures incurred for improvements to rehabilitate, preserve, or restore qualifying historically-significant real property. An application with the State Historical Preservation Officer of the Nebraska State Historical Society is required to qualify for the credit. Once the improvements to the property are completed and placed in service, a tax credit certificate is issued by the Department of Revenue after the expenditures have been reviewed and approved. Up to \$15 million will be allocated annually through 2022. A corporation may also receive NHTCs through a transfer, sale, assignment, or distribution.

The NHTC can be claimed for the year the improvement is placed in service, and may be carried forward until fully utilized, or until December 31, 2027, whichever is earlier. Additional information on this credit is available on the Department's website.

**Filing Date.** The federal Surface Transportation and Veterans Health Care Choice Improvement Act of 2015 (H.R.3236) changed the due date for most C corporations. For tax years beginning on and after January 1, 2016, the tax return filing due date for C corporation returns was changed from the 15th day of the third month after the close of the tax year to the 15th day of the fourth month after the close of the tax year. The federal change does not become effective for C corporations with a fiscal year ending June 30 until tax years beginning after 2025. Nebraska law conforms to the federal due dates. Additional information about federal due dates may be found at [irs.gov](https://www.irs.gov).

## Important Information for All Filers

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**Purpose.** The instructions in this booklet provide guidance in completing the most common Nebraska corporation income tax forms and schedules. This booklet is intended to be useful to the greatest number of taxpayers. Nothing in these instructions supersedes, alters, or otherwise changes any provisions of the Nebraska tax code, regulations, rulings, or court decisions.

We encourage the preparer of any Corporation Income Tax Return, Form 1120N, to review applicable Nebraska law regarding any issue that may have a material effect on this return. Nebraska law and other useful information may be found at [revenue.nebraska.gov](https://revenue.nebraska.gov).

**Income Subject to Nebraska Taxation.** Nebraska income tax applies to the portion of the corporate taxpayer's taxable income derived from or attributable to sources within Nebraska. A corporate taxpayer that is subject to tax in another state must apportion its income, unless approval has been granted by the Tax Commissioner for an alternative method prior to filing the return.

If a corporate taxpayer engaged in business in Nebraska is not subject to tax in another state, its entire taxable income must be reported to Nebraska.

**Combined Income Approach.** When a group of corporations conducts a unitary business, a single combined return must be filed reporting the income of the entire group. A unitary group engaged in business within and without Nebraska will determine its Nebraska income using a single factor, sales only, apportionment formula. See the [Nebraska Schedule I — Apportionment for Multistate Business](#) instructions for additional information.

**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 1120N](#) 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 3% from the original due date to the date the tax is paid. See [Revenue Ruling 99-16-1](#) for applicable interest rates.

**Reporting Changes or Corrections.** If information on a Nebraska corporation income tax return previously filed is incorrect, an [Amended Nebraska Corporation Income Tax Return, Form 1120XN](#), must be filed. When filing an amended return, remember:

- ◆ Changes made by the IRS or another state must be reported to the Department within 60 days; and
- ◆ 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.

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

Corporate taxpayers are required to provide the Department with a copy of every executed Federal Form 872, Consent to Extend the Time to Assess Tax; Form 872-A, Special Consent to Extend the Time to Assess Tax; or any other federal form used to extend the time to assess income taxes. If copies of these federal forms are not provided to the Department within 30 days after they are executed, the Department may issue a notice of deficiency determination within one year after these forms are provided to the Department.

**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 timely requesting an extension of time to file your federal return using the Federal Form 7004, you are granted an automatic Nebraska extension for the same number of months granted by the IRS. 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 that 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.** This includes, at a minimum, a copy of the first five pages, Schedule D, Form 4797, and other supporting schedules of the Federal Form 1120. If a consolidated federal return is filed, a copy of the consolidating schedules or workpapers for income and expenses, cost of goods sold, and balance sheets, as well as the Affiliations Schedule, Form 851, must also be attached. Provide copies of schedules and other information that support the numbers reported on the Nebraska return. Other voluminous information that is part of the federal return filed, but that is not directly related to the Nebraska reporting, may be kept by the taxpayer, but must be made available upon request. **A pro-forma federal return is not acceptable.** The Nebraska return is based upon the actual federal return as filed or prepared for filing.

**Estimated Income Tax Payments.** Estimated income tax payments must be made by every corporation subject to taxation under the IRC, with income derived from Nebraska, if the Nebraska income tax liability can reasonably be expected to exceed allowable credits by \$400 or more. For additional information, see the [2017 Nebraska Corporation Estimated Income Tax Payment Voucher Booklet](#).

**Underpayment of Estimated Income Tax Penalty.** A corporation may owe a penalty if the amount of tax due, after allowable credits, is \$400 or more.

If the amount of tax due is \$400 or more, the corporation must complete a [Corporation Underpayment of Estimated Income Tax, Form 2220N](#), to calculate any applicable 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 calculate one or more required installments, recalculate (and attach) the Federal Form 2220, 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 on the appropriate lines of the Form 2220N.

**Adjustment of Overpayment of Estimated Income Tax.** A corporation that overpaid estimated income tax must use the [Corporation Application for Adjustment of Overpayment of Estimated Income Tax, Form 4466N](#), to apply for an adjustment of the overpayment when the overpayment is:

- ◆ At least 10% more than the expected tax liability calculated on the Form 4466N; and
- ◆ At least \$500.

Form 4466N must be filed by the 15th day of the third month after the end of the tax year and before the corporation files its corporation income tax return. A Form 4466N filed after this date will not be considered. An extension of time to file the corporation income tax return will not extend the time for filing Form 4466N.

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## Use Tax

A corporation may be subject to use tax. A 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 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 corporation in Scottsbluff, Nebraska and no tax is charged or collected by the seller. The state tax is \$88 ( $\$1,600 \times 5.5\%$ ) and the local tax is \$24 ( $\$1,600 \times 1.5\%$ ). The total use tax owed is \$112 ( $\$88 + \$24 = \$112$ ).

### Example 2.

A 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 sales 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](#).

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## Purpose of Form

The [Nebraska Corporation Income Tax Return, Form 1120N](#), is used to report income, gains, losses, deductions, and credits, and to calculate the income tax liability of the corporate taxpayer.

## Who Must File?

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The Nebraska Corporation Income Tax Return, Form 1120N, must be filed by every [corporation](#) engaged in business in Nebraska, or having sources of income from Nebraska and subject to federal corporation income tax. This includes:

- ◆ **Cooperative organizations.** Cooperative organizations must file Form 1120N. Exempt farm cooperatives must attach their U.S. Income Tax Return for Cooperative Associations, Form 1120-C. Cooperatives may exclude patronage dividends, dividends on capital stock, and nonpatronage income allocated to patrons that are allowable deductions or exclusions for federal income tax purposes.
- ◆ **Exempt organizations.** All exempt organizations required to file a federal return and pay tax at the federal corporation income tax rates on unrelated business income are required to file the Form 1120N.

### Corporations that must file a different Nebraska return:

- ◆ **S corporations.** Corporations that have elected to file under Subchapter S, as defined by IRC § 1361, file a [Nebraska S Corporation Income Tax Return, Form 1120-SN](#). If all shareholders are Nebraska residents and all income is derived from Nebraska sources, no return is required to be filed.
- ◆ **Financial institutions.** Institutions that maintain a permanent place of business in Nebraska and actively solicit deposits from residents of Nebraska must file a [Nebraska Financial Institution Tax Return, Form 1120NF](#).

## When and Where to File

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This return must be filed on or before the date the related federal income tax return is due.

Mail the Form 1120N to:

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

## How to Complete Form 1120N

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**Tax Period.** A [2016 Form 1120N](#) must be used to file for the calendar year 2016, or a fiscal year beginning in 2016. 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 a 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 corporation's principal business activity in Nebraska. Carefully review the [business classification codes](#) before you select one.

