

Nebraska

★ The Cornhusker State ★

GENERAL

Forms online	https://revenue.nebraska.gov/about/forms	
Forms request	402-471-5729	NE and IA 800-742-7474
Tax assistance	402-471-5729	NE and IA 800-742-7474
Refund information	402-471-5729	NE and IA 800-742-7474
Website	www.revenue.nebraska.gov	

NEW FOR 2022

Stillborn child refundable credit. A credit of \$2,000 may be available to eligible parents.

Nebraska Property Tax Incentive Act credit. Beginning in tax year 2022, school district property taxes paid includes property taxes paid for a community college.

Student loan repayment assistance. A deduction is allowed for any amount received by the individual as student loan repayment assistance under the Teach in Nebraska Today Act to the extent included in federal AGI.

Nebraska Educational Savings Plan Trust. The definition of benefits is expanded in the Nebraska educational savings plan to include qualified education loan payments for the beneficiary or a sibling of the beneficiary, not to exceed \$10,000 for all taxable years combined.

Social security benefits. The exemption of federally taxable benefits has increased from 5% to 40% of benefits for non-low-income recipients. Low-income recipients may continue to exempt 100% of benefits.

Military retirement benefits exclusion has increased from 40% to 100%.

Firefighter cancer benefits. A new deduction exists for benefits received on or behalf of a firefighter to extent included in federal AGI.

Tax rates. Beginning in 2023, the maximum tax rate will progressively decrease to 6.64% in 2023, 6.44% in 2024, 6.24% in 2025, 6.00% in 2026, and 5.84% in 2027.

Draft state information. ~~The material in this tab, other than the tax tables, is based on 2022 draft forms, 2021 instructions, and 2022 legislative changes, as the state had not released final forms or draft instructions at the time this publication was completed. Check the Updates section of Quickfinder.com for any changes due to final forms and instructions.~~

RESIDENCY STATUS

Residents are taxed on entire federal AGI, even if some of it may have been earned for services performed outside Nebraska.

A resident is a person who is domiciled in Nebraska or has maintained a permanent place of abode within the state for an aggregate of more than six months and spent 183 days or more in Nebraska. A permanent place of abode does not include a vacation rental or dwelling place occupied only temporarily.

Domicile is the place an individual considers to be a permanent home, to which he intends to return after a period of absence. A person declaring a change in residence must show an intention to assume a new domicile while physically present in the new location for other than a temporary purpose, and must abandon his or her Nebraska domicile.

Part-year residents' tax liability is based on the percentage of Nebraska-source income to all income.

A part-year resident is a person who either establishes or ends his or her domicile in Nebraska during the tax year or resides in Nebraska for less than an entire year.

Nonresidents' tax liability is based on the percentage of Nebraska-source income to all income.

A nonresident is a person who is domiciled for the entire year in another state, and does not reside in Nebraska for 183 days or more during the year.

Military personnel are subject to tax only by the state of legal residence. If on active military duty status at any time during the year, check the "Active Military" box on page 1 of Form 1040N. The place of legal residence at the time of entry into the service is presumed to be the state of legal residence. Nebraska income tax is imposed on all federal AGI of a resident member of the armed forces, regardless of where the income is received. Nonresident military personnel stationed in Nebraska do not pay Nebraska income tax on their military pay. Other income earned in Nebraska is subject to Nebraska income tax. A spouse living in Nebraska for more than six months is a Nebraska resident. However, a military spouse present in Nebraska solely because the service member is stationed in Nebraska is considered a nonresident. Nonresident military personnel who file a married joint federal return may elect to file a Nebraska married joint return and can deduct any nonresident military service compensation included in the servicemember's federal AGI. The election is made by the nonresident servicemember filing a joint Nebraska return with the resident spouse.

FILING REQUIREMENTS

Residents must file if they:

- Are required to file a federal return and report a federal liability before credits or
- Have \$5,000 or more in Nebraska adjustments to federal AGI.

Nonresidents and part-year residents must file if they have income derived from or connected with Nebraska sources.

FORMS TO FILE

Form 1040N (Nebraska Individual Income Tax Return). Use for resident, part-year and nonresident returns.

Schedules I, II, III, attachment to Form 1040N, contains these schedules on one form:

- Schedule I (Nebraska Adjustments to Income). Use for residents, part-year and nonresidents to report adjustments increasing and decreasing federal AGI.
- Schedule II (Credit for Tax Paid to Another State). Use for full-year residents to claim a credit for taxes paid to another state.
- Schedule III (Computation of Nebraska Tax). Use for part-year and nonresident returns.

Form 3 (Nebraska and Local Individual Use Tax Return).

Form 1040N-ES (Nebraska Individual Estimated Income Tax).

Form 4868N (Nebraska Application for Automatic Extension of Time to File a Nebraska Individual Income Tax Return).

FILING STATUS

Nebraska filing status must generally be the same as federal. The qualifying widow(er) status equates to the federal qualifying surviving spouse status.

Exception: If a joint federal return was filed and the residency status of the two spouses is different, the couple may choose to file a joint return or separate returns.

