



# NEBRASKA EMPLOYMENT AND INVESTMENT CREDIT COMPUTATION

for Tax Years after 1988 and before 1998  
• Attach this form to the original or amended return.

## FORM 3800N

beginning \_\_\_\_\_, 19\_\_\_\_ and ending \_\_\_\_\_, 19\_\_\_\_

Name as Shown on Return \_\_\_\_\_

Social Security No. or Nebraska I.D. No. \_\_\_\_\_

Type of Return

- (1)  1040N
- (2)  1120N
- (3)  1065N
- (4)  1120-SN
- (5)  1041N
- (6)  1120NF

Location Address(es) Where Expansion Occurred \_\_\_\_\_

County Where Expansion Occurred \_\_\_\_\_

### 1 Qualifying Business Type (check only one—see instructions). If this is your initial claim, attach a complete explanation of your business activity.

- (1)  Assembly, fabrication, manufacture, or processing of tangible personal property
- (2)  Storage, warehousing, distribution, transportation, or sale of tangible personal property
- (3)  Feeding of livestock
- (4)  Farming or ranching
- (5)  Conducting research, development, or testing for scientific, agricultural, animal husbandry, or industrial purposes
- (6)  Performance of data processing, telecommunication, insurance, or financial services
- (7)  Administrative management or headquarters of any activity which includes items 1 through 6 above, or the headquarters of a retailer
- (8)  Any combination of activities 1 through 7; list types: \_\_\_\_\_

2 Number of Nebraska business locations: (1)  Single location (2)  Multiple locations (3)  Related parties (see instructions) 3 Total sales which are retail (percent): \_\_\_\_\_%

### 4 Reason for filing (check only one): **Caution: You cannot receive credit with an increase in investment only.**

- (1)  Claim original tax credits (attach a complete explanation of your business activity)
- (2)  Claim credit for additional employees hired in current year
- (3)  Report employment and investment levels for two years after credits claimed

• Taxpayers claiming original tax credits must increase both employment and investment levels by the required amounts in the same tax year.

### NEBRASKA QUALIFIED EMPLOYEE CALCULATION (see instructions)

Business Began in NE: ____/____/____ Indicate your NE Withholding Tax No.: 21- _____	Enter Tax Year mo. / day / yr.		NO. OF FULL-TIME EMPLOYEES IN NEBRASKA					AVERAGE			
	Beg. Year	Year End	(A)	(B)	(C)	(D)	(E)	Divide Total of Columns A, B, C, D, and E by 5 (unless Short-Period Tax Return) Extend Employee Average To One Decimal Place			
			Preceding Year End	First Quarter	Second Quarter	Third Quarter	Fourth Quarter				
5 Employed during current year	/ /	/ /							5	.	
6 First preceding year	/ /	/ /						6	.		
7 Second preceding year	/ /	/ /						7	.		
8 Third preceding year	/ /	/ /						8	.		
9 Enter highest of lines 6, 7, or 8's averages									9	.	
10 TOTAL increased Nebraska employment eligible for tax credit (line 5 minus line 9; round result down to lower whole number). If less than 2.0, enter zero (-0-)									10	.	0
11 Total tentative employment credit amount (line 10 multiplied by \$1,500)									11	\$	

