Nebraska Department of REVENUE

Research Tax Credit Worksheet

for Tax Years 2009 and After.

For tax year beginning_____,_____and ending_____,_____

FORM 3800N Worksheet RD

Name as Shown on Form 3800N | Social Security Number or Nebraska ID Number

A Have you hired any new employees in Nebraska on or after the beginning of the tax year?

☐ Yes. Answer question B.

☐ No. Skip question B and complete the remainder of the worksheet.

B Have you verified the work eligibility of all newly-hired Nebraska employees through the United States Citizenship & Immigration Service's (USCIS's) E-Verify system? (see instructions)

☐ Yes, I have verified the work eligibility of all Nebraska employees newly-hired during tax year _____.
My E-Verify Identification Number is _____(required).

☐ No, I have NOT verified the work eligibility of all Nebraska employees newly-hired during the tax year. (STOP HERE. You cannot claim the Research Tax Credit.)

Please note that this, and the information that follows below, may be subject to further review or audit.

1 a	Enter the tax year end date you first took the **regular** research tax credit for research and experimental (R&D) activities in Nebraska (tax year 2006 or after)	**1a**	mo./day/year
b	Enter the tax year end date you first took the **enhanced** research tax credit for R&D activities taking place in Nebraska on the campus of a college or university (tax year 2009 or after) (see instructions)	**1b**	mo./day/year
2	Enter total amount of federal credit allowed for this tax year (from Federal Form 6765, line 38 or line 40). Do not include any amounts which were distributed on Federal Form 6765, line 39 (see instructions)	**2**	

ALTERNATIVE METHODS TO APPORTION CREDIT.
Complete either lines 3 through 9, or lines 10 through 20 (see instructions).

METHOD I – Apportionment Using Property and Payroll Factors

3	Nebraska property factor (attach schedule showing calculations)		
a	Off-campus, but in Nebraska	**3a**	%
b	On-campus in Nebraska. Address of college or university campus or facility in Nebraska: _____	**3b**	%
4	Nebraska payroll factor (attach schedule showing calculations)		
a	Off-campus, but in Nebraska	**4a**	%
b	On-campus in Nebraska	**4b**	%
5 a	Add lines 3a and 4a (off-campus)	**5a**	%
b	Add lines 3b and 4b (on-campus)	**5b**	%
6	Average property and payroll factors		
a	Off-campus (line 5a ÷ 2)	**6a**	%
b	On-campus (line 5b ÷ 2)	**6b**	%
7 a	Multiply line 2 x line 6a (off-campus)	**7a**	
b	Multiply line 2 x line 6b (on-campus)	**7b**	
8 a	Regular research tax credit (line 7a x 15%) (off-campus)	**8a**	
b	Enhanced research tax credit (line 7b x 35%) (on-campus)	**8b**	
9	Total research tax credit (line 8a plus line 8b)	**9**	

METHOD II – Apportionment Using Actual Expenditures

10	Enter amount of all qualified expenses for R&D activities **in Nebraska**	**10**	
11	Enter amount of expenses on line 10 which were **not** performed on the campus of a college or university	**11**	
12	Enter amount of expenses on line 10 which were performed on the campus of a college or university (line 10 minus line 11) Address of college or university campus or facility in Nebraska:_____	**12**	
13	Enter total amount of qualified expenses for R&D activities in all states (from Federal Form 6765, line 9 or line 28)	**13**	
14	Divide line 11 by line 13 (off-campus)	**14**	%
15	Divide line 12 by line 13 (on-campus)	**15**	%
16	Multiply line 2 × line 14 (off-campus)	**16**	
17	Multiply line 2 × line 15 (on-campus)	**17**	
18	Regular research tax credit (line 16 × 15%) (off-campus)	**18**	
19	Enhanced research tax credit (line 17 × 35%) (on-campus)	**19**	
20	Total research tax credit (line 18 plus line 19)	**20**	

Use of the Credit

21	Enter the larger of line 9 or line 20	**21**	
22	Amount of credit (refundable to the entity claiming the credit) from line 21 used on Nebraska income tax return (enter here and on line 23 of Form 3800N)	**22**	
23	Amount of credit from line 21 used for refunds of state sales/use taxes paid on qualifying expenditures (see instructions)	**23**	
24	Amount of credit from line 21 (nonrefundable) distributed to partners, shareholders, members, or beneficiaries (see instructions)	**24**	
25	Total credit usage (line 22 + line 23 + line 24). Total cannot exceed line 21	**25**	

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Schedule A — Distribution of Research Tax Credit

FORM **3800N** Worksheet RD

(A) Name of Partner, Shareholder, Member, or Beneficiary* (Attach schedule if additional space is needed)	(B) Social Security Number or Nebraska ID Number	(C) Share of Income or Ownership [Column (C) percentages must total 100%]	(D) Amount of Distributed Credit [Line 24 multiplied by Column (C) percentage]
1		%	
2		%	
3		%	
4		%	
5 Total [Column (D) total must equal the amount entered on line 24 of the Research Tax Credit Worksheet above.]		5	

*Note: Each partner, shareholder, member, or beneficiary must be notified of their distributed share of the research tax credit.

INSTRUCTIONS

WHO MAY FILE. Any business firm making expenditures in Nebraska for research and experimental (R&D) activities as defined in Internal Revenue Code (IRC) § 174 may claim a **regular research tax credit** equal to 15% of the federal credit allowed under IRC § 41. If R&D activities are performed in Nebraska on the campus of a college or university, or at a facility owned by a college or university, the **enhanced research tax credit** for that portion of the activities is 35% of the federal credit.

The term "on-campus" refers to activity that takes place in Nebraska either on a campus or at a facility owned by a college or university.