- **Joint return.** If a joint Nebraska return is filed, the couple has made an election for both to be treated as Nebraska residents while

Continued on the next page

Nebraska

- **Financial institution tax credit.** Attach a copy of Form NFC to the Nebraska return.
- **Employer's credit for expenses incurred for TANF (ADC) recipients.**
- **Designated extremely blighted area tax credit.** Credit of \$5,000 if the taxpayer purchased a residence in a designated extremely blighted area. It must be the taxpayer's primary residence and cannot have been purchased from a family member. Attach Form 1040N-EB.

Tax after nonrefundable credits. Taxpayers who meet the following requirements are allowed to reduce Nebraska tax liability to the federal tax liability amount.

- Net adjustments increasing Nebraska income (Form 1040N, line 12 less line 13) must be less than \$5,000, and
- Nebraska tax after subtracting nonrefundable credits is greater than federal tax liability. Use the following worksheet.

Federal Tax Liability Worksheet

- 1) Enter total federal tax from lines 16 of Form 1040, and 1 and 8 of Form 1040, Schedule 2 1) _____
 - 2) Nebraska Form 1040N, line 17 minus line 27 2) _____
- Enter the smaller of lines 1 and 2 on line 29, Form 1040N, and check federal tax box if line 1 is used.

Refundable credits:

- **Form 3800N refundable credits.** See Form 3800N for a list of credits.
- **Child care expenses credit.** Available only if federal AGI (line 5 of Form 1040N) is \$29,000 or less. Only Nebraska full-year or part-year residents qualify for credit. The credit is not allowed if the taxpayer filed a federal joint return but a separate return for Nebraska. Complete Form 2441N to calculate the Nebraska credit. See the following schedule for the percentage of the federal credit that is allowable in Nebraska based on AGI.

Child Care Credit Schedule

Federal AGI over:	but not over:	Percent
\$ 0	\$ 22,000	100%
\$ 22,000	\$ 23,000	90%
\$ 23,000	\$ 24,000	80%
\$ 24,000	\$ 25,000	70%
\$ 25,000	\$ 26,000	60%
\$ 26,000	\$ 27,000	50%
\$ 27,000	\$ 28,000	40%
\$ 28,000	\$ 29,000	30%

- **Beginning farmer credit.** Granted to eligible claimants that receive Form 1099 BFC, Statement of Nebraska Tax Credit from the Nebraska Department of Agriculture.
- **Nebraska earned income credit.** Nebraska residents who have a federal earned income credit are allowed a state credit equal to 10% of the federal credit. If a federal NOL was claimed, the Nebraska credit may be reduced. Complete the worksheet on page 11 of the instructions to determine eligibility. Part-year residents must calculate on Schedule III. Nonresidents are not allowed this credit.
- **Nebraska Property Tax Incentive Act credits.** The Act allows a credit for school district taxes and community college property taxes paid during 2022 equal to 6% of the taxes paid. Attach Form PTC.
- **Qualified Volunteer Emergency Responders credit.**

- **Stillborn child tax credit.** A \$2,000 credit is allowed to the parent of a stillborn child in the year the still birth occurred. The child must have advanced to at least the 20th week of gestation and would have been a dependent of the taxpayer.

PART-YEAR AND NONRESIDENT SUMMARY

Schedule III

Use Schedule III, Form 1040N, for taxpayers filing a part-year or nonresident return to determine the tax on income derived from Nebraska sources. Nebraska-source income for a part-year resident includes all items of Nebraska-source income for a nonresident plus all of the income earned while a Nebraska resident that is not taxed by another state. Nebraska-source income includes the following:

- Wages, salaries, or other compensation earned in Nebraska.
- Distributive share of income and deductions from partnerships, limited liability companies, S corporations, cooperatives, estates, and trusts.
- Sale of any interest in real or tangible personal property in Nebraska.
- Business, trade, profession, or occupation carried on in Nebraska.
- Income from intangible personal property including annuities, dividends, interest, board of director payments, and gains from the sale of intangible personal property to the extent that this income is from activity or property used in a business, trade, profession, or occupation carried on in Nebraska.
- Capital gains or losses and net operating losses, determined solely with respect to income, gains, losses, and deductions obtained from or connected with sources in Nebraska.
- Rent and royalty income.
- Lottery prizes.
- Financial institution tax credit claimed.
- Nebraska unemployment compensation.
- Severance pay associated with Nebraska employment.
- Net operating loss carryforward.
- Dividends, interest, and other passive income.
- Farming and ranching income.

Adjustments to Nebraska-Source Income

Include the adjustments reported on lines 11 through 25 on Schedule 1 of federal Form 1040 that apply to income from Nebraska sources.

- Educator expenses, certain business expenses, self-employment tax and the penalty on early savings withdrawal are deductible only if directly related to Nebraska income reported on line 1 of Schedule III.
- Payments to an IRA, a self-employed (SE) health insurance, SIMPLE or SEP plan attributed to Nebraska income included on line 1 of Schedule III are deductible only to the extent of the ratio of the payments based on the Nebraska wages or SE income to the total wages or income for which the payments were made. Identify the adjustments.
- Student loan interest deduction and payments to an HSA are based on a ratio of Nebraska AGI to federal AGI after Nebraska adjustments.
- Alimony may be deducted based on the ratio of line 1 (of Schedule III) income reported to total income.
- Moving expenses as reported on federal Form 3903 may only be deducted by part-year residents who moved into Nebraska.

