



2007

Nebraska

Financial Institution

Tax Return

Included in this Booklet:

Form 1120NF and
Shareholder's Schedule

Questions?

Visit us at: **www.revenue.ne.gov**

or Call Taxpayer Assistance

1-800-742-7474 (toll free in NE or IA) or 1-402-471-5729

2007 Nebraska Financial Institution Tax Return

INSTRUCTIONS

NEW FOR 2007. Every financial institution organized as an S corporation must complete the Shareholder's Schedule to Form 1120NF and a Statement of Nebraska Financial Institution Tax Credit, Form NFC for each shareholder. These new forms are used to calculate the amount of credit available to each shareholder. The Shareholder's Schedule is filed with the tax return, Form 1120NF. The individual shareholder statements must be provided to each shareholder by the financial institution. The shareholders will submit the statement with their income tax return to claim their proportionate share of credit for the tax paid by the financial institution.

WHO MUST FILE. Every financial institution which maintains a permanent place of business in this state and actively solicits deposits from residents of this state must file a Nebraska Financial Institution Tax Return, Form 1120NF. A financial institution is not to file a Nebraska Corporation Income Tax Return, Form 1120N.

A bank holding company or financial holding company will normally file a Nebraska Corporation Income Tax Return, Form 1120N. A bank holding company or financial holding company which maintains a permanent place of business in Nebraska and actively solicits deposits from Nebraska residents for an affiliate is to file a Form 1120NF.

WHEN AND WHERE TO FILE. This return must be filed on or before the 15th day of the third month following the close of the taxable year of the financial institution. The return must be filed with the Nebraska Department of Revenue, P.O. Box 94818, Lincoln, Nebraska 68509-4818.

PERIOD TO BE COVERED BY THE RETURN. This return must be filed for the 2007 calendar year or fiscal year beginning in 2007. A financial institution with its fiscal year ending other than on a calendar year quarter should contact the Nebraska Department of Revenue for further instructions.

A financial institution with a short taxable year (less than 12 months) must file a short-period return on or before the 15th day of the third month following the end of its short tax year. The end of the taxable year is determined as of the last day of the financial institution's operations (See Average Deposits).

RATE OF TAX. The tax rate and the limitation rate are the rates in effect on the first day of the financial institution's taxable year. Financial institutions filing a fiscal year or short-period return will compute the tax liability for the entire taxable period by using the tax rate in effect on the first day of the taxable period.

PAYMENT OF TAX. The entire tax due is required to be paid on or before the original due date of the return. Payment of tax can be made by check, money order, electronic funds transfer (EFT), or credit card. Details about EFT and credit card payment options can be found on the department's Web site at www.revenue.ne.gov. Make check or money order payable to the Nebraska Department of Revenue. Write the Nebraska identification number on the face of any remittance made by check. Checks written to the Department of Revenue may be presented for payment electronically.

EXTENSION OF TIME. No extension of time to file or pay the tax shall be granted.

VOLUNTARY PAYMENT OF ESTIMATED TAX. Financial institutions have the option to file a Nebraska Financial Institution Voluntary Estimated Tax Payment, Form 1120NF-ES, during the final month of the financial institution's taxable year. The financial institution is still required to file a Nebraska Financial Institution Tax Return, Form 1120NF, on or before the 15th day of the third month following the close of the taxable year.

PENALTIES AND INTEREST. Penalties may be imposed for failure to file a complete return, failure to file a timely return, or underpayment of tax by the due date of the return.

Interest at the statutory rate is due on the amount of unpaid tax whenever such amount is not paid by the due date.

APPORTIONMENT FOR MULTISTATE FINANCIAL INSTITUTIONS. If a financial institution is subject to tax in more than one state, then the Nebraska financial institution tax liability is based on the amount of average deposits connected with the financial institution's operations in Nebraska. These deposits shall be the total of deposits accepted at the financial institution's Nebraska offices plus deposits solicited from Nebraska residents which are accepted at the financial institution's offices outside of Nebraska. The financial institution's limitation amount is computed using the portion of the net financial income that is apportioned to Nebraska through the use of property and payroll factors.

ACCOUNTING METHODS. The method of accounting used for state and federal regulatory agencies must be used for Nebraska financial institution tax purposes. Income and expenses of a financial institution must be computed according to the requirements of its regulatory agencies.

ROUND TO WHOLE DOLLARS. Round any amount from 50 cents through 99 cents to the next higher dollar. Round any amount less than 50 cents to the next lower dollar. The amounts on the return must be shown in whole dollars. Dollar amounts are to be shown in ones, not in thousands. For example, fourteen million dollars shall be reported as \$14,000,000.

COMPLETE RETURN. To constitute a complete return, all informational items and lines on the return must be completed. A penalty for failure to file a return may be imposed when the actual tax liability cannot be computed from the information appearing on the face of the Nebraska Financial Institution Tax Return, Form 1120NF.

DEFINITIONS.

