



**Publication 1345N-MeF**

# Nebraska Handbook for

# Electronic Filers of Income Tax Returns

**Tax Year 2016**

Additional information can be found on the Department's [website](#).

*This guidance document is advisory in nature but is binding on the Nebraska Department of Revenue (Department) until amended. A guidance document does not include internal procedural documents that only affect the internal operations of the Department and does not impose additional requirements or penalties on regulated parties or include confidential information or rules and regulations made in accordance with the Administrative Procedure Act. If you believe that this guidance document imposes additional requirements or penalties on regulated parties, you may request a review of the document.*

*This guidance document may change with updated information or added examples. The Department recommends you do not print this document. Instead, sign up for the [subscription service](#) at [revenue.nebraska.gov](http://revenue.nebraska.gov) to get updates on your topics of interest.*

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# Nebraska E-file Electronic Filing Calendar

## For Tax Year 2016 Income Tax Returns

Begin Software Developer Testing .....(Same as Internal Revenue Service)

- Nebraska software developers must be approved by the Internal Revenue Service (IRS) before final approval with Nebraska.
- Transmitter Trading Partners must be accepted by the IRS prior to accessing the IRS Acknowledgment System.
- **Electronic Return Originators (EROs) are not required to file an application or perform state acceptance testing.**

Begin Transmitting MeF Returns to IRS/Nebraska Department of Revenue ..... (January 23, 2017)

Last Date for Timely Filed Individual Income Tax Returns ..... April 18, 2017

Last Retransmission of Rejected Timely Filed Returns .....(To Be Determined by IRS)

Last Date for Individual Income Tax Returns Filed Under Extension ..... October 16, 2017

Last Retransmission of Rejected Returns Filed Under Extension .....(To Be Determined by IRS)

Note: Nebraska only accepts calendar year individual income tax returns.

Nebraska accepts business income tax returns filed as calendar, fiscal, and short-period returns.

*NOTE: These dates are subject to change at any time.*

# Chapter 1

## Overview

**Individual Income Tax.** Nebraska taxpayers have two e-filing options. The Modernized E-file (MeF) program allows taxpayers to file federal and state returns at the same time. NebFile for Individuals (NebFile) is a free web-based state income tax filing program developed by the Department. Nebraska plans to open on the same day as the IRS. The Department's NebFile program will begin accepting electronically transmitted, tax year 2016 returns at approximately the same time the Federal/State MeF program opens. Paid tax preparers may also use NebFile to file their clients' state returns.

Most Nebraska taxpayers can file using the MeF program. Nebraska does not accept fiscal year-end tax returns filed using MeF. NebFile is for Nebraska full-year resident taxpayers filing calendar year-end returns. Also, taxpayers claiming certain credits or deductions may not use NebFile. See our [website](#) for additional information about NebFile.

**Business Income Tax.** Beginning for tax year 2016, business income tax filers may file the following returns using MeF: Forms 1120N, 1120-SN, and 1065N.

Nebraska plans to open MeF on the same day as the IRS. During 2017 the Department will only accept tax year 2016 returns for business. Most business income tax filers can use MeF when they are allowed to efile federally.

## Changes for Tax Year 2016

- [2016 Legislative Changes](#)

## Required Forms and Documentation

Not all software supports all Nebraska forms and schedules. If a required form or schedule cannot be e-filed include it as a binary attachment (PDF) if your software supports binary attachments. If the PDF attachment is not an available option, the Department may request the documentation from the taxpayer after the return is received. Tax preparers are encouraged to provide their clients with copies of all documents that could not be e-filed or attached to the return. Ask the client to keep the supporting documents and only mail them to the Department if they receive a written request from the Department. Ask your software provider to confirm whether or not it supports all lines on each Nebraska return.

## Publications and Other E-file Information

This document, **Publication 1345N-MeF Nebraska Handbook for Electronic Filers of Income Tax Returns**, provides e-file information specific to the Department. This handbook highlights the special features for Nebraska, and should be used in conjunction with IRS e-file publications. All rules, regulations, and requirements governing tax preparers, transmitters, and originators of returns put forth by the IRS are in effect for the Department. Detailed instructions on hardware, transmission procedures, policies, etc. provided by the IRS also apply to the Nebraska program.

Visit [revenue.nebraska.gov](http://revenue.nebraska.gov) for the latest news about the Department's electronic filing and payment programs and to download state forms, tables, and publications.



Information on the Department's website may change periodically. Sign up for a [FREE subscription service](#) to get updates on your topics of interest.

## Common Errors on the State Return

Although the error rate on e-filed returns is very low, occasionally an error does occur. **Any error requiring human intervention will delay the processing of your client's return. Certain correctable errors may cause a return to be rejected.** Here are some tips to avoid errors.