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

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



**Nebraska ID Number.** Enter the Nebraska ID number assigned to the corporation by the Department. If the corporation has not been assigned a Nebraska ID number, it must apply for one using a [Nebraska Tax Application, Form 20](#).

**Final Return.** Check the “Final Return” box at the top of the return if the corporation ceased to exist during the 2016 tax year.

**Corporation Filing Status.** All taxpayers must complete this portion of the return and answer all questions applicable to the corporation’s status.

**Question A.** Check “Yes” if any of the following conditions apply:

- ◆ The corporation was included in a federal consolidated return;
- ◆ The corporation owns 50% or more of another corporation; or
- ◆ The corporation is owned at least 50% by another corporation.

If none of the above conditions apply, check “No” and skip questions B, C, and D.

**Question B.** Check “Yes” if this return includes the income, deductions, or credits of all corporations with [common ownership](#).

Check “No” if one or more of the corporations with common ownership are not included in this return.

**Question C.** Check “Yes” if a return filed in any other state included the income, deductions, or credits of more than one corporation.

Check “No” if the returns filed in all other states included only your corporation.

**Question D.** Under Nebraska law, a [unitary group](#) generally encompasses all corporations included in the federal consolidated income tax return. Therefore, only under extremely unusual circumstances may a corporation compute its Nebraska liability using the “separate report by a member of a controlled group of corporations” method. Documentation supporting the separate company filing should be attached to the Nebraska return when filed. This documentation must show that the corporation is not part of a [single economic unit](#) as defined in section .08 of [Corporate Income Tax Regulation 24-058, Definitions](#).

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**Line 1** **Federal Gross Sales or Receipts, Less Returns and Allowances.** Enter the amount of federal gross sales or receipts reported on Federal Form 1120, less returns and allowances. If the corporate taxpayer is filing a combined Form 1120N, enter the amount of combined gross receipts or sales less returns and allowances from Nebraska Schedule IV.

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**Line 2** **Federal Taxable Income (FTI).** Enter the [federal taxable income](#). A unitary group must enter the amount from line 30, [Nebraska Schedule IV](#).

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**Line 3** **Adjustments Increasing FTI.** Enter the amount from line 9, Nebraska Schedule A.  
The federal deduction for state income tax is not an adjustment increasing federal taxable income. State and local government bond interest and dividend income should be included on line 3. See the instructions for line 1, [Nebraska Schedule A](#).

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**Line 4** **Adjustments Decreasing FTI.** Enter the amount from line 18, [Nebraska Schedule A](#).  
The following examples are items that are **not** allowable adjustments decreasing federal taxable income:

- ◆ The wage expense disallowed by the work opportunity tax credit;
- ◆ Federal income taxes or other federal taxes paid;
- ◆ The depreciation disallowed by the investment credit or other federally-required basis reduction;
- ◆ Income earned in another state. Instead, [Nebraska Schedule I, Apportionment for Multistate Business](#), must be completed; and
- ◆ Income from a partnership. For additional information, see [Business Entity Regulation 24-315 Sales Factor: Business Entities As Owners in a Partnership or Joint Venture](#).

**Line 5** **Adjusted FTI.** Enter line 2 plus line 3 minus line 4.

**Line 6** **Nebraska Taxable Income Before Nebraska Carryovers.** If all of the income earned by the corporation is derived from Nebraska sources, enter the amount from line 5 on line 6.  
Corporate taxpayers that derive income from sources within and without Nebraska and are [taxable in another state](#), must enter the amount from line 3, [Nebraska Schedule I, Form 1120N](#).

**Line 7** **Nebraska Capital Loss Carryover.** Enter the allowable Nebraska capital loss carryover. For a multistate taxpayer, a Nebraska capital loss consists of the loss on property that was used by the unitary business that did business in Nebraska, multiplied by the Nebraska apportionment factor for the year of the loss. If the corporate taxpayer reported a capital loss on corporate stock or other assets, the income from which was not previously treated as income apportionable to Nebraska, the loss cannot be treated as a Nebraska loss. Capital loss carryovers are only allowable to the extent of capital gains in the year of the deduction. Attach a detailed schedule that shows the computation of the capital loss carryover along with copies of the applicable Federal Schedule D to substantiate the Federal capital (loss)/gain. **A Nebraska capital loss may only be carried forward, and only for a maximum period of five tax years.**

**Line 8** **Nebraska Taxable Income After Nebraska Capital Loss Carryover.** Enter line 6 minus line 7.

**Line 9** **Nebraska Net Operating Loss Carryover.** Enter the allowable Nebraska net operating loss (NOL) carryover. The amount allowable is based on the loss previously reported to Nebraska, and is not based on a percentage of the federal carryover. **Any net operating loss can only be carried forward. An NOL incurred in tax years beginning prior to January 1, 2014, may only be carried forward for a maximum period of five tax years. An NOL incurred in tax years beginning on and after January 1, 2014, may be carried forward for a maximum period of 20 tax years.** Nebraska imposes limitations on the use of a NOL carryforward after certain reorganizations and mergers, and when a corporation with a Nebraska NOL carryforward becomes a member of a unitary group. For additional information, see [Corporate Income Tax Regulation 24-060, Net Operating Losses and Capital Losses](#). If any of the limitations apply to the NOL carryforward reported on this return, attach a schedule showing the computation of the allowable carryforward.

Attach a [Nebraska Corporation Net Operating Loss Worksheet](#) showing the calculation of the amount of Nebraska net operating loss carryover. If the Nebraska NOL carryforward was increased due to reclassifying part or all of the charitable contribution carryforward, details of the reclassification and the NOL modification must be provided.

**Line 10** **Net Nebraska Taxable Income.** Enter line 8 minus line 9.

**Line 11** **Nebraska Tax.** Use the following tax rate schedule to calculate the amount of total Nebraska tax to enter on line 11.

Tax Rate Schedule			
If Net Nebraska Taxable Income from line 10 is —			
Over	But Not Over	Tax Rate is	On Excess Over
\$ 0	\$100,000	5.58%	\$ 0
\$100,000		\$5,580 + 7.81%	\$100,000

The tax rate is the rate in effect on the first day of the corporation's taxable year. Corporations filing on a fiscal-year basis or filing a short-period return will compute the tax liability for the entire taxable period by using the tax rate in effect on the first day of the taxable period. A corporation using a 52-53 week fiscal year beginning during the last week in December must use the rate in effect on the following January 1st.



**Insurance Companies.** Check the box to indicate you are an insurance company. The tax rate used by an insurance company is the lesser of the rates listed above, or the corporation income tax rate imposed by the state or country where the insurance company is domiciled, provided:

- ◆ The insurance company can show the Tax Commissioner that it is domiciled in a state other than Nebraska, or out of the country; and
- ◆ The state or country of domicile imposes on Nebraska domiciled insurance companies a retaliatory tax against Nebraska’s corporation income tax under [Neb. Rev. Stat. § 77-2734.02](#).

**Line 12**

**Premium Tax Credit.** Enter the total amount of premium taxes paid (not accrued) by the corporate taxpayer in this taxable year. These taxes include:

- ◆ Premium taxes paid to the Nebraska Department of Insurance (NDOI) under [Neb. Rev. Stat. §§ 77-908](#) and [81-523](#); and
- ◆ Assessments paid to the NDOI for the Comprehensive Health Insurance Pool that are allowed as an offset against any related premium and related retaliatory tax liability under [Neb. Rev. Stat. § 44-4233](#).

Premium taxes do not include amounts shown on the NDOI annual tax return as fees or the Workers’ Compensation Court cash fund tax.

**Example 3.**

An insurance company made the following 2016 estimated premium tax payments and payments with its 2015 and 2016 NDOI returns.