### NEBRASKA QUALIFIED INVESTMENT CALCULATION

Attach worksheet calculating your current end-of-year total Nebraska qualified investment.	Enter Tax Year mo. / day / yr.		TOTAL NEBRASKA QUALIFIED INVESTMENT		(C) AVERAGE (Divide Total of Columns A and B by 2)
	Beg. Year	Year End	(A) Beginning of Year	(B) End of Year	
12 Current year	/ /	/ /	\$	\$	12 \$
13 First preceding year	/ /	/ /			13
14 Second preceding year	/ /	/ /			14
15 Third preceding year	/ /	/ /			15
16 Enter the current end-of-year investment amount (line 12, Column B)					16 \$
17 Enter the highest of lines 12(A), 13(C), 14(C), or 15(C)					17 \$
18 Total Nebraska qualified investment (line 16 minus line 17). If less than \$75,000, enter zero					18
19 Total calculated investment credits (line 18 divided by \$75,000; round result down to lower whole number)					19
20 Total tentative investment credit amount (line 19 multiplied by \$1,000)					20 \$
21 Total employment and investment incentive credits (line 11 plus line 20)					21 \$
22 Amount of Nebraska sales and use tax refunds claimed to date					22
23 Total of your distributed credit amount from line 44, Part A on reverse side					23
24 Total Nebraska employment and investment credits carried forward from earlier years (List years: _____)					24
25 Total available credit amounts (total of lines 21, 23, and 24; minus line 22)					25 \$
26 Nebraska income tax liability					26
27 Personal exemption credit (1993 and after) (residents only)	27	\$			
28 Credit for tax paid to another state	28				
29 Credit for elderly or handicapped <input type="checkbox"/> ; Credit for child and dependent care <input type="checkbox"/>	29				
30 CDAA Credit	30				
31 Total nonrefundable credits (total of lines 27 through 30)	31	\$			
32 Nebraska income tax liability after nonrefundable credits (line 26 minus line 31)	32				
33 50 percent of line 32 (multiply line 32 by 0.50)	33				
34 Credit used to reduce income tax liability (do not exceed the lesser of line 25 or line 33)	34				
35 Form 775N credit (from Form 775N and line 50, Part C on reverse side)	35				
36 Enterprise zone credits (attach Nebraska Schedule I – Enterprise Zone Credit Computation)	36				
37 Amount of recapture (see instructions for lines 41-43). Attach a worksheet	37				
38 Total Form 3800N credit (total of lines 34, 35, and 36 minus line 37). Enter on Form 1040N, 1120N, or 1041N	38				
39 Amount of credits distributed to partners, shareholders, and beneficiaries on line 45, Part B on reverse side	39				
40 Total Nebr. employment expansion and investment credit to be carried forward (line 25 minus lines 34 & 39)	40	\$			

**MAINTENANCE AND RECAPTURE SCHEDULE**

• If you check "Yes" on lines 41, 42, or 43, you may be subject to recapture provisions.  
Contact the Nebraska Department of Revenue for further instructions.

- 41 Were you in a recapture position in an earlier year (see instructions)?  YES  NO
- 
- 42 Is the average number of full-time employees in Nebraska for the current year less than the average number of full-time employees in the year in which credits were earned?  YES  NO
- 
- 43 Is the end of year Nebraska qualified investment for the current year less than the end of year Nebraska qualified investment in the year in which credits were earned?  YES  NO

**Employment Expansion and Investment Incentive Act (LB 270) Only**

**PART A — For Partners, S Corporation Shareholders, Limited Liability Company Members, and Certain Fiduciary Beneficiaries Only**

44 If any of the credit is from a partnership, S corporation, limited liability company, or fiduciary that distributes its income currently, enter in the space provided the name, address, Nebraska identification number, federal identification number, and your share of the credit of each partnership, S corporation, limited liability company, or fiduciary.

Name	Address	Nebraska I.D. Number	Federal I.D. Number	Share of Credit
				\$
TOTAL of your share of distributed credits (enter here and include on line 23)				\$
If enterprise zone credit, enter on line 35, Nebraska Schedule I, Form 3800N				

**PART B — For Partnerships, S Corporations, Limited Liability Companies, and Certain Fiduciaries Only**

45 Distribution of Employment Expansion and Investment Incentive Act credit among partners, shareholders, member's, and beneficiaries. Enter in the space provided the partner's, shareholder's, member's, or beneficiary's name, social security number or federal identification number, share of income or ownership, and appropriate share of the credit.

Name of Partners, Shareholders, or Beneficiaries	Social Security No. or Federal I.D. No.	Share of Income or Ownership	Share of Credit
			\$
TOTAL of credits distributed (enter here and include on line 39)		100%	\$

**Employment and Investment Growth Act (LB 775) Only**

• See line 35 instructions

**PART C — For Partners, S Corporation Shareholders, Limited Liability Members, and Certain Fiduciary Beneficiaries Only**

46 If any of the Employment and Investment Growth Act Credit is from a partnership, S corporation, limited liability company, or fiduciary that distributes its income currently, enter in the space provided the name, address, Nebraska identification number, federal identification number, and your share of the LB 775 credit of each partnership, S corporation, limited liability company, or fiduciary.