- Ensure that ERO and paid tax preparer information such as PTIN, firm EIN, name, and telephone number have been correctly entered on the state return.
- Know whether your software supports a particular form or form line before preparing a return that requires it. Remember to scan and attach PDFs, when needed to complete the return. If documentation cannot be included in the e-filed return, be sure to provide the taxpayer a copy that can be sent to the Department upon request.
- Make sure the schedules and worksheets are prepared correctly and completely.

**Report all problems with your software to your software provider.** The Department will work with your software provider to correct these errors; however, it is your responsibility to provide error-free returns.

**Please remind your clients not to mail printed copies of their e-filed tax return to the Department unless directed to do so by the Department.**

# Chapter 2

## Application and Participation

### MeF Tax Preparer Participation

E-filing for Nebraska income tax returns is available to all tax preparers who have been accepted by the IRS for participation in the Federal/State MeF E-file program. For Nebraska purposes, there are three basic classifications of trading partners in this program: EROs, transmitters, and software developers.

- An ERO enters tax returns on a computer using software that has been approved by both the IRS and the Department. These returns are intended for electronic transmission to the IRS. A company may be both an ERO and a transmitter, or an ERO may have an arrangement with a third-party transmitter to use their communications services. **Nebraska does not license EROs. Acceptance by the IRS is automatic acceptance for Nebraska.**
- Transmitters directly transmit electronic returns to the IRS Service Center using IRS approved software, and retrieve both federal and state acknowledgments. **Nebraska does not license or require transmitters to test with the Department. In the MeF program, returns are primarily transmitted by software developers.**
- Software developers create and market software that formats the electronic returns and allows the data to be transmitted via computers. All software developers in the Federal/State E-file program must complete testing with the IRS. Software developers for Nebraska e-file returns must also complete testing and be approved by the state.

### EROs and Paid Tax Preparers

All EROs accepted in the federal program are assigned an Electronic Filing ID Number (EFIN) by the IRS. Your EFIN is also used by the Department to identify you. When returns are submitted, paid tax preparer information must also be provided.

EROs are required to use software approved by the Department. Approved e-file software products are listed on the [Department's Tax Preparer Page](#).

- EROs must confirm that they, their software vendor, or their third-party transmitter/trading partner have the capability of transmitting Nebraska filing data together with the federal data to the IRS processing center.
- EROs must confirm that they, their software vendor, or their third-party transmitter/trading partner have the capability to download and provide both federal and state acknowledgments.

The ERO is responsible for verifying that the Nebraska return has been properly prepared, accepted by the IRS, and accepted by the Department.

## **Transmitters**

- Transmitters must follow all IRS-required deadlines, transmitting procedures, communication requirements, and technical specifications.
- Transmitters who transmit Nebraska returns for an ERO are required to supply the ERO with the Nebraska acknowledgment in a timely manner.
- All transmitter trading partners are required to test with the IRS at the appropriate processing site. No testing is required for the state.

# Chapter 3

## MeF Implementation

### Income Tax State Forms Accepted

The Department accepts calendar year original individual income tax returns for tax years 2014, 2015, and 2016 through the Fed/State MeF program. Taxpayers filing federal form 1040NR may not e-file their Nebraska return. Amended returns may not be e-filed. The Department accepts original business income tax returns for tax year 2016. See the list below for supported Nebraska forms.

Form Name	Form Title	Accepted Submission Method
<b>Individual Income Tax Forms (1040N)</b>		
Form 33	Power of Attorney	Binary Attachment
Form 1040N	Nebraska Individual Income Tax Return	XML Only
Form 1310N	Statement of Person Claiming Refund Due a Deceased Taxpayer	XML, Binary Attachment
Form 1310N Proof of Death or Personal Representative Documents	Death Certificate, Department of Defense Death Notification, Court Order for Court-appointed or Certified Personal Representative, Copy of Probated Will	Binary Attachment
Form 2210N	Individual Underpayment of Estimated Income Tax	XML, Binary Attachment
Form 2441N	Nebraska Child and Dependent Care Expenses	XML, Binary Attachment
Form 3800N	Nebraska Incentives Credit Computation for Tax Years After 2014	XML, Binary Attachment
Form 775N Nebraska Employment & Investment Growth Act Credit	(Required for line 4, Form 3800N)	Binary Attachment
Form 3800N Nebraska Advantage Act Application Part 3	(Required for line 13, Form 3800N)	Binary Attachment
Form 3800N Biodiesel Facility Credit Worksheet	(Required for line 9, Form 3800N)	Binary Attachment
Form 3800N Nebraska Advantage Rural Development Act LB 608 Credit Worksheet	(Required for line 13, Form 3800N)	Binary Attachment