Tax Year	Payment Type	Payment Date	Payment Amount	2016 Premium Tax Credit
2015	Payment with return	March 1, 2016	\$3,000	
Less: Fees included on the 2015 return			100	\$ 2,900
2016	Estimated	April 15, 2016	4,000	4,000
2016	Estimated	June 15, 2016	4,000	4,000
2016	Estimated	Sept. 15, 2016	4,000	4,000
2016	Payment with return	March 1, 2017	4,000	0
<b>Total</b>				<b>\$14,900</b>

In this example, the insurance company will enter \$14,900 on line 12 as a credit for premium taxes paid.

A corporation claiming this credit must attach a copy of the NDOI annual tax return related to any payment claimed as a credit for premium taxes paid. A schedule listing the date and amount of payment and the payee must also be attached.

Amounts paid by an electric cooperative organized under the [Joint Public Power Authority Act, Neb. Rev. Stat. § 70-1401](#), as in lieu of intangible tax, may also be included on this line.

**Line 13**

**Community Development Assistance Act Credit.** The Nebraska Community Development Assistance Act credit is allowable for contributions to approved projects of community betterment organizations recognized by the Nebraska Department of Economic Development (DED). Attach the [2016 Nebraska Community Development Assistance Act Credit Computation, Form CDN](#), to the [Form 1120N](#). Corporations do not need to attach a copy of the Form 1099NTC. The Department will receive the Form 1099NTC information directly from DED.

For more details regarding this credit, contact:

Nebraska Department of Economic Development  
Housing and Community Development Division  
PO Box 94666  
Lincoln, Nebraska 68509-4666  
402-471-6280; or 800-426-6505  
[neded.org](http://neded.org)

<b>Line 14</b>	<b>Form 3800N Nonrefundable Credit.</b> Enter the total nonrefundable tax credits reported on the <a href="#">Nebraska Incentives Credit Computation, Form 3800N</a> . Attach a copy of Form 3800N and any supporting schedules.
<b>Line 15</b>	<b>Total Nonrefundable Credits.</b> Enter the total of lines 12, 13, and 14.
<b>Line 16</b>	<b>Nebraska Tax After Nonrefundable Credits.</b> Subtract line 15 from line 11. If line 15 is more than line 11, enter zero. Any excess will not be allowed as an overpayment on line 26; nor may it be used as a carryback or carryover to other taxable years.
<b>Line 17</b>	<b>Form 3800N Refundable Credit.</b> Enter the total refundable tax credits reported on Form 3800N. Attach a copy of Form 3800N and any supporting schedules.
<b>Line 18</b>	<b>Tax Deposited With Form 7004N.</b> Enter the amount of the tentative tax payment entered on line 11 of the <a href="#">Form 7004N</a> .
<b>Line 19</b>	<b>2016 Estimated Income Tax Payments.</b> Enter the total 2016 estimated income tax payments, less any <a href="#">Form 4466N</a> adjustment. Combined filers must complete and attach <a href="#">Nebraska Schedule III</a> .
<b>Line 20</b>	<p><b>Beginning Farmer Credit.</b> Enter the amount of Beginning Farmer credit from the <a href="#">Statement of Nebraska Tax Credit, Form 1099BFC</a>.</p> <p>Corporations do not need to attach a copy of the Form 1099BFC. The Department will receive the Form 1099BFC information directly from the Nebraska Department of Agriculture.</p> <p><b>Beginning Farmer Credit.</b> The Beginning Farmer credit is available to owners of agricultural assets, when the agricultural assets are rented to qualifying beginning farmers or livestock producers. Any claimant eligible for the credit will receive a copy of the <a href="#">Statement of Nebraska Tax Credit, Form 1099BFC</a>, from the Nebraska Department of Agriculture.</p> <p>For more details regarding this credit, contact:</p> <p style="padding-left: 40px;">Nebraska Department of Agriculture PO Box 94947 Lincoln, NE 68509-4947 800-446-4071 <a href="http://nextgen.nebraska.gov">nextgen.nebraska.gov</a></p>
<b>Line 21</b>	<b>Nebraska Income Tax Withheld.</b> Enter the amount of Nebraska withholding from Form 1099-MISC. Construction contractors are required to withhold 5% of any payment or payments exceeding \$600 made to construction subcontractors that are not registered on the <a href="#">Nebraska Department of Labor's Contractor Registration Database</a> . If an amount was withheld from your corporation under this provision, a credit for the amount withheld is claimed on line 21.
<b>Line 22</b>	<b>Total Payments.</b> Enter the total of lines 17 through 21.
<b>Line 23</b>	<b>Tax Due.</b> Enter the result of line 16 minus line 22. If the amount is less than zero, enter zero.
<b>Line 24</b>	<b>Penalty for Underpayment of Estimated Income Tax.</b> Use <a href="#">Nebraska Corporation Underpayment of Estimated Income Tax, Form 2220N</a> , to determine if the corporation owes this penalty. A Form 2220N must be completed if the Nebraska tax less allowable credits is greater than \$400. If the corporation is required to complete Form 2220N, enter the amount of penalty from line 26, Form 2220N.

**Line 25**

**Total Tax and Underpayment Penalty.** Enter the result of line 23 plus line 24.

**Mandates of Electronic Payment.** Some entities are required to make their payments (tax, penalty, and interest) electronically. For mandate purposes, all of the electronic payment options identified below satisfy the mandate requirement. All entities are encouraged to make their payments electronically.

**Electronic Payment Options**

**Electronic Funds Withdrawal (EFW).** With this payment option, you provide your payment information within your electronically-filed return. Your payment will automatically be withdrawn from your bank account on the date you specify.

**Nebraska e-pay.** Nebraska e-pay is the Department’s web-based electronic payment system. You enter your payment and bank account information, and choose a date (up to a year in advance) to have your account debited. You will receive an email confirmation for each payment scheduled.

**ACH Credit.** You (or your bank) create an electronic file in the appropriate ACH file format. It is submitted to the Federal Reserve and instructs your bank to “credit” the state’s bank account.

**Nebraska Tele-pay.** Nebraska Tele-pay is the Department’s phone-based electronic payment system. Call 800-232-0057, enter your payment and bank account information, and choose a date (up to a year in advance) to have your account debited. You will receive a confirmation number at the end of your call.

**Credit Card.** Secure credit card payments can be initiated through Official Payments at officialpayments.com; via phone at 800-272-9829; or by downloading the OPAY app from your smart phone’s app store. Eligible credit cards include American Express, Discover, MasterCard, and VISA. A convenience fee (2.35% of the 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 payment made to the Nebraska Department of Revenue. At the end of your transaction, you will be given a confirmation number. Keep this number for your records. [If you are making your credit card payment by phone, you will need to provide the Nebraska Jurisdiction Code, which is 3700.]

**Cancel a payment.** To cancel a scheduled EFW payment, contact our Taxpayer Assistance office at 800-742-7474 or 402-471-5729 before 4:00 pm Central Time two business days prior to your scheduled payment date. You may cancel a payment scheduled through Nebraska e-pay by logging into the e-pay program from our website and selecting “cancel payment.” To cancel a credit card payment, contact Official Payments.

**Check or Money Order.** If you are not using one of the electronic payment options described above, include a check or money order payable to the “Nebraska Department of Revenue.” Checks written to the Department may be presented for payment electronically.

**Line 26**

**Overpayment.** If line 22 is greater than the sum of lines 16 and 24, enter the result of line 22 minus the total of lines 16 and 24.

**Line 27**

**Amount Credited to 2017 Estimated Income Tax.** Enter the amount of overpayment shown on line 26 that you want credited as a tax year 2017 estimated income tax payment for the corporation.