1. **Financial institution** means any bank, building and loan association, cooperative credit association, credit union, industrial loan and investment company, savings and loan association, or savings bank chartered or qualified to do business in Nebraska; or any subsidiary of the above-listed entities. Loan servicing centers are considered a bank only if deposits are accepted. Subsidiary does not include any bank, bank holding company, financial holding company, or savings and loan association which is owned 50 percent or more by a mutual savings and loan association and which does not actively solicit deposits from residents of this state.

Financial institution also means any bank, bank holding company, financial holding company, subsidiary of a bank holding company or financial holding company, affiliate of a bank holding company or financial holding company, building and loan association, cooperative credit association, credit union, industrial loan and investment company, savings and loan association, or savings bank which is **not** chartered to do business in Nebraska but maintains a permanent place of business in Nebraska and actively solicits deposits from Nebraska residents for an affiliate.

2. **Deposits** means the amount of money placed in the custody of a financial institution for safety or convenience that may be withdrawn at the will of the depositor or under the rules or regulations agreed upon by the financial institution and the depositor. **Deposits** also include amounts for which a certificate may be issued and which are payable on demand, on certain notice, or at a fixed future date or time. **Deposits** do not include any money placed in a fiduciary capacity in the custody of a trust department of any financial institution having trust powers granted by appropriate regulatory authority which is not placed by the trust department as a deposit in such financial institution.
3. **Average deposits** means for calendar year financial institutions, the total of the deposits held on the last day of the preceding year and the last day of each calendar quarter, divided by five.

Average deposits means for fiscal year financial institutions or short-period financial institutions, the total of the deposits held on the last day of the preceding fiscal year, the last day of each complete calendar quarter within the fiscal year, and the last day of the fiscal year, divided by the number of amounts added together.

4. **Net financial income** means the income of the financial institution, including its subsidiaries, after ordinary and necessary expenses but before income taxes and extraordinary gains or losses. Net financial income includes, but is not limited to, income from fiduciary activities, interest, rent, or service charges. Ordinary and necessary expenses include, but are not limited to, fees, depreciation on furniture and equipment, interest, salaries and benefits, and supplies. Income and expenses must be computed according to the requirements of the financial institution's regulatory agencies.

SPECIFIC INSTRUCTIONS

TYPE OF FINANCIAL INSTITUTION. Please check the appropriate box which accurately describes the financial institution filing the return.

BUSINESS CLASSIFICATION CODE. Enter the number that best describes your principal business activity from the following:

Depository Institutions

- 522110 Commercial banks
- 522120 Savings institutions
- 522130 Credit unions
- 522190 Other depository credit intermediation

Note: The average deposits and net financial income of federal credit unions are exempt from the Nebraska financial institution tax. Federal credit unions are not required to file Nebraska financial institution tax returns.

LINES 1, 2, 3, 4, AND 5, ENDING DEPOSITS. Enter the amount of ending deposits at the preceding year-end and those ending deposits at the end of each calendar quarter of the financial institution's taxable year beginning in 2007. Please refer to the chart on page 4 of these instructions to determine the appropriate line number amount to enter on the financial institution's corresponding lines on Form 1120NF.

LINE 7, AVERAGE DEPOSITS. Divide the line 6 total deposits amount by five (5), and enter the result on line 7. Fiscal year or short- period returns should see the definition of average deposits.

LINE 9, NET INCOME BEFORE INCOME TAXES AND EXTRAORDINARY ITEMS. Enter the amount of net income before income taxes and extraordinary items of the financial institution for the taxable year beginning, or deemed to begin,

on or after January 1, 2007. Please refer to the chart on page 4 of these instructions to determine the appropriate line number amount and possible adjustments to make for each reporting period necessary to arrive at the total representing the entire taxable year for the financial institution. Enter this total as net income before income taxes and extraordinary items on line 9 on Form 1120NF. If the financial institution has a net loss before income taxes and extraordinary items, enter zero on line 9.

Net Losses Cannot Be Carried to Another Year. A financial institution that has a net loss before income taxes and extraordinary items (see line 9) cannot carry back a net loss to its prior Form 1120NF return years, its prior Form 1120N combined return years, or its holding company's prior Form 1120N return years. A financial institution also cannot carry over a net loss to its subsequent Form 1120NF return years or its holding company's subsequent 1120N return years. A financial institution cannot use a net loss to create a refund in a prior or subsequent taxable year. The proper treatment of a financial institution's net loss before income taxes and extraordinary items is to enter zero on line 9.

LINE 12, NEBRASKA COMMUNITY DEVELOPMENT ASSISTANCE ACT CREDIT. This credit is allowable for contributions to approved projects of community betterment organizations recognized by the Nebraska Department of Economic Development. See the instructions on the 2007 Nebraska Community Development Assistance Act Credit Computation, Form CDN, for more information on this credit. Form CDN and a copy of Form 1099NTC must be attached to the Form 1120NF. **The credit must be claimed on the tax return for the year in which the contribution was made.** Any tax credit balance may be carried over and applied against your tax liability for the next five years immediately succeeding the tax year in which the credit was first properly claimed and allowed.