<b>Form Name</b>	<b>Form Title</b>	<b>Accepted Submission Method</b>
Form 3800N Qualification Letters	(Required for lines 6 and 13, Form 3800N)	Binary Attachment
Form 3800N Renewable Energy Tax Credit Worksheet	(Required for line 5, Form 3800N - part of Form 3800N schema)	XML, Binary Attachment
Form 3800N Worksheet RD	(Required for line 15, Form 3800N)	Binary Attachment
Form 4797N	Special Capital Gains/Extraordinary Dividend Election and Computation	XML, Binary Attachment
Form CDN	Nebraska Community Development Assistance Act Credit Computation	XML, Binary Attachment
Schedule K-1N	Schedule K-1N of Form 1120-SN, Schedule K-1N of Form 1065N, and Schedule K-1N of Form 1041N	XML, Binary Attachment
Form NFC	Statement of Nebraska Financial Institution Tax Credit	XML, Binary Attachment
Form NOL	Nebraska Net Operating Loss Worksheet	XML, Binary Attachment
Form 1040N, Schedule I	Nebraska Adjustments to Income	XML Only
Form 1040N, Schedule II	Credit for Tax Paid to Another State	XML Only
Form 1040N, Schedule III	Computation of Nebraska Tax for Nonresidents and Partial-Year Residents	XML Only
IRS Form 1099-R	(Required if showing NE withholding)	XML, Binary Attachment
IRS Form 1099B	(Required if showing NE withholding)	XML, Binary Attachment
IRS Form W-2	(Required if showing NE withholding)	XML, Binary Attachment
IRS Form W-2G	(Required if showing NE withholding)	XML, Binary Attachment
State Form 1099-G	(Required if showing NE withholding)	XML, Binary Attachment
State Form 1099-INT	(Required if showing NE withholding)	XML, Binary Attachment
State Form 1099-MISC	(Required if showing NE withholding)	XML, Binary Attachment
<b>Corporate Income Tax Forms (1120N)</b>		
Form 1120N	Nebraska Corporation Income Tax Return	XML Only
Form 1120N, Schedule A	Adjustments to FTI	XML Only
Form 1120N, Schedule I	Apportionment for Multistate Business	XML Only
Form 1120N, Schedule II	Foreign Dividend and Special Foreign Tax Credit Deduction	XML Only
Form 1120N, Schedule III	Subsidiary or Affiliated Corporations	XML Only
Form 1120N, Schedule IV	Converting Net Income to Combined Net Income	XML Only

<b>Form Name</b>	<b>Form Title</b>	<b>Accepted Submission Method</b>
Form 2220N	Corporation Underpayment of Estimated Income Tax	XML, Binary Attachment
Form 3800N	Nebraska Incentives Credit Computation for Tax Years After 2014	XML, Binary Attachment
Form 775N, Nebraska Employment & Investment Growth Act Credit	(Required for line 4, Form 3800N)	Binary Attachment
Form 3800N, Nebraska Advantage Act Application Part 3	(Required for line 13, Form 3800N)	Binary Attachment
Form 3800N, Biodiesel Facility Credit Worksheet	(Required for line 9, Form 3800N)	Binary Attachment
Form 3800N, Nebraska Advantage Rural Development Act LB 608 Credit Worksheet	(Required for line 13, Form 3800N)	Binary Attachment
Form 3800N, Qualification Letters	(Required for lines 6 and 13, Form 3800N)	Binary Attachment
Form 3800N, Renewable Energy Tax Credit Worksheet	(Required for line 5, Form 3800N - part of Form 3800N schema)	XML, Binary Attachment
Form 3800N, Nebraska Advantage Research And Development Act Credit Worksheet	(Required for line 15, Form 3800N)	Binary Attachment
Form CDN	Nebraska Community Development Assistance Act Credit Computation	XML, Binary Attachment
WksNENOL	Nebraska Corporation Net Operating Loss Worksheet	XML, Binary Attachment
<b>S Corp Income Tax Forms (1120-SN)</b>		
Form 1120-SN	Nebraska S Corporation Income Tax Return	XML
Form 1120-SN, Schedule A	Adjustments to Ordinary Business Income	XML
Form 1120-SN, Schedule I	Apportionment for Multistate Business	XML
Form 1120-SN, Schedule II	Shareholder's Share of Nebraska Income	XML
Form 1120-SN, Schedule III	Subsidiary or Affiliated Corporations	XML
Form 3800N	Nebraska Incentives Credit Computation for Tax Years After 2014	XML, Binary Attachment
Form 775N, Nebraska Employment & Investment Growth Act Credit	(Required for line 4, Form 3800N)	Binary Attachment