**Line 28**

**Overpayment to be Refunded.** Enter the amount of overpayment shown on line 26 that you want refunded. The overpayment to be refunded is calculated by subtracting line 27 from line 26. The Department recommends having any refund on line 28 directly deposited to the corporation’s bank account. See line 29 instructions below.

**Line 29**

**Direct Deposit.** To deposit the refund directly into the corporation’s 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 29a and 29c, and complete line 29b, Type of Account. The box on line 29d must be checked if the refund will go to a bank account 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.

## Signature

**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 a corporate officer 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.

The act of e-filing a return is your signature. By e-filing the return, taxpayers and their tax preparers, if applicable, are declaring under penalties of perjury, that they have examined the electronic return, and to the best of their knowledge and belief, it is true, correct, and complete.

**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 FTI

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**Purpose.** The [Nebraska Schedule A](#) is used to adjust the corporate taxpayer's FTI reported on line 2 of the Form 1120N. The Nebraska Schedule A must be completed by all corporate taxpayers making any adjustments on lines 3 or 4 of Form 1120N. Any adjustments that are summarized on Nebraska Schedule A are carried forward to lines 3 and 4, Form 1120N.

## Adjustments Increasing FTI

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<b>Line 1</b>	<b>State and Local Government Interest and Dividend Income.</b> Enter all state and local government interest or dividends that are exempt from federal income tax and not issued by Nebraska state and local government subdivisions.
<b>Line 2</b>	<b>Federal Net Operating Loss Deduction.</b> Enter the federal net operating loss allowed as a deduction on the federal return. See line 9, Form 1120N instructions for allowable Nebraska net operating losses.
<b>Line 3</b>	<b>Federal Capital Loss Carryover.</b> Enter the portion of the federal capital loss carryover allowed as a deduction this year. See line 7, Form 1120N instructions for allowable Nebraska capital losses.
<b>Line 4</b>	<b>Allocable, Nonapportionable Loss.</b> Enter the amount of any claimed allocable, nonapportionable loss. Allocable, nonapportionable loss is a loss that is not part of the unitary business, and has not been claimed as a loss that is part of the unitary business that is subject to apportionment by another state with substantially the same law as Nebraska.  Attach a detailed description of the claimed amount, together with evidence that the loss is not part of the unitary business. Also, attach an affidavit from a corporate officer that the corporate taxpayer has not claimed the same loss to be a part of a unitary business subject to apportionment in another state with substantially the same law as Nebraska on apportionability of losses. Note that Nebraska law is unique on apportionability of losses. Therefore, it may be extremely difficult for a corporate taxpayer to meet the above requirements.
<b>Line 5</b>	<b>Related Expenses.</b> Enter the amount of related expenses. Related expenses include all direct and indirect expenses attributable to the activities producing the allocable, nonapportionable loss entered on line 4.

<b>Line 6</b>	<b>Interest Expense Disallowance.</b> Enter the interest expense calculated for the allocable, nonapportionable loss. To calculate the interest expense: <ul style="list-style-type: none"> <li>◆ Divide the taxpayer’s average investment in the activities producing the income by the taxpayer’s average total assets to obtain a ratio; and</li> <li>◆ Multiply this ratio by the total interest deduction allowed in the computation of federal taxable income.</li> </ul>
<b>Line 7</b>	<b>Total Allocable, Nonapportionable Loss.</b> Enter the result of line 4 plus lines 5 and 6.
<b>Line 8</b>	<b>Other Increasing Adjustments.</b> Enter any other adjustment increasing FTI not reported on lines 2 through 7. Attach a detailed explanation of the basis for each adjustment and any necessary schedules.
<b>Line 9</b>	<b>Total Adjustments Increasing FTI.</b> Enter the result of line 1 plus lines 2, 3, 7, and 8 here and on line 3, Form 1120N.

## Adjustments Decreasing FTI

<b>Line 10</b>	<b>Qualified U.S. Government Interest Deduction.</b> Enter the amount of interest and dividend income from U.S. government obligations exempt from state taxation.  The <a href="#">Taxability of Interest and Dividend Income From State, Local, and U.S. Government Obligations Information Guide</a> , lists U.S. interest and dividend income that can be included on line 10, Nebraska Schedule A. Interest income from repurchase agreements involving U.S. government obligations is <b>not</b> 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 10.
<b>Line 11</b>	<b>Foreign Dividends, Gross-up, or Special Foreign Tax Credit Deduction.</b> Enter the amount of adjustment for foreign dividends, foreign dividend gross-up, or special foreign tax credit deduction from line 12, <a href="#">Nebraska Schedule II</a> .
<b>Line 12</b>	<b>Allocable, Nonapportionable Income.</b> Enter the amount of any claimed allocable, nonapportionable income. Allocable, nonapportionable income is income that is not part of the unitary business, and has not been claimed as income that is a part of the unitary business that is subject to apportionment by another state with substantially the same law as Nebraska on apportionability of income. Note that Nebraska law is unique on apportionability of income. Therefore, it may be extremely difficult for a corporate taxpayer to meet the above requirements.  <b>Note: Entries must be made on lines 13 and 14, or the entire amount of allocable, nonapportionable income claimed may be disallowed.</b>  Attach a detailed description of the claimed amount, together with evidence that the income is not part of a unitary business. Also, attach an affidavit from a corporate officer that the corporate taxpayer has not claimed the same income to be a part of a unitary business subject to apportionment in another state with substantially the same law as Nebraska.
<b>Line 13</b>	<b>Related Expenses.</b> Enter the amount of related expenses. Related expenses include all direct and indirect expenses attributable to the activities producing the allocable, nonapportionable income amount entered on line 12.

<b>Line 14</b>	<p><b>Interest Expense Disallowance.</b> Enter the interest expense calculated for the allocable, nonapportionable income.</p> <p>To calculate the interest expense:</p> <ul style="list-style-type: none"> <li>◆ Divide the taxpayer's average investment in the activities producing the income by the taxpayer's average total assets to obtain a ratio; and</li> <li>◆ Multiply this ratio by the total interest deduction allowed in the computation of federal taxable income.</li> </ul>
<b>Line 15</b>	<p><b>Net Allocable, Nonapportionable Income.</b> Enter the result of line 12 minus lines 13 and 14.</p>
<b>Line 16</b>	<p><b>Nebraska College Savings Program.</b> Nebraska allows a subtraction from a participant's federal taxable income for the amount of annual contributions made to the Nebraska College Savings Program administered by the State Treasurer. The maximum annual exempt contribution per return is \$10,000. Contributions to other states' 529 college savings plans cannot be deducted on line 16.</p> <p>Interest and earnings from the Nebraska College Savings Program may be deducted to the extent that the income is included in federal taxable income. This adjustment must be taken on line 17, Other Decreasing Adjustments.</p>
<b>Line 17</b>	<p><b>Other Decreasing Adjustments.</b> Enter any other applicable adjustment not reported on lines 10 through 16. Attach a detailed explanation of the basis for each adjustment and any necessary schedules.</p> <p><b>Note:</b> This line should only be used in extremely unusual circumstances as virtually all valid adjustments should be claimed elsewhere on Nebraska Schedule A.</p>
<b>Line 18</b>	<p><b>Total Adjustments Decreasing FTI.</b> Enter total adjustments here and on line 4, Form 1120N.</p>

## Nebraska Schedule I Instructions

### Apportionment for Multistate Business

**Purpose.** The Nebraska Schedule I is used to determine the amount of Nebraska source income ([Form 1120N](#), line 6, Nebraska taxable income before Nebraska carryovers) received by a corporation that derives income from within and without Nebraska.

Nebraska source income is determined by apportioning the corporate income using a single, sales only factor. Apportionment refers to the division of 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 corporate taxpayer in Nebraska during the taxable year. The denominator is the total sales of the corporate 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, except income for the discharge of indebtedness, amounts received from hedging transactions involving intangible assets, and net gains from marketable securities held for investment. The sales factor on this schedule is rounded to six decimal places. It is entered as a percentage.