Name	Address	Nebraska I.D. Number	Federal I.D. Number	Share of Credit
				\$

TOTAL of your share of distributed credits .....	46	\$	
47 Total Employment and Investment Growth Act (LB 775) credits carried forward from earlier year(s) .....	47		
48 Total amount of distributed credits available for use (line 46 plus line 47) .....	48		
49 Nebraska income tax liability after Employment Expansion and Investment Incentive credits and all other non-refundable credits. ....	49		
50 Credits to reduce income tax liability (do not exceed the lesser of line 48 or 49). Enter here and on line 35 .....	50		
51 Total Nebraska Employment and Investment Growth Act (LB 775) credits to be carried forward (line 48 minus line 50) .....	51	\$	

## INSTRUCTIONS

**SPECIAL NOTE.** These instructions are primarily for those taxpayers claiming credits under the Employment Expansion and Investment Incentive Act (LB 270).

### **SPECIAL INSTRUCTIONS FOR TAXPAYERS CLAIMING CREDIT UNDER EMPLOYMENT AND INVESTMENT GROWTH ACT (LB 775)**

If the business is using the Employment and Investment Growth Act credit to reduce its income tax liability, complete line 1 and Part C. Enter the amount of credit being used from Form 775N, and from line 50, Part C, Form 3800N on lines 35 and 38. The other lines on Form 3800N do not have to be completed. If you are claiming credits from both the Employment and Investment Growth Act **and** the Employment Expansion and Investment Incentive Act, contact the Audit Division of the Nebraska Department of Revenue for instructions before completing Form 3800N.

**WHO MUST FILE.** Every taxpayer must complete Nebraska Employment and Investment Credit Computation, Form 3800N, in order to claim or use the credits allowed by the Employment Expansion and Investment Incentive Act and by the Employment and Investment Growth Act. This form must be used by taxpayers claiming credits in tax year 1989 and after. For prior years, file the 1987-1988 Form 3800N. **Every taxpayer who qualifies for credits under the Employment Expansion and Investment Incentive Act is required to file Form 3800N for the two years after the year in which credits were earned.** For example: if Company A filed Form 3800N and earned employment and investment incentive credits in tax year 1995, Company A must, at the minimum, file Form 3800N in tax years 1996 and 1997 even though all of the credits may have been used in 1995.

**WHEN AND WHERE TO FILE.** This computation must be completed and attached to the income tax return filed by an individual, corporation, fiduciary, partnership, limited liability company, or S corporation for which a credit is claimed.

**Partners, shareholders, members, or beneficiaries** who are allowed any distributive credits from a partnership, S corporation, limited liability company, or fiduciary should complete lines 23 through 40 and Part A, Form 3800N. A copy of the Form 3800N filed by the partnership, S corporation, limited liability company, or fiduciary must be attached to the taxpayer's Form 3800N. These credits may only be used to reduce the taxpayer's income tax liability.

**QUALIFYING BUSINESSES FOR LB270** include those businesses listed on the front page of this form and include those businesses making sales of tangible personal property if more than 20 percent of the total sales are in any combination of the following:

- a. Sales for resale (wholesale sales),
- b. Sales of tangible personal property assembled, fabricated, manufactured, or processed by the seller, or
- c. Sales of tangible personal property used by the purchaser in any of the listed qualifying activities.

**NONQUALIFYING BUSINESSES** include any business in which 80 percent or more of the total sales of the business are retail sales of tangible personal property to the ultimate user or consumer of the property. Sales of tangible personal property that is assembled, fabricated, manufactured, or processed by the taxpayer or that is used by the purchaser in the business activities listed on the front page of this form are not considered retail sales for this test.

Thus, a business that sells goods to the consumer for his or her consumption will generally not qualify for the credit if such sales account for at least 80 percent of the business' total sales. A manufacturer selling products to a wholesaler will qualify, as will a manufacturer or wholesaler selling products to a retail operation.

Businesses which do not qualify include:

- Restaurants,
- Most retailers,
- Contractors, repairpersons, installers, and most persons providing services.

A business conducting mixed activities must separate the activities into qualifying and nonqualifying calculations.

**ENTERPRISE ZONE.** If your location is within a Nebraska enterprise zone designated by the Department of Economic Development and you employ residents of the enterprise zone, you may qualify for increased credits. Request a Nebraska Schedule I – Enterprise Zone Credit Computation from the Nebraska Department of Revenue.

**FINANCIAL INSTITUTIONS,** subject to the Nebraska financial institutions tax, may qualify for employment and investment credits. The credits cannot be used to reduce a financial institution's tax liability on Form 1120NF, but may be used to claim a Nebraska sales and use tax refund.