<b>Form Name</b>	<b>Form Title</b>	<b>Accepted Submission Method</b>
Form 3800N, Nebraska Advantage Act Application Part 3	(Required for line 13, Form 3800N)	Binary Attachment
Form 3800N, Biodiesel Facility Credit Worksheet	(Required for line 9, Form 3800N)	Binary Attachment
Form 3800N, Nebraska Advantage Rural Development Act LB 608 Credit Worksheet	(Required for line 13, Form 3800N)	Binary Attachment
Form 3800N, Qualification Letters	(Required for lines 6 and 13, Form 3800N)	Binary Attachment
Form 3800N, Renewable Energy Tax Credit Worksheet	(Required for line 5, Form 3800N – part of Form 3800N schema)	XML, Binary Attachment
Form 3800N, Nebraska Advantage Research And Development Act Credit Worksheet	(Required for line 15, Form 3800N)	Binary Attachment
Form CDN	Nebraska Community Development Assistance Act Credit Computation	XML, Binary Attachment
Form 1120-SN, Schedule K-1N	Shareholder's Share of Income, Deductions, Modifications, and Credits	XML, Binary Attachment
Form 12N	Nebraska Nonresident Income Tax Agreement	Binary Attachment
<b>Return of Partnership Income Forms (1065N)</b>		
Form 1065N	Nebraska Return of Partnership Income	XML
Form 1065N, Schedule A	Adjustments to Ordinary Business Income	XML
Form 1065N, Schedule I	Apportionment for Multistate Business	XML
Form 1065N, Nebraska Schedule ELP	Income Reported to Partners by Electing Large Partnership Filing Federal Form 1065B	XML
Form 1065N, Schedule II	Partner's Share of Nebraska Income	XML, Binary Attachment
Form 3800N	Nebraska Incentives Credit Computation for Tax Years After 2014	XML, Binary Attachment
Form 775N, Nebraska Employment & Investment Growth Act Credit	(Required for line 4, Form 3800N)	Binary Attachment
Form 3800N, Nebraska Advantage Act Application Part 3	(Required for line 13, Form 3800N)	Binary Attachment
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Form 3800N, Renewable Energy Tax Credit Worksheet	(Required for line 5, Form 3800N - part of Form 3800N schema)	XML, Binary Attachment
Form 3800N, Nebraska Advantage Research And Development Act Credit Worksheet	(Required for line 15, Form 3800N)	Binary Attachment
Form CDN	Nebraska Community Development Assistance Act Credit Computation	XML, Binary Attachment
Form 1065N, Schedule K-1N	Partner's Share of Income, Deductions, Modifications, and Credits	XML, Binary Attachment
Form 12N	Nebraska Nonresident Income Tax Agreement	Binary Attachment

**Check with your software provider if you have questions about which Nebraska forms it supports.**

# *Chapter 4*

## Contents of the Electronic Return

### Contents of the MeF Electronic Return

The Nebraska MeF return consists of the state return and all required forms, schedules, worksheets, and other supporting documentation. The Nebraska MeF return also contains a copy of the taxpayer's federal return. Nebraska requires a complete copy of the federal return as filed with the IRS to be included in the Nebraska submission package. This data is supplied directly to Nebraska by the taxpayer and is not disclosed by the IRS.

Nebraska submissions may be transmitted independently of federal submissions. These Nebraska submissions may either be stand-alone (unlinked), or they may be linked to a federal submission that was previously transmitted. A Nebraska submission is linked to a federal submission, whether or not they are part of the same transmission, by inserting the Submission ID of the federal return in the submission manifest of the Nebraska submission.

### Portions of the Non-Electronic Return

**Retained by the ERO.** Non-electronic portions of the Nebraska return must be retained by the ERO for a period of three years from the due date and include the following:

- State copies of all withholding documentation showing withholding for Nebraska; and
- All federal forms and schedules and other states' returns needed to substantiate the Nebraska return. Please refer to the Nebraska instructions for the type of form you are filing when determining which forms must be retained. These consist of any federal or other state forms normally attached to a paper Nebraska return.

The Department may require that the ERO provide copies or originals of this documentation upon request. If an ERO ceases business operations, they still have the obligation to retain and make available the records for three years or provide all records to the Department. If the business is sold, the records must be passed on and retained by the new owners.

If either of the two conditions above is true, the ERO has the option of either providing these documents to the taxpayer, or mailing them to the Department. **NOTE: If the site is a for-profit business also submitting returns for the general public, the three-year retention rule remains in force.**

**EROs must retain the non-electronic portions of the Nebraska return unless they are exempted when the return is prepared at:**

- A military base,
- A volunteer income tax assistance (VITA) site,
- A tax counseling for the elderly (TCE) site, or;
- The ERO is filing his or her own return.

## **IRS and State Data Consistency Validations**

The Department will compare certain fields on the federal return to corresponding fields on the Nebraska return. If a Nebraska return is found to be inconsistent with the federal return, a full Nebraska acknowledgment containing a Business Rule "Reject" Code will be returned to the transmitter.

# Chapter 5

## Acknowledgments

The Nebraska acknowledgment informs the transmitter and tax preparer that a return has been accepted or rejected by the Department. If a return has been rejected, the acknowledgment will include a reject code explaining the error. Most rejected returns can be corrected and resubmitted as electronic returns.

### MeF Acknowledgments

The IRS will host both federal and state acknowledgments for retrieval by transmitters (single point acknowledgments). Nebraska will create the state acknowledgments, and transmit them to the IRS.

The Nebraska acknowledgment will indicate whether the return is accepted or rejected by the state.

