



Individual Income Tax - Short Period Return. ANNUALIZATION OF TAX AND PRORATION OF THE PERSONAL EXEMPTIONS OR STANDARD DEDUCTION ARE NOT REQUIRED WHEN A SHORT PERIOD NEBRASKA INDIVIDUAL INCOME TAX RETURN IS FILED. THE FEDERAL TAXES THAT ARE RECOMPUTED FOR NEBRASKA PURPOSES MUST BE ANNUALIZED, IF REQUIRED FOR FEDERAL PURPOSES.

Advice has been requested on how to complete a Nebraska Individual Income Tax Return when filed for a short period.

A short period return filed by an individual is a return filed for a separate taxable year. The tax shall be computed in the same manner as a return for a full year. Annualization of the individual income tax is not required.

Individuals who file short period returns shall be allowed to reduce their adjusted gross income by the full Nebraska personal exemption amount. Those individuals who did not itemize their deductions for their federal returns will be allowed a full Nebraska standard deduction. Neither the exemptions nor the standard deduction amount is required to be prorated for the Nebraska return. Those individuals who itemized their deductions on their federal returns may subtract from Nebraska income the Nebraska standard deduction or the amount of their federal deductions as adjusted for Nebraska, whichever is larger. The total itemized deductions must be reduced by the amount of the federal deduction for state and local income taxes.

The federal taxes that are taxed directly by Nebraska, the federal alternative minimum tax, the tax on lump sum distributions, or the tax on a premature distribution from an Individual Retirement Account must be recomputed for Nebraska under the same method used for calculating these taxes on the federal return. Whenever annualization of these taxes is required under the Internal Revenue Code, it must also be used when recomputing the federal tax for Nebraska purposes.

APPROVED:

A handwritten signature in cursive script that reads 'John M. Boehm'.

John M. Boehm
State Tax Commissioner

May 2, 1988