**EXISTING BUSINESS.** Credits will not be allowed for the acquisition of an existing business unless the purchaser adds investment and employees at the qualifying levels.

**MULTIPLE LOCATIONS OR RELATED PARTIES.** Related parties includes any corporations that are part of a unitary business under the Nebraska Revenue Act of 1967, any business entities that are not corporations but which would be a part of the unitary business if they were corporations, and any business entities if at least 50 percent of such entities are owned by the same persons or related taxpayers and family members as defined in the ownership attribution rules of the Internal Revenue Code.

A taxpayer with multiple business locations or related parties in Nebraska must provide the Nebraska identification number for each entity and calculate the employment and investment credits using two methods. Rents between related parties cannot be included in the overall calculation, however the cost of the investment can be included.

1. Compute the credits for each separate qualified business location of the taxpayer. The credits must be totaled for locations that qualify.
2. Compute credits based on the total business activity in the state. Total the employment and investment at each location or for each entity, regardless of whether or not it is a qualified business activity. Calculate the credits due on the totals.

One business location includes two or more parcels of real property within the same municipality or the same county when the business activities occurring on such parcels are interdependent. Being parts of the same unitary business is not sufficient to show interdependence between such parcels.

The taxpayer is entitled to the smaller of the two credit amounts computed under methods 1 and 2. **Copies of all workpapers used to calculate the credits under both methods must be attached to Form 3800N when filed.**

**NOTE:** You must increase both your employment by at least two employees **and** your investment by at least \$75,000 at the **same location** to qualify for credits.

**FISCAL YEARS.** The tax year reported on the taxpayer's income tax return is the same period to be used when calculating the credits on Form 3800N.

**RECORDS.** All claimants must retain records for at least three years after the filing of the return claiming the credit. If the taxpayer will be utilizing the carryforward period to claim the credit calculated, the records supporting the original credit must be kept for a period of at least three years after the return is filed in which the credit carryforward is used.

**FAILURE TO MAINTAIN INVESTMENT AND EMPLOYMENT LEVELS.** A taxpayer is required to maintain the levels of employment and investment that created the credit for at least two years after the year in which the credit was allowed. If a taxpayer fails to maintain the required levels of employment and investment, the taxpayer will be subject to certain recapture provisions. The taxpayer will be required to repay to the state one-third of the amount of the credit used for each of the two subsequent years that the taxpayer has not maintained the required levels of employment and investment, and will not be entitled to any further carryover of unused credit.

### SPECIFIC INSTRUCTIONS

**LOCATION ADDRESS.** List the business location in Nebraska where the investment and expanded employment occurred. This should include street address and city. Do not include the company's headquarters address unless this is either where the expansion occurred in Nebraska, or the expansion was at multiple locations.

**LINE 1.** Mark the box applicable to the business where the expansion occurred. You must mark one of the boxes. If none of the boxes applies to your business, you do not qualify for the credit. Contact the Nebraska Department of Revenue if you have a question about the qualification of your business.

**LINE 2.** Mark whether the business is located in a single or multiple locations. Also mark if there are related parties. See instructions on "Multiple Locations or Related Parties."

**LINE 3.** Enter the percent of the total sales of the business which are retail sales to the ultimate user or consumer. Do not include on this line the sale of tangible personal property which is assembled, fabricated, manufactured, or processed by the taxpayer or which is used by the purchaser in a qualified business activity.

**LINE 4.** If you checked boxes 1 or 2, complete the entire form, as applicable.

If you checked box 1, you must increase your average employment by at least two full-time employees **and** your investment by at least \$75,000, in the same year.

If you checked box 2, you must increase your average employment by at least two full-time employees.

If you checked box 3, complete lines 1 through 8, 12 through 15, and 42 through 43. If you intend to reduce your income tax liability, complete lines 24 through 40 in addition to the other requirements.