Acknowledgments will normally be created and transmitted to the IRS on the same day as receipt of the return submission. Acknowledgments will be in XML format, following schemas provided by the IRS.

Accepted returns may still contain errors found during processing. The taxpayer will be contacted by the Department requesting documentation when required, or will receive an explanation of the error.

### Missing Acknowledgments

Acknowledgments are consistently created for all Nebraska returns downloaded from the IRS, and then transmitted to the IRS for delivery to the transmitter trading partner's mailbox.

- **EROs** using a third party transmitter. If you have not been provided a Nebraska acknowledgment within one day of receipt of your federal acknowledgment (when state and federal were transmitted together), **report this to your transmitter trading partner.**
- **Transmitters** experiencing problems related to IRS connections, should contact your IRS representative.

### Conversions to Paper Returns

**It is best to re-submit a rejected return electronically, rather than filing it on paper.** If your software does not support re-transmission of a rejected state return, the procedure for conversion to paper is as follows:

1. Correct all errors on the return;
2. Print a copy of the electronic return from your software (or prepare one by hand) and have the taxpayer sign it;
3. Attach income tax withholding documents, all additional state and federal forms, schedules, and any other documentation needed to substantiate the state return; and

4. Mail individual income tax returns to –  
Nebraska Department of Revenue  
c/o Processing Resolution  
PO Box 98903  
Lincoln, NE 68509-8903.
5. Mail business income tax returns to –  
Nebraska Department of Revenue  
c/o Processing Resolution  
PO Box 94818  
Lincoln, NE 68509-4818



# Chapter 6

## Electronic Refunds and Payments

### General Rules Regarding Electronic Banking

Electronic banking refers to refunds deposited by direct deposit, balance dues and estimated payments sent by electronic funds withdrawal (EFW), or payments made through the Department's e-pay system. Rules and procedures for these electronic banking options and for credit card payments are covered below. Invalid or missing banking information will typically result in the return being rejected. To assure that the direct deposit or electronic payment works correctly, please follow these rules:

- Include valid information within the Nebraska electronic return including, taxpayer bank routing transit number, account number, type of account, (and debit date and debit amount if EFW is used).
- Do not change or close bank accounts between the time a taxpayer files their tax return and the date their electronic banking request is processed.
- The Department will not process banking requests when the tax return has the International ACH Transaction (IAT) checkbox checked. The ERO is required to ask the taxpayer if the banking institution that has been designated is located outside of the U.S. Refunds that are requested to be paid by direct deposit and whose ultimate destination is to a bank outside of the U.S. will be converted to a paper check and mailed to the address on record. EFWs that request a debit from a bank located outside of the U.S. will be cancelled, and taxpayers will be notified that they must make their payment using another method.

Errors that will cause the return to be rejected include:

- The indicated Bank Routing Transit Number (RTN) is invalid;
- The bank account number is missing or invalid;
- A requested payment date is invalid, missing, or more than 14 days in the past; or
- A requested payment amount is more than 50% above the amount owed.

### Corporate and Individual Income Tax Refund Options

Taxpayers may elect to have their refund credited in one of the following ways:

- Direct deposited electronically into their financial institution account;
- Applied as an estimated payment to next year's tax liability;
- Have all or a portion of the individual income tax overpayment donated to the Wildlife Conservation Fund; or
- Sent as a paper refund check.

Note: Overpayments made by partnerships may not be applied to next year estimated payments. Partnership refunds may only be issued by paper check.

## Direct Deposit Instructions

State refunds by direct deposit are electronically transferred to **a single** financial institution account as indicated on the e-filed state record. The financial institution accounts into which the Nebraska refund and the IRS refund are deposited may be different.

When the return contains errors, the Department may convert the refund to a paper check.

The Department neither supports nor prohibits Refund Anticipation Loans (RALs). The State of Nebraska is not liable for any loss suffered by any party as a result of the Department's denial of all or a portion of a refund claim request.

## Balance Due Options

**If the taxpayer has a balance due return or owes estimated income tax, they may elect to remit their tax in one of the following ways:**

- Request through the electronic return that funds be debited electronically from their financial institution account (EFW);
- Initiate a payment on the Department's website using the [e-pay system](#). There are many benefits to using this system to arrange electronic payments. Check the Department's website for details;
- Initiate a payment by credit card through [Official Payments](#); or
- Mail in a check or money order attached to a Nebraska Payment Voucher for the appropriate tax program.

If your client is unable to pay their full amount of tax due, they may be eligible for the [Department's Payment Plan program](#).

Note: Some business taxpayers are required to make all payments electronically. Partnerships may not make a payment by credit card.

