



Economic Development Tax Incentives--Short Period Returns.  
UNDER THE EMPLOYMENT EXPANSION AND INVESTMENT INCENTIVE ACT, THE QUALIFIED EMPLOYEE CALCULATION MUST BE MODIFIED FOR A SHORT PERIOD RETURN. HOWEVER, THE QUALIFIED INVESTMENT CALCULATION IS NOT MODIFIED FOR A SHORT PERIOD RETURN.

Advice has been requested regarding the employment and investment calculations for short period tax returns under the Employment Expansion and Investment Incentive Act.

A Nebraska Employment and Investment Credit Computation, Form 3800N, may be filed for a short tax period when a new business is created or when an existing business first moves into Nebraska. A short period return cannot be filed when an existing business creates a new location or changes business form (e.g., sole proprietor to corporation).

The qualified employee calculation must be modified for a short period return. Entries on the Nebraska Employment and Investment Credit Computation, Form 3800N, shall be modified as follows:

- (a) Employment is entered in column A, Form 3800N, only if the taxpayer had a preceding tax year.
- (b) Employment is entered in columns B through D for any calendar quarter which both began and ended during the taxable year.
- (c) Employment at the end of the tax year is entered in column E.
- (d) The employment columns are totaled and that amount is divided by the number of columns for which employment was properly entered.

The Nebraska qualified investment calculation does not change for short period returns. A beginning of the year investment and an end of the year investment must be entered on the Employment and Investment Credit Computation, Form 3800N. The end of the year investment must then be compared to the beginning of the year investment and the average investment for each of the three preceding years. The investment increase equals the amount by which the end of the year investment exceeds the beginning of the year investment or the average investment during each of the three preceding years, whichever is greater.

For example, X Corporation incorporates June 1, 1990, and X has a short tax year from June 1, 1990 through December 31, 1990. The business didn't exist in a different business form prior to the short tax year. X Corporation has two employees on June 30, 1990, three employees on September 30, 1990, and nine employees on December 31, 1990. X Corporation had no investment on June 1, 1990, but added investment in the amount of \$300,000 by December 31, 1990. The Nebraska Employment and Investment Credit Computation, Form 3800N, should be completed in the following manner:



# NEBRASKA EMPLOYMENT AND INVESTMENT CREDIT COMPUTATION

for Tax Years After 1988

**FORM 3800N**

beginning June 1, 19 90 and ending December 31, 19 90

Name as Shown on Return <b>X Corporation</b>	Social Security No. or Nebraska I.D. No.	Type of Return (1) <input type="checkbox"/> 1040N (4) <input type="checkbox"/> 1120-SN (2) <input checked="" type="checkbox"/> 1120N (5) <input type="checkbox"/> 1041N (3) <input type="checkbox"/> 1065N (6) <input type="checkbox"/> 1120NF
Location Address(es) Where Expansion Occurred		

**1 Qualifying Business Type (check only one) (see instructions)**

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

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

**4** Reason for filing (check only one):

(1)  Claim original tax credits (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								
Tax Year	(A) Preceding Year End	NO. OF FULL-TIME EMPLOYEES IN NEBRASKA				AVERAGE		
		(B) First Quarter	(C) Second Quarter	(D) Third Quarter	(E) Fourth Quarter	Divide Total of Columns A, B, C, D, and E by 5		
5 Employed during current year .....				3	9		5	6.00
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	0.00
10 TOTAL increased Nebraska employment eligible for tax credit (line 5 minus line 9; round result down to lower whole number) .....							10	6.00
11 Total tentative employment credit amount (line 10 multiplied by \$1,500) .....							11	9,000.00

NEBRASKA QUALIFIED INVESTMENT CALCULATION				
Tax Year	TOTAL NEBRASKA QUALIFIED INVESTMENT		(C) AVERAGE	
	(A) Beginning of Year	(B) End of Year	(Divide Total of Columns A and B by 2)	
12 Current year .....	\$ 0 -	\$ 300,000 -	12	\$ 150,000 -
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	\$ 300,000 -
17 Enter the highest of lines 12(A), 13(C), 14(C), or 15(C) .....			17	\$ 0 -
18 Total Nebraska qualified investment (line 16 minus line 17). If less than \$75,000, enter zero .....			18	300,000 -
19 Total calculated investment credits (line 18 divided by \$75,000; round result down to lower whole number) ..			19	4.00
20 Total tentative investment credit amount (line 19 multiplied by \$1,000) .....			20	\$ 4,000 -
21 Total employment and investment incentive credits (line 11 plus line 20) .....			21	\$ 13,000 -
22 Amount of Nebraska sales and use tax refunds claimed to date .....			22	
23 Total of your distributed credit amount from line 42, Part A on reverse side .....			23	
24 Total Nebraska employment and investment credits carried forward from earlier year(s) (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 Credit for tax paid to another state .....	27	\$		
28 Credit for elderly or handicapped .....	28			
29 Form CDN credit .....	29			
30 Credit for child and dependent care expenses .....	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	
50 percent of line 32 (multiply line 32 by .50) .....			33	
Credit used to reduce income tax liability (line 25 or line 33, whichever is less) .....			34	
35 Form 775N credit (from line 15, Form 775N and line 48, Part C on reverse side) .....			35	
36 Total Form 3800N credit (total of lines 34 and 35). Enter here and on Form 1040N, 1120N, or 1041N .....			36	
37 Amount of credits distributed to partners, shareholders, and beneficiaries on line 43, Part B on reverse side ..			37	
38 Total Nebr. employment expansion and investment credit to be carried forward (line 25 minus lines 34 & 37) .....			38	\$

APPROVED:

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

John M. Boehm  
State Tax Commissioner

December 26, 1990