"Business firm" means any business entity including a sole proprietorship, partnership, corporation, limited liability company (LLC), fiduciary, joint venture, or other private entity that is subject to sales tax under Neb. Rev. Stat. § 77-2703.

Eligibility for benefits under the Nebraska Advantage Research and Development Act requires that a taxpayer verify, through the United States Citizenship and Immigration Services (USCIS) E-Verify system, the work eligibility status of all newly-hired Nebraska employees (i.e., those Nebraska employees hired on or after the first day of the tax year, or on and after October 1, 2009, whichever is later). Please refer to www.revenue.ne.gov/incentiv/e-verify_notice.html for more information about the E-Verify eligibility requirement.

WHEN AND WHERE TO FILE. This worksheet must be completed and attached to the Nebraska Incentives Credit Computation, Form 3800N. The research tax credit is available for the first tax year it is claimed, and for the four succeeding tax years.

SPECIFIC INSTRUCTIONS

LINE 1a. Enter the first tax year end date when the regular research tax credit was claimed. The regular research tax credit may be claimed for R&D activities in Nebraska beginning with tax year 2006. Beginning in tax year 2009, there is both a regular and an enhanced research tax credit for which you may qualify separately.

LINE 1b. The enhanced research tax credit is available for R&D activities occurring in Nebraska that are either on the campus of a college or university or at a facility owned by a college or university. 2009 is the first tax year that you may be eligible for the enhanced research tax credit.

LINE 2. Enter the amount of the federal credit allowed for increasing research activities from line 38 or line 40, as appropriate, of Credit for Increasing Research Activities, Federal Form 6765, for the applicable tax year.

- **If you are doing business only in Nebraska, and only at off-campus sites,** skip lines 3 through 20, and multiply the amount on line 2 by 15%. Enter this amount on line 21, and complete the remainder of the form.
- **If you are doing business only in Nebraska, and only at on-campus sites,** skip lines 3 through 20, and multiply the amount on line 2 by 35%. Enter this amount on line 21, and complete the remainder of the form. Provide the address of the college or university campus or facility in the space on line 3b. If more than one campus or facility was used, please indicate this and attach additional information on a separate sheet.
- **All others must complete either lines 3 through 9 or lines 10 through 20, depending on the method of apportionment selected, and enter the calculated credit on line 21. If you are unsure which apportionment method to use, you may complete both lines 3 through 9 and lines 10 through 20, and enter the larger of line 9 or line 20 on line 21. You do not have to use the same apportionment method for all years in which the credits are claimed.**

LINES 3 AND 4. The Nebraska property and payroll factors are determined pursuant to Neb. Rev. Stat. §§ 77-2734.12 and 77-2734.13, respectively. The on-campus property and payroll factors are calculated this same way, substituting "on-campus" for "in this state" as applicable. If you have both on-campus R&D activities and R&D activities that are in Nebraska, but off-campus, the numerators of the property and payroll factors for lines 3a and 4a must **exclude** the amount of the numerators of the on-campus property and payroll factors on lines 3b and 4b, respectively. Round the factors to 4 decimal places and enter as a percent. (Example: .24679 should be rounded and entered as 24.68%). Please attach a schedule showing your calculation of these apportionment factors. Provide the college or university campus or facility's address in Nebraska where the R&D activities take place in the space on line 3b. If more than one campus or facility was used, please indicate this and attach additional information on a separate sheet.

LINES 5 AND 6. Round the factors to 4 decimal places and enter as a percent. (Example: .24679 should be rounded and entered as 24.68%).

LINES 7a AND 7b. Multiply line 2 by the average factors calculated on lines 6a and 6b.

LINES 10 AND 13. Enter the total amount of qualified expenses for R&D activities in Nebraska and the total amount of qualified expenses in all states on these lines, respectively. The total amount of qualified expenses is line 9, or line 28, of Federal Form 6765.

LINES 11 AND 12. Enter on line 11 the total amount of qualified expenses for R&D activities in Nebraska which were **not** performed on the campus of, or at a facility owned by, a college or university. Subtract line 11 from line 10 and enter the difference on line 12. Provide the college or university campus or facility's address in Nebraska where the R&D activities take place in the space on line 12. If more than one campus or facility was used, please indicate this and attach additional information on a separate sheet.

LINES 14 and 15. Round the factors to 4 decimal places and enter as a percent. (Example: .24679 should be rounded and entered as 24.68%).

LINES 16 AND 17. Multiply line 2 by the factors calculated on lines 14 and 15.

LINE 21. This is your total available Nebraska research tax credit. Indicate in lines 22 through 24 how you wish to use this credit.

LINE 22. The amount of the research tax credit is refundable to the person or entity who created the credit, whether or not there is a liability shown on the return.

LINE 23. Claims may be filed quarterly for refunds of **state** sales/use taxes paid, either directly or indirectly, after filing the income tax return for the tax year when the credit was first allowed. A taxpayer **indirectly** pays **state** sales/use taxes when the taxes are paid by a contractor on annexed building materials in a project built for the taxpayer. **Local sales/use taxes may not be refunded.** The contractor must either certify the actual amount of taxes paid, or certify that **state** sales/use taxes were paid on all annexed building materials. The certification option presumes that 40% of the project's cost was for building materials on which the tax was paid. The contractor must maintain documentation to adequately support any certification made.

LINE 24. If credits are distributed to owners of the business firm, the credits must be distributed in the same percentage as income is distributed to the recipients. The credit is a **nonrefundable** credit in the hands of the recipient, and may only be used against the recipient's Nebraska income tax liability for the current year. Once distributed, a credit cannot be returned to the entity.