## Electronic Funds Withdrawal Instructions and Estimated Payments

Procedures and rules for EFW include:

- For Nebraska returns, EFW is available for both the IRS Federal/State E-file Program and the NebFile program. Estimated payments can only be scheduled through EFW with the Federal/State E-file Program, and only if your software supports this option.
- The date you want the payment withdrawn from the account (debit date) can be any date from the date the return is filed, through the due date. A debit date specified for the due date of the return will be considered timely, provided the return is filed on or before the due date. Penalty and interest will be assessed for late payments, so allow adequate time to have the payment debited.
- The debit amount can be up to 50% more or less than the amount owed; however, if it is less, the taxpayer will be billed for any tax still owed, and if it is after the due date, penalty and interest will be applied. Any amount of \$2 or more paid over the amount of tax, penalty, and interest will be refunded.

- It can take the Department up to three days from the date the federal return is transmitted to complete the debit. Timeliness is based on the specified debit date, not on when the funds settle. Accepted returns filed on the due date with the debit date set to the due date will be considered timely.
- If the return is transmitted after the due date, the financial institution account will be debited on the next business day following receipt of the return by the Department. Accounts will **not** be debited prior to the requested debit date.
- EFWs can be cancelled any time up to two days prior to the debit date. To cancel an EFW, the taxpayer, or their authorized Power of Attorney, must call Taxpayer Assistance at 800-742-7474 (NE and IA), or 402-471-5729. Proof of identity must be provided before an EFW can be cancelled.
- It is possible that your client's return could have calculation errors that would change a balance due return into a refund return. **If your clients receive a refund from the Department due to calculation errors, be sure to have them cancel their EFW.**

## EFW and Perfection Periods

Federal and state perfection periods for your tax return do not apply to tax payments. If your federal or state return is rejected on or near the due date, it is recommended that the state EFW payment not be retransmitted with the state return. The balance due can be paid through the Department's e-pay program, or by credit card (except Partnership), check, or money order.

If you have questions on how the EFW payment option works or problems with your payment, contact Taxpayer Assistance at 800-742-7474 (NE and IA), or 402-471-5729.

## E-pay System Instructions for Final and Estimated Income Tax Payments

An alternative to EFW is to use the e-pay system to remit your client's tax payments. A benefit of using the [e-pay system](#) is that it allows for multiple payments from multiple accounts, and provides a confirmation that the payment was scheduled. Like EFW, it also allows you to schedule estimated payments for your clients. Here are some basic instructions for using e-pay.

- You must provide a valid email address to use the e-pay system. The confirmation number will be emailed to this address after completion of the payment.
- You can make a payment at any time; however, a payment must be initiated prior to 5:00 p.m. Central Standard Time on the due date to ensure it is timely (a scheduled payment date of the next business day is considered timely).
- Contact information is needed to match the payment to the tax return (professional tax preparers may substitute their email address for the taxpayer's email address).
- On the Review Payment page, review and make corrections if necessary. When finished, click on the box accepting the "Terms and Conditions," and then click on "Confirm."
- Once the payment details have been entered, the final page is the Payment Confirmation page. Although the e-pay system will send you (or your client) an email confirmation, it is always best to either print this page or record the confirmation number shown. This is the receipt of payment. **If you do not receive a confirmation number on the final page, the payment has not been completed.**

- When making estimated payments, first time users must first click on “Register” and then complete the registration by entering the SSN or Nebraska ID, password, and other contact information. When scheduling an individual income tax payment be sure to use the primary SSN you will report on the Nebraska individual income tax return. The system provides a page to enter the payment amounts, and scheduled payment dates. Each payment must be scheduled separately; however, users only have to register once.

## Credit Card and Payment Voucher Instructions

### Procedures and rules for making tax payments by credit card include:

- Credit cards can be used for both final and estimated payments for all income tax filers (except Partnership) regardless of the method used to file their return. Paper filers can also use credit cards to pay their liability.
- Payments are currently originated through [Official Payments](#). **The Department may approve other payment origination vendors subsequent to the release of this publication. See the [Department’s website](#) for updates.**
- Credit cards supported include VISA, MasterCard, Discover, and American Express. Official Payments will charge a convenience fee of 2.35% (minimum of \$1) of the payment amount. Users are told of the fee amount when making the transaction, and they have the option of cancelling the transaction. This fee is paid to the credit card vendor and will appear on the taxpayer’s credit card statement separately from the tax payment. Only the tax amount is paid to the state.
- Payments can be made by credit card over the Internet or by phone. If you choose to use Official Payments, go directly to [officialpayments.com](http://officialpayments.com) or call **1-800-272-9829** and enter 3700 as the Nebraska Jurisdiction Code.
- The payment will be effective on the date the transaction is completed with the credit card vendor.
- A confirmation number is given at the completion of the transaction.
- Payments must be made on or before the due date to avoid penalty and interest.
- If your client pays by credit card, and later cancels the payment, the taxpayer could be assessed penalty and interest for nonpayment or late payment.
- Any amount paid that is \$2 or more over the amount due will be refunded.
- No credit card information is sent with the return. This transaction is strictly between Official Payments and the taxpayer, or the taxpayer’s representative. Any disputes specific to the card payment are strictly between the credit card vendor and the taxpayer.