**LINES 5, 6, 7, AND 8.** Enter the number of full-time employees employed during the current year and in the three preceding tax years. Only enter full-time employees. **Part-time employees and overtime hours worked are not converted to full-time equivalents.** Enter in lines 5 through 8 the number of Nebraska employees as of the **last day of the previous year end, the last day of each calendar quarter that is totally within the tax year, and the last day of the tax year.** On line 5, for example, a calendar year corporation would include in columns A through E the number of employees as of December 31, 1996, March 31, 1997, June 30, 1997, September 30, 1997, and December 31, 1997, respectively. A fiscal year corporation with a year beginning August 1, 1997 would enter the number of employees as of July 31, 1997, December 31, 1997, March 31, 1998, June 30, 1998, and July 31, 1998. Such a corporation would not enter the September 30, 1997 employment level because only part of the calendar quarter, the months of August and September, 1997, was within the fiscal year. Divide the average to one decimal point. **If you are filing a short period tax return, you must modify the employment calculations and divide by the applicable number of columns completed. Please contact the department for additional instructions.**

**LINE 9.** Enter the highest number of employees from lines 6, 7, or 8. If the business is new to Nebraska and did not have any Nebraska employees in one or more of the preceding tax years, enter 0.0 on lines 6, 7, 8, and 9, as appropriate.

**LINE 10.** The net increase in employment in Nebraska is the difference between line 5 and line 9. Round the result down to the lower whole number. Only claim the credit if the net increase is at least two **full-time** employees.

**If you are filing this form to claim employment credits, and your actual increase in employment prior to rounding is less than two full-time employees, you do not qualify for tax credits.** For example, if the average employment for the current year is 14.7, and the highest preceding year's average is 12.9, the difference is 1.8. Therefore, the taxpayer has not increased employment by at least two full-time employees, and is not eligible for the credit.

**LINES 12, 13, 14, AND 15.** Enter in columns A, B, and C the beginning, ending, and average amounts of Nebraska investment in the current year and the three preceding years. This would include only investment in improvements to real property and tangible personal property that are depreciable under the Internal Revenue Code. **Do not include land, vehicles, planes, railroad rolling stock, or computer software.** The value of the property owned by the taxpayer is its tax basis before depreciation. Property rented is to be valued at the annual rental obligation, multiplied by eight, on each of the measuring points. Do not use rental expense to value rental property.

**LINE 12b.** Attach a worksheet calculating your current end-of-year total Nebraska qualified investment. Please include in your worksheet the line entries and their amounts from your current federal return and schedules that will verify your total Nebraska qualified investment amount.

**LINE 19.** Divide line 18 by \$75,000 and enter the whole number resulting from the calculation. Round the result down to the lower whole number. For instance, if line 18 is \$360,000, the result from dividing by \$75,000 is 4.8, which is entered on line 19 as 4.0.

**LINE 22.** Enter the amount of Nebraska sales and use tax refunds claimed to date. This amount should include any amounts claimed, even if the taxpayer has not yet received the refund.

**LINE 36.** If you are not located in an enterprise zone, enter -0-. If you are claiming this credit, you must attach Nebraska Schedule I – Enterprise Zone Credit Computation.

**LINE 40.** Enter the difference between the total available credits, line 25, and the amount of the employment and investment credit used, line 34. This is the amount of the unused credit that can be carried over for five years, or used for sales tax refunds.

**LINES 41, 42, and 43.** If, in a previous year, you were required to recapture credits or lost credits because of failure to maintain the employment and investment levels that created the credits, check the "YES" box on line 41.

If you have maintained your employment and investment credits, check "NO" on lines 41 through 43.

If you checked "YES" on lines 41, 42, or 43, you may be subject to certain recapture provisions. Contact the Nebraska Department of Revenue, P.O. Box 94818, Lincoln, Nebraska 68509-4818, telephone (402) 471-5753, for further instructions.

**PART A.** If you are a partner, shareholder, member, or beneficiary who was allowed any of the credit of a partnership, S corporation, limited liability company, or fiduciary that distributes its income currently, list the name, address, Nebraska identification number, and your share of credit from each entity that was allowed such credit. If you are claiming only distributive credits, complete lines 23 through 40 and Part A. A copy of the Form 3800N filed by the partnership, S corporation, limited liability company, or fiduciary must be attached to the taxpayer's Form 3800N.

**PART B.** Each partnership, S corporation, limited liability company, and fiduciary that distributes its income currently must enter the name, social security or federal identification number, share of income or ownership, and share of the credit for each partner, shareholder, member, or beneficiary. The share of credit is determined by multiplying the amount from line 21 by the share of income or ownership of each partner, shareholder, member, or beneficiary.

**PART C.** If you are filing Form 3800N to claim an Employment and Investment Growth Act Credit distributed from a partnership, S corporation, limited liability company, or fiduciary that distributes its income currently, complete Part C. Indicate in the space provided your distributive share of the credit reported by the entity on Form 775N which was filed with its tax return.