When a [corporate taxpayer](#) consists of two or more corporations engaged in a [unitary business](#), a part of which is conducted in Nebraska, the income of the corporate taxpayer apportioned to Nebraska is determined by applying the ratio of the corporate taxpayer's sales in Nebraska to the sales of the entire unitary group. The corporate taxpayer's sales in Nebraska should include only those sales made by members of the unitary group with nexus in this state. Each corporate taxpayer must file one income tax return for the entire group. The return will include all corporations in the unitary business. Any corporation that is required, or has received permission, to use an alternative apportionment formula, may only be included in a return with other corporations using the same apportionment formula.



For tax years beginning January 1, 2014 or after, a corporation may no longer use the costs of performance method of apportioning sales of services or intangibles. This does not apply to a corporation operating as a communications company. For additional information, see the Nebraska Apportionment Factor - Sales or Gross Receipts section.

A 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.**

Intercompany sales between unitary corporations using the combined income approach are excluded from the sales factor.

If the corporate taxpayer is a partner in a partnership or joint venture, see [Business Entity Regulation 24-315 Sales Factor](#); [Business Entities As Owners in a Partnership or Joint Venture](#).

A corporate taxpayer that operates a trucking business and has income from both within and without this state, must compute its sales factor in accordance with [Business Income Tax Regulation 24-343 Special Apportionment Rules; All Tax Years; Trucking Companies](#).

The method of computing the sales factor must be consistent with prior tax years and with the corporate taxpayer's filings in other states. If the corporation modifies the basis for including or excluding gross receipts in the sales factor used in returns for prior years, the 2016 return must disclose the nature and extent of the modification.

If the corporation files returns with other states that are not uniform in the inclusion or exclusion of gross receipts, the Form 1120N filed with the Department must disclose the nature and extent of the variance.

## Computation of Nebraska Source Income

<b>Line 1</b>	<b>Adjusted FTI.</b> Enter the amount from line 5, Form 1120N.
<b>Line 2</b>	<b>Nebraska Apportionment Factor.</b> Enter the amount from line 15, <a href="#">Nebraska Schedule I, Form 1120N</a> .
<b>Line 3</b>	<b>Taxable Income Apportioned to Nebraska.</b> Enter in line 3 the result of line 1 multiplied by line 2. Also enter this amount on line 6, Form 1120N.

## Nebraska Apportionment Factor – Sales or Gross Receipts

Nebraska sales include all items of income received by the corporate taxpayer 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 Nebraska to the U.S. government;
- ◆ Gross receipts from the interest or service charges arising from the sale of tangible personal property if the sale is attributed to Nebraska;
- ◆ Sales of other than tangible personal property –
  - ✓ To the extent a service relates to real or tangible personal property located in Nebraska;
  - ✓ To the extent a service relates to part of the buyer's trade or business operated in Nebraska;
  - ✓ A service provided to an individual present in Nebraska at the time the service is received;
  - ✓ To the extent an application service is used in Nebraska;

- ✓ To the extent intangible property is used in Nebraska;
- ✓ To the extent an intangible asset used in a treasury function is managed in Nebraska;
- ✓ To the extent a loan is secured by real or tangible personal property located in Nebraska;
- ✓ To the extent a loan is not secured by real or tangible personal property, if the borrower is in this state. The location is presumed to be the borrower's billing address.
- ✓ Fees, charges, and net gains from credit card receivables, if the credit card holder's billing address is in Nebraska;
- ✓ 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 located within and without Nebraska during the taxable year, then the gross receipts are attributable to Nebraska in proportion to the percentage of time the property was located in Nebraska;
- ✓ For sales not specifically addressed above, sales to an individual if the individual's billing address is in Nebraska, and sales to a business if the business places its order from Nebraska or the billing address of the business if the ordering place cannot be readily determined; and
- ✓ Sales made by a communications company if the income-producing activity is performed in Nebraska based on costs of performance.

For additional information, see [Neb. Rev. Stat. § 77-2734.14](#).

<b>Line 4</b>	<b>Sales or Gross Receipts Minus Returns and Allowances.</b> Enter the gross receipts, less any returns and allowances reported on the Federal Form 1120.
<b>Line 5</b>	<b>Sales Delivered or Shipped to Purchasers in Nebraska: Shipped From Outside Nebraska.</b> 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.
<b>Line 6</b>	<b>Sales Delivered or Shipped to Purchasers in Nebraska: Shipped From Within Nebraska.</b> 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.
<b>Line 7</b>	<b>Sales Shipped From Nebraska to the U.S. Government.</b> The U.S. government is the purchaser when it makes direct payment to the seller. The amount 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 of other than tangible personal property. For additional information, see <a href="#">Neb. Rev. Stat. § 77-2734.14</a> .
<b>Line 8</b>	<b>Interest on Sales of Tangible Personal Property.</b> 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.
<b>Line 9</b>	<b>Interest, Dividends, and Royalties From Intangible Property.</b> In the Total column, enter all of the interest, dividend, and royalty income from intangible property received by the corporation.  In the Nebraska column, enter the amount sourced to Nebraska as determined by <a href="#">Neb. Rev. Stat. § 77-2734.14(3)</a> .
<b>Line 10</b>	<b>Gross Rents.</b> In the Total column, enter the gross receipts from the rental or lease of all real or tangible personal property.  In the Nebraska column, enter the gross receipts from 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 attributable to Nebraska in proportion to the percentage of time the property was located in Nebraska.

**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, enter the amount of net gain from sales made to a buyer who uses the intangible in Nebraska as determined by [Neb. Rev. Stat. § 77-2734.14](#).

**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 and Real Property Not Included Above.** In the Total column, enter the gross receipts from sales of all 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 corporation and is included in the amount reported on line 1, Form 1120N.

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 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 corporation and the partnership would not be considered unitary, enter the distributive share of the income received from the partnership. See [Business Entity Regulation 24-315 Sales Factor; Business Entities As Owners 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, and 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 4.**

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

Enter 21.5404 % on line 15.

## Nebraska Schedule II Instructions

### Foreign Dividend and Special Foreign Tax Credit Deduction

**Purpose.** The Nebraska Schedule II is used to calculate the deduction for dividends included in federal taxable income (line 30, Federal Form 1120) from corporations whose dividends do not qualify for the dividends received deduction under Internal Revenue Code (IRC) § 243.

In addition, an adjustment is allowed for income that is taxed by a foreign country, or one of its political subdivisions, at a rate in excess of the maximum federal corporate tax rate. The adjustment can be made for each foreign country or group of foreign countries. The amount of federal taxable income from operations within a foreign taxing jurisdiction must be reduced by the amount of taxes actually paid to the foreign jurisdiction that are not deductible solely because the foreign tax credit was elected on the federal income tax return.

The amount of after-tax income is then divided by one minus the maximum tax rate for corporations in the IRC. The result of this calculation is subtracted from the amount of federal taxable income from foreign operations.