Nebraska

Ratio. The Nebraska ratio is determined by dividing Nebraska AGI by modified federal AGI. Calculate to six decimal places and round the decimal to five places. The ratio cannot exceed 100%. The ratio is applied to tax liability as calculated for full-year residents and to credits (including the personal exemption credit).

Calculating Tax—Part-Year and Nonresidents

Figure tax on Nebraska taxable income calculated as if for a full-year resident.

If taxable income is: Use:

\$66,460 or less and a paper return is filed.... 2022 Nebraska Tax Table on Page NE-7.

More than \$66,460 or return is e-filed..... 2022 Nebraska Tax Rate Schedules on Page NE-6.

Credits. Part-year residents are allowed credits for the elderly or disabled and for child and dependent care expenses. See *Nonrefundable credits* on Page NE-3 for a description of each credit. The refundable child care credit when AGI is \$29,000 or less should be calculated based using Form 2441N and entered on line 33 of Form 1040N, not Schedule III. Earned income credit is entered on line 11 of Schedule III for part-year residents only. Nonresidents are not allowed any credits other than the personal exemption credit.

Personal exemption credit is claimed on line 7 of Schedule III, not line 18 of Form 1040N. If credits are not used in their entirety against tax computed on line 6, the excess may be claimed against other taxes on line 10e.

ASSEMBLING RETURN

Attach required forms and schedules to Form 1040N.

Forms W-2, W-2G and 1099. Attach the state copy of Forms W-2, W-2G, 1099-R, 1099-MISC, 1099-NEC, and Schedules K-1N to the front of Form 1040N (if NE tax withheld).

Payment. Enclose a check or money order with the return. For electronic payments, see *Electronic Payments* on Page NE-5.

Federal attachments. A copy of the federal return and supporting schedules, as filed with the IRS, must be attached.

Other attachments. If claiming a credit for tax paid to another state, attach a complete copy of other state's income tax return.

Nonresidents claiming credit for Nebraska tax withheld by a partnership, LLC, S corporation, estate, or trust must attach a copy of the appropriate Schedule K-1N.

RETURN DUE DATE

Nebraska tax returns are due April 18, 2023.

RETURN MAILING ADDRESSES

Refund	Nebraska Department of Revenue P.O. Box 98912, Lincoln NE 68509-8912
Balance due or no tax	Nebraska Department of Revenue P.O. Box 98934, Lincoln NE 68509-8934
Make checks payable to "Nebraska Department of Revenue" and include the taxpayer's social security number and the tax year on the check.	

EXTENSIONS

Form 4868N

Allowable extension. Nebraska allows the following extensions:

- Attach a copy of a timely filed federal Form 4868 to the Nebraska return when filed.
- Attach a schedule to the Nebraska return explaining an automatic federal extension was received electronically. Also include the federal confirmation number.
- File Form 4868N to request up to a six-month extension if a federal extension is not requested or to make a Nebraska payment.
- Attach a copy of the statement requesting a federal extension for a U.S. citizen residing outside the United States or Puerto Rico.
- Military personnel serving in a combat zone are allowed the same extensions for filing Nebraska income tax as federal. No penalty or interest is charged or assessed during this period. To claim this status, print the geographic area military operation name and deployment dates in bold letters at the top of the return.
- Extensions are automatic for returns e-filed by an authorized IRS tax preparer.



Extension
mailing address

Nebraska Department of Revenue
P.O. Box 94818, Lincoln NE 68509-4818

ESTIMATED TAX

Form 1040N-ES

Filing requirements. Form 1040N-ES must be filed if Nebraska income tax can reasonably be expected to exceed withholding and other allowable credits by \$500 or more. An underpayment penalty may apply if payments (including withholding) are not at least:

- 90% of current-year tax liability,
- 100% of the prior-year tax (if the return covered a full 12 months) or
- 110% of the prior-year tax if federal AGI for the prior year was more than \$150,000 (\$75,000 MFS).

Qualified farmers. Nebraska follows federal rules. If qualify, check the "Farmer/Rancher" box on page 1 of Form 1040N.

Payment due dates. Nebraska follows federal rules.

Estimate
mailing address

Nebraska Department of Revenue
P.O. Box 98911, Lincoln NE 68509-8911

ELECTRONIC PAYMENTS

If making payment electronically, check the applicable box on Line 43 of Form 1040N. Payments of tax (including estimated tax payments) may be made through the e-pay system by:

- Internet: <https://revenue.nebraska.gov/individuals/individual-income-tax>

Credit card payments (Visa, Discover, American Express or Mastercard) can be made by:

- Telephone: 1-800-2PAYTAX (1-800-272-9829)
- Internet: www.acipayonline.com

Payments made by credit card may include a service fee.