### Procedures and rules for mailing in tax payments using the Payment Voucher, Forms 1040N-V, 1065N-V, and 1120N-V:

**Taxpayers who e-file may remit their tax liability by check or money order using the appropriate voucher.** An ERO who files a balance due electronic return for a client taxpayer **must** provide the taxpayer with the appropriate Nebraska voucher **unless payment is made by e-pay, EFW, or credit card.** EROs must inform their taxpayer clients of the procedures to follow for payment of Nebraska balance due returns, and that the full amount due must be paid by the due date to avoid penalty and interest. When filing Form 1040N, Form 2210N, Penalty for Underpayment of Estimated Tax, may still apply. When filing Form 1120N, Form 2220N, Corporation Underpayment of Estimated Income Tax, may still apply.

Please consider the following when remitting the taxpayer's balance due:

- Income tax not paid by the due date will incur penalty and interest, regardless of payment method.
- A Nebraska Balance Due Notice will not be issued until after the due date, unless a payment has been made and is less than the tax amount owed, or the electronic return incorrectly indicates a refund when the Department calculates a balance due.
- Be sure all parts of the payment voucher are complete, including names, address, and SSN or Nebraska ID numbers.

# **Chapter 7**

## **Nebraska Signature Policy**

For Nebraska, the act of e-filing is the taxpayer's signature. All software should display the following statement prior to the return being submitted:

The act of e-filing a return is your signature. By e-filing the return, taxpayers, and their tax preparer, 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.

Individual income tax returns filed through the Department's Internet-based NebFile program will require a state-assigned password. The taxpayer's state-assigned password is emailed after completion of an online registration within the NebFile system. EROs may consider using the NebFile system to file their clients' state returns.

# Chapter 8

## Responsibilities of Participants

E-filers (transmitters and EROs) must abide by all of the following requirements.

### Compliance, Monitoring, and Suspension

All electronic filers must comply with the requirements and specifications set forth in IRS publications and in this handbook. All tax information must be kept confidential. The Department may monitor an ERO for conformity with this publication. The Department can immediately suspend, without notice, an ERO from the e-file program. If the IRS suspends an ERO, they are automatically suspended from the Nebraska e-file program as well. Monitoring will include random sampling of all associated documentation for compliance.

### Timeliness of Filing

Transmitters must ensure that electronic returns are filed in a timely manner. The Department does not consider all returns timely that are filed within the perfection period. Only the resubmitted returns are considered timely. **Transmitters must provide the Nebraska acknowledgment to the ERO in a timely manner.** The state acknowledgment should be received by the ERO before considering the state return received.

### Amending Tax Returns

If the ERO or taxpayer wishes to make any changes after the return has been acknowledged as accepted by the state, a paper amended return, must be filed. **Currently, amended returns cannot be submitted electronically.** Nebraska amended returns must be mailed to the following address:

Individual Income Tax Returns:  
Nebraska Department of Revenue  
PO Box 98911  
Lincoln, Nebraska 68509-8911.

Business Income Tax Returns:  
Nebraska Department of Revenue  
c/o Processing Resolution  
PO Box 94818  
Lincoln, NE 68509-4818

# Chapter 9

## Department Contacts

### Nebraska Contacts

#### Electronic Filing Coordination

402-471-5649

General Contact

State Record Layouts & Software Guidelines

Electronic Return Error Resolution

Direct Deposit / Electronic Funds Withdrawal Error Resolution

Software Developer Approval

#### Nebraska Taxpayer Assistance

If calling from Nebraska or Iowa

800-742-7474

If calling from outside of Nebraska or Iowa

402-471-5729

#### Nebraska Department of Revenue Website

[revenue.nebraska.gov](http://revenue.nebraska.gov)

### Using the Department's Website

If you are an ERO, go to the [Department's website](#), and click on "Tax Preparers" to find information about the e-file program, and to download or read useful forms, files, and publications.



Information on the Department's website may change periodically. Sign up for a [FREE subscription service](#) to get updates on your topics of interest.



# Chapter 10

## Important MeF Concepts and E-File Terms

**Acceptance or Assurance Testing (ATS).** ATS is a testing process for software developers and transmitters who participate in IRS and Federal/State MeF e-file programs. This testing establishes that MeF software products and transmission capabilities comply with IRS and state requirements prior to live processing.

**Acknowledgment (ACK).** An ACK report identifies the returns in each transmission that are accepted or rejected for specific reasons.

**Authorized IRS e-file Provider (Provider).** A provider is an IRS-defined term for a firm accepted to participate in IRS e-file.

**Automated Clearing House (ACH).** ACH is a system that administers electronic funds transfers (EFTs) among participating financial institutions, such as direct deposit or electronic funds withdrawal.

**Depositor Account Number (DAN).** A DAN is a financial institution account to which a direct deposit refund is routed.

**Direct Deposit.** A direct deposit is an electronic transfer of a state or federal refund into a taxpayer's financial institution account.