The difference is reported in the total adjustments decreasing FTI computed on Nebraska Schedule A, and is included as an adjustment to federal taxable income on line 4, Form 1120N. **Schedule C, Federal Form 1120, and Parts A and B of Federal Form 1118 must be attached.**

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<b>Line 1</b>	<b>Dividends From Foreign Corporations and Certain FSCs Subject to the IRC § 245 Deduction.</b> Enter the total of lines 6 and 7, column (a), Schedule C, Federal Form 1120; or lines 6 and 7, column (a), Schedule A, Federal Form 1120-L.
<b>Line 2</b>	<b>Special Deductions on Line 1 Amount.</b> Enter the total of lines 6 and 7, column (c), Schedule C, Federal Form 1120; or lines 6 and 7, column (c), Schedule A, Federal Form 1120-L.
<b>Line 3</b>	<b>Net Foreign Dividends Subject to the IRC § 245 Deduction Included in Federal Taxable Income.</b> Enter the result of line 1 minus line 2.
<b>Line 4</b>	<b>Other Dividends From Foreign Corporations.</b> Enter the amount from line 13, Schedule C, Federal Form 1120. A U.S. life insurance company claiming a deduction for “Other corporate dividends” from line 14, Schedule A, Federal Form 1120-L, must include a detailed description of the dividends claimed.
<b>Line 5</b>	<b>Income From Controlled Foreign Corporations Under Subpart F.</b> Enter the amount from line 14, Schedule C, Federal Form 1120.
<b>Line 6</b>	<b>Foreign Dividend Gross-up (IRC § 78).</b> Enter the amount from line 15, Schedule C, Federal Form 1120.

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## Special Foreign Tax Credit Deduction Computation

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<b>Line 7</b>	<b>FTI From Qualifying Foreign Taxing Jurisdictions.</b> Enter the total federal taxable income that is also taxed by a foreign jurisdiction at a rate in excess of the maximum federal corporate tax rate. Attach a schedule detailing FTI and foreign taxes paid by country.
<b>Line 8</b>	<b>Foreign Taxes.</b> Enter the amount of foreign taxes paid on line 7 amounts for which the foreign tax credit is taken.
<b>Line 11</b>	<b>Special Foreign Tax Credit Adjustment.</b> If line 10 is greater than or equal to line 7, enter -0-. If line 10 is less than line 7, enter the difference; but do not enter more than the amount on line 8.
<b>Line 12</b>	<b>Total Foreign Dividend and Special Foreign Tax Credit Deduction.</b> Enter the total of lines 3, 4, 5, 6, and 11 on line 12, and transfer this total to line 11, Nebraska Schedule A.

# Nebraska Schedule III Instructions

## Subsidiary or Affiliated Corporations

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**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. The Schedule III also summarizes the Nebraska payments, including deposits made with the Form 7004N and estimated income tax payments made by the members of the unitary group.

This schedule must be completed if the corporate taxpayer is a member of a unitary group or if the corporate taxpayer, either individually or as a group, owns 50% or more of another corporation, or is owned 50% or more by another corporation.

The total amount of column A must equal line 18, Form 1120N.

The total amount of column B must equal line 19, Form 1120N.

The total amount of column D must equal line 14 in the Nebraska column of Schedule I, Form 1120N.

If additional space is required, attach a schedule using the same format as Nebraska Schedule III.

# Nebraska Schedule IV Instructions

## Converting Net Income to Combined Net Income

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**Purpose.** The Nebraska Schedule IV is used to determine the combined federal taxable income of the unitary group.

This schedule must be completed by each corporate taxpayer filing a combined [Nebraska Corporation Income Tax Return, Form 1120N](#). If additional space is required, attach a schedule using the same format as Nebraska Schedule IV.

# Nebraska Corporation Income Tax Return

for the taxable year January 1, 2016 through December 31, 2016 or other taxable year beginning , 2016 and ending ,

Name Doing Business As (dba) 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	<b>PLEASE DO NOT WRITE IN THIS SPACE</b>
Check the appropriate box: <input type="checkbox"/> Initial Nebraska Return <input type="checkbox"/> Change in Address <input type="checkbox"/> Exempt Organization <input type="checkbox"/> 7004 Attached <input type="checkbox"/> Final Nebraska Return <input type="checkbox"/> Change in Name <input type="checkbox"/> Cooperative Meeting IRC § 6072(d)	

**Corporation Filing Status** (Answer questions A through D, as applicable.)

**A.** Does this corporation own at least 50% of another corporation; or is it owned at least 50% by another corporation?  
 (1)  YES (2)  NO  
 If Yes, attach Federal Form 851 or a schedule of affiliated corporations and federal IDs. Answer questions B, C, and D.

**B.** Is one single Nebraska return being filed for the entire group?  
 (1)  YES (2)  NO

**C.** Are you filing as a unitary group in any other state?  
 (1)  YES (2)  NO

**D.** Check the method used to determine Nebraska income (check only one):  
 (1)  Combined report of a controlled group of corporations  
 (2)  Separate report by a member of a controlled group of corporations (attach supporting documentation)  
 (3)  Alternate method (attach Nebraska Department of Revenue approval)

**All corporations required to file must complete this page. Schedules A, I, II, III, and IV must be completed when appropriate.**

1 Federal gross sales or receipts, less returns and allowances.....	1		00
2 Federal taxable income (FTI) (see instructions).....	2		00
3 Adjustments increasing FTI (line 9, from attached Nebraska Schedule A).....	3	00	
4 Adjustments decreasing FTI (line 18, from attached Nebraska Schedule A)....	4	00	
5 Adjusted FTI (enter line 2 plus line 3 minus line 4) .....	5		00
6 Nebraska taxable income before Nebraska carryovers (see instructions).....	6		00
7 Nebraska capital loss carryover (see instructions – attach worksheet) .....	7		00
8 Nebraska taxable income after Nebraska capital loss carryover (line 6 minus line 7).....	8		00
9 Nebraska net operating loss carryover (see instructions – attach worksheet).....	9		00
10 Net Nebraska taxable income (line 8 minus line 9).....	10		00
11 Nebraska tax <input type="checkbox"/> Check this box if you are an insurance company.....	11		00
12 Premium tax credit (see instructions – attach schedule).....	12	00	
13 Community Development Assistance Act credit (attach Form CDN) .....	13	00	
14 Form 3800N nonrefundable credit (attach Form 3800N) .....	14	00	
15 Total nonrefundable credits (total of lines 12 through 14).....	15		00
16 Nebraska tax after nonrefundable credits. Subtract line 15 from line 11 (if line 15 is more than line 11, enter -0-)	16		00
17 Form 3800N refundable credit (attach Form 3800N) .....	17	00	
18 Tax deposited with Form 7004N .....	18	00	
19 2016 estimated income tax payments (minus any Form 4466N adjustment).....	19	00	
20 Beginning Farmer credit .....	20	00	
21 Nebraska income tax withheld (see instructions) .....	21	00	
22 Total payments (total of lines 17 through 21) .....	22		00
23 <b>Tax Due</b> (line 16 minus line 22).....	23		00
24 Penalty for underpayment of estimated income tax (see instructions).....	24		00
25 Total tax and underpayment penalty (add lines 23 & 24) <input type="checkbox"/> Check this box if your payment is being made electronically	25		00
26 <b>Overpayment</b> (line 22 minus the sum of lines 16 and 24). If the result is less than zero, enter -0-.....	26		00
27 Amount on line 26 to be <b>credited</b> to 2017 estimated income tax.....	27		00
28 Overpayment to be <b>refunded</b> (line 26 minus line 27). Complete lines 29a, 29b, and 29c to receive your refund electronically. ....	28		00
29a Routing Number <input style="width:200px;" type="text"/>	29b Type of Account	Checking	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.)			
29c Account Number <input style="width:200px;" type="text"/>	<b>(see instructions)</b>		
29d <input type="checkbox"/> Check this box if this refund will go to a bank account outside the United States.			

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.

<b>sign here</b>	Signature of Officer _____	Date _____	Email Address _____	
	Title _____	Daytime Phone Number _____		
	<b>paid preparer's use only</b>	Preparer's Signature _____	Date _____	Preparer's PTIN _____
		Print Firm's Name (or yours if self-employed), Address and Zip Code _____		EIN _____ Daytime Phone _____

**Paper filers must attach a copy of the federal return and supporting schedules, as filed with the IRS, to this return.**



Name on Form 1120N

Nebraska ID Number

**Nebraska Schedule A**

• You must use Schedule A if you make an adjustment on lines 3 or 4 of Form 1120N.

**Adjustments Increasing FTI**

1	State and local government interest and dividend income (see instructions).....	1		00
2	Federal net operating loss deduction .....	2		00
3	Federal capital loss carryover.....	3		00
4	Allocable, nonapportionable loss.....	4		
5	Related expenses.....	5		
6	Interest expense disallowance.....	6		
7	Total allocable, nonapportionable loss (add lines 4-6) (attach affidavit - see instructions) .....	7		00
8	Other increasing adjustments (attach a detailed explanation and schedule) .....	8		00
9	Total adjustments increasing FTI (total of lines 1, 2, 3, 7, and 8). Enter here and on line 3, Form 1120N .....	9		00

**Adjustments Decreasing FTI**

10	Qualified U.S. government interest deduction. (Attach supporting schedule).....	10		00
11	Foreign dividends, gross-up, or special foreign tax credit deduction (line 12, Neb. Sch. II).....	11		00
12	Allocable, nonapportionable income.....	12		00
13	Related expenses.....	13		00
14	Interest expense disallowance.....	14		00
15	Net allocable, nonapportionable income (line 12 minus lines 13 and 14) (attach affidavit—see instructions) .....	15		00
16	Nebraska College Savings Program (see instructions) .....	16		00
17	Other decreasing adjustments (attach detailed explanation and schedule) .....	17		00
18	TOTAL adjustments decreasing FTI (total of lines 10, 11, 15, 16 and 17). Enter here and on line 4, Form 1120N .....	18		00

**Nebraska Schedule I —**

**Apportionment for Multistate Business**

1	Adjusted FTI (line 5, Form 1120N).....	1		00
2	Nebraska apportionment factor (from line 15 below) .....	2		%
3	Taxable income apportioned to Nebraska (line 1 multiplied by line 2). Enter here and on line 6, Form 1120N .....	3		00

**Nebraska Apportionment Factor – Sales or Gross Receipts**

	Total		Nebraska	
4	Sales or gross receipts minus returns and allowances.....	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.....	00	8	00
9	Interest, dividends, and royalties from intangible property .....	00	9	00
10	Gross rents .....	00	10	00
11	Net gain on sales of intangible property .....	00	11	00
12	Gross receipts from sales of tangible personal and real property not included above .....	00	12	00
13	Other income (attach schedule) .....	00	13	00
14	<b>Total sales or gross receipts</b> .....	00	14	00
15	<b>Nebraska apportionment factor.</b> (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	%

Name on Form 1120N

Nebraska ID Number

**Nebraska Schedule II—  
Foreign Dividend and Special Foreign Tax Credit Deduction**  
• Attach Schedule C, Federal Form 1120 or Schedule A, Federal Form 1120-L and a schedule separating foreign and domestic dividends.  
**Foreign Dividend Deduction Computation**

**NOTE: The Nebraska Foreign Dividend Deduction calculated on lines 1 through 6 is only for those dividends included in federal taxable income from corporations that are not subject to the Internal Revenue Code (IRC). This includes those corporations whose dividends do not qualify for the dividends received deduction under IRC § 243.**

1	Dividends from foreign corporations and certain FSCs subject to the IRC § 245 deduction (total of lines 6 and 7, column (a), Schedule C, Federal Form 1120) .....	1		00
2	Special deductions on line 1 amount. Enter the total of lines 6 and 7, column (c), Schedule C, Federal Form 1120.....	2		00
3	Net foreign dividends subject to the IRC § 245 deduction included in federal taxable income (line 1 minus line 2) .....	3		00
4	Other dividends from foreign corporations. Enter amount from line 13, Schedule C, Form 1120 .....	4		00
5	Income from controlled foreign corporations under Subpart F. Enter amount from line 14, Schedule C, Form 1120.....	5		00
6	Foreign dividend gross-up (IRC § 78). Enter amount from line 15, Schedule C, Form 1120 .....	6		00

**Special Foreign Tax Credit Deduction Computation**

**Note: This deduction is only to be claimed when a corporation subject to the IRC is taxed by a foreign country, or one of its political subdivisions, at a rate in excess of the maximum federal corporate tax rate.**

7	FTI from qualifying foreign taxing jurisdictions List jurisdictions: _____	7		00
8	Foreign taxes .....	8		00
9	After tax foreign income (line 7 minus line 8).....	9		00
10	After tax foreign income not taxed (divide line 9 result by .65; enter result here).....	10		00
11	Special foreign tax credit adjustment (if line 10 is greater than or equal to line 7, enter -0-; if line 10 is less than line 7, enter the difference).....	11		00
12	<b>Total foreign dividend and special foreign tax credit deduction</b> , if applicable (total of lines 3, 4, 5, 6, and 11). Enter here and on line 11, Nebraska Schedule A .....	12		00

**All filers are encouraged to e-file their return.**

Mail this return and remit payment (electronically, if required) to:  
**Nebraska Department of Revenue, PO Box 94818, Lincoln, NE 68509-4818**  
**revenue.nebraska.gov, 800-742-7474 (NE and IA), 402-471-5729**

**Nebraska Schedule III—Subsidiary or Affiliated Corporations**

Name and Address of All Corporations	ID Numbers		Tax Payment Information*			Apportionment Factor Information**
	Nebraska	Federal	(A) Total Income Tax Deposits from 7004N	(B) Total Estimated Income Tax Payments, 1120N-ES	(C) Amount Paid with this Return	(D) Amount of Nebraska Sales or Receipts
Corporation Filing this Return:						
Parent Corporation, if different from above:						
Subsidiary/Affiliated Corporations:						
<b>Totals</b>						

\* Complete columns (A), (B), and (C) if tax payments were made under more than one Nebraska ID number.  
 \*\* Complete column (D) to summarize the numerator of the corporations filing one combined corporation income tax return.

**Nebraska Schedule IV — Converting Net Income to Combined Net Income**

• If this schedule is used, read instructions and attach this schedule to Form 1120N.

Name on Form 1120N

Nebraska ID Number

Income and Deductions	Corporation FEINs (Enter FEINs as column headings.)			(I) Subtotal	(II) Eliminations (Attach explanation.)	(III) Combined Income
<b>1</b> Gross receipts or sales less returns and allowances .....						
<b>2</b> Cost of goods sold .....						
<b>3</b> Gross profit (Subtract line 2 from line 1) .....						
<b>4</b> Dividends .....						
<b>5</b> Interest .....						
<b>6</b> Gross rents .....						
<b>7</b> Gross royalties .....						
<b>8</b> Capital gain net income .....						
<b>9</b> Net gain (loss) .....						
<b>10</b> Other income .....						
<b>11</b> TOTAL INCOME (total of lines 3 through 10) .....						
<b>12</b> Compensation of officers .....						
<b>13</b> Salaries and wages (less employment credit) .....						
<b>14</b> Repairs and maintenance .....						
<b>15</b> Bad debts .....						
<b>16</b> Rents .....						
<b>17</b> Taxes .....						
<b>18</b> Interest .....						
<b>19</b> Charitable contributions .....						
<b>20</b> Depreciation not claimed elsewhere on federal return .....						
<b>21</b> Depletion .....						
<b>22</b> Advertising .....						
<b>23</b> Pension, profit sharing, etc., plans .....						
<b>24</b> Employee benefit plans .....						
<b>25</b> Domestic production activities deduction .....						
<b>26</b> Other deductions (attach schedules) .....						
<b>27</b> TOTAL DEDUCTIONS (total of lines 12 through 26) .....						
<b>28</b> Taxable income before federal adjustments (line 11 minus line 27) .....						
<b>29</b> Less: <b>a</b> Net operating loss deduction .....						
<b>b</b> Special deductions .....						
<b>c</b> Total net operating loss and special deductions .....						
<b>30</b> Taxable income (line 28 minus line 29c). The amount in the "Combined Income" column should be entered on line 2, Form 1120N .....						