**Electronic Filing Identification Number (EFIN).** The EFIN is an identification number assigned by the IRS to accepted applicants for participation in IRS e-file.

**Electronic Funds Transfer (EFT).** EFT is the process of transmitting refunds and payments electronically.

**Electronic Funds Withdrawal (EFW).** EFW is a payment method which allows taxpayers to authorize the electronic withdrawal of funds from their checking or savings account.

**Electronic Postmark.** The electronic postmark is the date and time the transmitter first receives the electronic return on the host computer in the transmitter's time zone.

**Electronic Return Originator (ERO).** An ERO "originates" the electronic submission of returns collected from taxpayers wishing to have their returns e-filed.

- An ERO may forward return information to an intermediate service provider or to a transmitter for the purpose of having an electronic return correctly formatted or transmitted to the IRS and state.
- An ERO who collects return information from a taxpayer becomes the paid tax preparer of the return when they discover errors that require substantive changes and then makes those changes in the tax software. The IRS defines a non-substantive change as a correction limited to a transposition error, misplaced entry, spelling error, or arithmetic correction. All other changes are considered substantive and in these cases, the ERO may be required to sign the tax return as the paid tax preparer.

**Electronic Transmitter Identification Number (ETIN).** The ETIN is an identification number assigned by the IRS to an entity that does transmission and/or software development for e-filed returns.

# Important MeF Concepts and E-File Terms

(continued)

**Individual Taxpayer Identification Number (ITIN).** The ITIN is an IRS-assigned tax processing number for certain nonresident and resident aliens, their spouses, and their dependents. The ITIN is only available from the IRS for those individuals who cannot obtain Social Security numbers (SSNs).

**Intermediate Service Provider (ISP).** An ISP is an authorized IRS e-file participant who receives electronic tax return information from an ERO, or a taxpayer who filed using a personal computer and commercial tax preparation software, who processes this electronic tax return information and either forwards the information to a transmitter, or sends the information back to the ERO or taxpayer.

**Internet Protocol (IP) Information.** IP information includes the IP address, date, time, and time zone of the origination of a tax return filed through online filing via the Internet. The IRS and the Department both require software developers who provide online filing via the Internet to capture the IP information. This provides the location of the return's originator with the individual's electronic return.

**Perfection Period.** Both the IRS and the Department support a 10-day perfection period for tax returns (not payments) filed on the due date. For Nebraska, when a transmitted electronic return is rejected, there is a 10-day transmission perfection period to perfect that return for electronic re-transmission and still have it postmarked as the date it was originally received by the Department. Perfection of the return for electronic re-transmission generally means that the original return contained errors that caused the return to be rejected.

- When a previously-rejected Nebraska electronic return is accepted by the Department within the 10-day transmission perfection period, the Department uses the received date on the earliest reject as the received date for the accepted return.
- If the taxpayer chooses not to have the electronic portion of the return corrected and re-transmitted; or sufficient time does not exist to re-transmit the Nebraska return before the close of the Federal/State e-file system; or if the electronic portion of the return cannot be accepted for processing by the Department, the taxpayer must file a paper return. To be considered timely filed, the paper return must be postmarked by the later of the due date of the return (including extensions) or 10 calendar days after the date the Department gives notification (by way of a Nebraska ACK) that the return is rejected.

**Practitioner PIN Method.** The practitioner PIN method is an electronic signature option for federal taxpayers who use an ERO to e-file. The practitioner PIN method allows taxpayers to authorize the ERO to enter or generate their PIN.

**Preparer's Tax ID Number (PTIN).** The PTIN is an IRS-assigned ID number issued to paid tax preparers.

**Refund Anticipation Loan (RAL).** A RAL is a loan provided by a third party against a taxpayer's expected individual income tax refund.

**Self-Select PIN Method.** The self-select PIN method is an electronic signature option for taxpayers who e-file their federal return using either a personal computer or an ERO. This method requires taxpayers to create a five-digit PIN to use as their signature on the e-filed return and to submit authentication information to the IRS with the e-filed return.

# Nebraska E-File Checklist

## Did You Remember to Do the Following?

- Retain copies of all federal and state forms, and other documents for three years from the due date of the return or the IRS received date, whichever is later.
- Verify the accuracy of routing transit number and account number for direct deposit and electronic funds withdrawal returns.
- Verify that your EFIN, PTIN, EIN, name (or ERO company name), and telephone number have been completely and accurately entered.
- Use only whole dollar amounts in the electronic return.
- Give taxpayers the copies of all forms that apply to them. Make sure they have copies of any documentation that is not included with the e-filed return, but may be requested by the Department after filing.
- Verify receipt and results of the IRS acknowledgment.
- Verify receipt and results of the Nebraska acknowledgment.

[revenue.nebraska.gov](http://revenue.nebraska.gov), 800-742-7474 (NE and IA), 402-471-5729