**Application for Automatic Extension of Time  
to File Nebraska Corporation, Fiduciary, or Partnership Return**  
Taxable year beginning \_\_\_\_\_, and ending \_\_\_\_\_,

Name Doing Business As (dba)				
Legal Name				
Street or Other Mailing Address				
City	State	Zip Code	Federal ID Number	Nebraska ID Number

**Automatic 5-Month Extension**

• Check the box below if filing Federal Form 1065.

Nebraska Return of Partnership Income, Form 1065N

**Automatic 6-Month Extension**

• Check one of the boxes below if filing Federal Forms 1041, 1041-QFT, 1041-N, or 1065-B.

Nebraska Fiduciary Income Tax Return, Form 1041N

Nebraska Return of Partnership Income, Form 1065N

**Automatic 7-Month Extension**

• Check all appropriate boxes if filing Nebraska Forms 1120N or 1120-SN.

Automatic seven-month filing extension from the original due date.

Extension in addition to the federal extension up to a maximum of seven months from the original due date. Attach a copy of the Federal Form 7004 filed with the Internal Revenue Service.

Is the corporation organized as an exempt organization?  YES  NO

Is the corporation a cooperative?  YES  NO

If Yes, enter the original due date of the cooperative's federal return \_\_\_\_\_.

**Tentative Tax Payment Calculation**

• Entities filing a fiduciary or partnership return need not complete lines 1 through 10 below. A fiduciary or partnership must complete line 11.

1 Tentative income tax liability for taxable period before any applicable credits . . . . .	<b>1</b>		
2 Premium tax credit . . . . .	<b>2</b>		
3 Community Development Assistance Act credit . . . . .	<b>3</b>		
4 Form 3800N nonrefundable credits . . . . .	<b>4</b>		
5 Total nonrefundable credits (total of lines 2 through 4). . . . .	<b>5</b>		
6 Tentative income tax liability after nonrefundable credits. Subtract line 5 from line 1 (if the line 5 amount is more than the line 1 amount, enter -0-). . . . .	<b>6</b>		
7 Form 3800N refundable credits . . . . .	<b>7</b>		
8 Estimated income tax payments . . . . .	<b>8</b>		
9 Other payments or credits, including any Beginning Farmer credit . . . . .	<b>9</b>		
10 Total prior payments and credits (total of lines 7 through 9). . . . .	<b>10</b>		
11 Tentative tax payment (line 6 minus line 10) . . . . .	<b>11</b>		

**Check this box if your payment is being made electronically.**

If the corporation is a member of a unitary group of corporations filing a combined return, complete the following section.

Name and Address of Each Member of the Unitary Group	ID Numbers	
	Nebraska	Federal

Under penalties of perjury, I declare that I have been authorized to make this application, and that to the best of my knowledge and belief, the statements made above are correct and complete.

**sign  
here** ▶

Authorized Signature \_\_\_\_\_

Date \_\_\_\_\_

Email Address \_\_\_\_\_

Title \_\_\_\_\_

Daytime Phone Number \_\_\_\_\_

Mail this application and remit payment (electronically, if required) to:  
**Nebraska Department of Revenue, PO Box 94818, Lincoln, NE 68509-4818.**  
**revenue.nebraska.gov, 800-742-7474 (NE and IA), 402-471-5729**

## Instructions

**Who May File.** A corporation (C corporation and S corporation), fiduciary, partnership, or limited liability company making a tentative tax payment, and/or wanting more time to file a Nebraska tax return, must file a Nebraska Application for Extension of Time, Form 7004N. The Form 7004N must be filed even if a tentative income tax payment is made electronically.

If you have filed for a federal extension and are not making a tentative income tax payment to Nebraska, you do not need to complete this application. When your Nebraska income tax return is filed, you must attach a copy of the Federal Form 7004 filed with the IRS, or a copy of the approved federal extension. If a federal extension of time has been granted, the filing date for Forms 1120N, 1120-SN, and 1065N is automatically extended for the same period. If a federal extension of time has been granted to an estate or trust, the filing date for Form 1041N is automatically extended for six months.

**Corporations.** When a federal extension of time has been granted and additional time is necessary to file a Nebraska corporation income tax return, file Form 7004N on or before the date the federal extension expires. Attach a copy of the Federal Form 7004 filed with the IRS, or a copy of the approved federal extension. A maximum of a seven-month extension beyond the original due date of the corporation income tax return is allowed for Nebraska.

**Partnerships, Estates, and Trusts.** Nebraska will only allow partnerships an extension of time up to the maximum number of months provided by the IRS. Nebraska will allow estates and trusts an extension of up to six months. No additional Nebraska extension will be granted.

**When to File.** Form 7004N must be filed on or before the due date of the original return. Corporations may also file Form 7004N on or before the date that a federal extension expires.

**Where to File.** Mail Form 7004N, to the Nebraska Department of Revenue, PO Box 94818, Lincoln, Nebraska 68509-4818.

**Amount of Payment.** Payment of the amount shown on line 11 must be remitted either with this form or electronically using one of the electronic payment options identified below.

**Mandates of Electronic Payment.** Some entities are required to make their payments (tax, penalty, and interest) electronically. For mandate purposes, all of the electronic payment options listed below satisfy the mandate requirement. All entities are encouraged to make their payments electronically.

### Electronic Payment Options

**Nebraska e-pay.** Nebraska e-pay is the Department's web-based electronic payment system. You enter your payment and bank account information, and choose a date (up to a year in advance) to have your account debited. You will receive an email confirmation for each payment scheduled.

**ACH Credit.** You (or your bank) create an electronic file in the appropriate ACH file format. It is submitted to the Federal Reserve and instructs your bank to "credit" the state's bank account.

**Nebraska Tele-pay.** Nebraska Tele-pay is the Department's phone-based electronic payment system. Call 800-232-0057, enter your payment and bank account information, and choose a date (up to a year in advance) to have your account debited. You will receive a confirmation number at the end of your call.

**Credit Card (Corporations only).** Secure credit card payments can be initiated through Official Payments at [officialpayments.com](http://officialpayments.com); via phone at 800-272-9829; or by downloading the OPAY app from your smart phone's app store. Eligible credit cards include American Express, Discover, MasterCard, and VISA. A convenience fee (2.35% of the 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 payment made to the Nebraska Department of Revenue. At the end of your transaction, you will be given a confirmation number. Keep this number for your records. [If you are making your credit card payment by phone, you will need to provide the Nebraska Jurisdiction Code, which is 3700.]

**Check or Money Order.** If you are not using one of the electronic payment options described above, include a check or money order payable to the "Nebraska Department of Revenue." Checks written to the Department may be presented for payment electronically.

**Corporate Unitary Group.** Members of a unitary group filing a single return using the combined income approach should only request one extension for the entire group. The name, address, Federal ID number, and Nebraska ID number of each corporation included in the combined return must be listed on Form 7004N.

**Termination of Extension.** The Department may, at any time, terminate a C corporation's extension of time by mailing the taxpayer a notice of this termination, allowing ten days from the date of the termination notice to file the Nebraska corporate return.

**Taxpayer Notification.** The Department will notify the applicant if this request for extension is denied. The notice will be sent to the address entered on Form 7004N. **No notice will be sent with respect to approved applications for an extension of time to file a return.**

**Signatures.** This application must be signed by a corporate officer, fiduciary, partner, member, a person currently enrolled to practice before the IRS, or an attorney or certified public accountant qualified to practice before the IRS. If the taxpayer authorizes any other person to sign this application, there must be a [power of attorney](#) on file with the Department.