More detailed information on this credit can be obtained by writing to the Nebraska Department of Economic Development, Community and Rural Development Division, P.O. Box 94666, Lincoln, Nebraska 68509-4666, or by calling 1-402-471-3775 or 1-800-426-6505, extension 3775.

LINE 13. The maximum tax credit allowed, as entered on line 12, may not exceed the amount of the subtotal computed on line 11. Subtract line 12 from line 11. If the result is less than zero, enter zero.

LINE 14, VOLUNTARY ESTIMATED TAX PAYMENT AMOUNT. Enter the amount of any voluntary estimated tax payment previously filed using Form 1120NF-ES.

LINE 15, BALANCE DUE. If the amount on line 13 is greater than line 14, enter the difference on line 15.

Line 16, OVERPAYMENT. If the amount on line 14 is greater than line 13, enter the difference on line 16.

LINE 19, DIRECT DEPOSIT. In order to have the line 18 refund directly deposited it is necessary to enter the routing number and account number associated with the account. The routing number must be nine (9) digits. The account number can be up to seventeen (17) digits. Enter these numbers in the boxes found on line 19a and 19c. Also complete line 19b, Type of Account.

SIGNATURES. This return must be signed by an officer of the financial institution. If the financial institution authorizes another person to sign this return, there must be a power of attorney on file with the Nebraska Department of Revenue. Any person who is paid for preparing a financial institution's return must also sign the return as preparer.

SHAREHOLDER'S SCHEDULE. Financial institutions organized as S corporations must complete the Shareholder's

Schedule to Form 1120NF listing the individual shareholders and computing the proportionate share of tax credit for each shareholder. If additional lines are needed, make copies of the schedule and attach to Form 1120NF.

STATEMENT OF TAX CREDIT. Financial institutions organized as S corporations must provide each shareholder with a completed Statement of Nebraska Financial Institution Tax Credit, Form 1120NFC indicating the amount of credit available to each shareholder. The individual shareholders will use the statement to claim their proportionate share of credit for the tax paid by the financial institution.

AMENDED RETURNS. Contact the department to obtain the appropriate form for amending a return for a tax year prior to 1993. Use Form 1120XNF-3 to amend tax years 1993 through 2000, and use Form 1120XNF for the tax year corresponding to the return being amended for tax years after 2000.

When filing an amended return to reflect corrected Call Report information, attach copies of the changed pages from the report. **Please note that a refund of tax is only allowed when the amended return is filed within 90 days of the date the tax is due or was paid, whichever is later.**

When filing an amended return to report a change in the amount of deposits or the net financial income made by a state or federal regulatory agency, include a dated copy of the agency notice. **Please note that a refund of tax for a change made by a regulatory agency to the amount of deposits or net financial income will only be allowed if the amended return reflecting such a change is filed within 90 days of the date the change is made.**

If you need additional assistance, contact the Nebraska Department of Revenue, P.O. Box 94818, Lincoln, Nebraska 68509-4818, or dial 1-800-742-7474 (toll free in Nebraska and Iowa) or 1-402-471-5729.

* CALL REPORT REFERENCES		
• For use in completing lines 1-5 and line 9 of Form 1120NF		
Type of Financial Institution	REPORTS AND LINE NUMBERS	
	LINES 1-5: Ending Deposits	LINE 9: Net Income Before Income Taxes and Extraordinary Items
Banks with Domestic and Foreign Offices	Form FFIEC 031 Consolidated Report of Condition Schedule RC-Balance Sheet Liabilities (Page RC-2) Line 13. Deposits Enter the total of lines 13.a. and 13.b.	Form FFIEC 031 Consolidated Report of Income Schedule RI-Income Statement Line 8. (Page RI-2) Income (loss) before income taxes and extraordinary items and other adjustments Enter line 8. FOR THE ENTIRE TAXABLE YEAR
Banks with Domestic Offices Only	Form FFIEC 041 Consolidated Report of Condition Schedule RC-Balance Sheet Liabilities (Page RC-2) Line 13. Deposits Enter line 13.a.	Form FFIEC 041 Consolidated Report of Income Schedule RI-Income Statement Line 8. (Page RI-2) Income (loss) before income taxes and extraordinary items and other adjustments Enter line 8. FOR THE ENTIRE TAXABLE YEAR
Savings and Loan Associations	OTS Form 1313 Office of Thrift Supervision Thrift Financial Report Statement of Condition Schedule SC Liabilities Line SC710. Deposits Enter line SC710.	OTS Form 1313 Office of Thrift Supervision Thrift Financial Report Statement of Operations Schedule SO Line SO60. Income (loss) before income taxes Enter Line SO60: FOR THE ENTIRE TAXABLE YEAR
Credit Unions	National Credit Union Administration Form NCUA 5300 Statement of Financial Condition Liabilities, Shares and Equity (Page 3) Line 17. Total Shares and Deposits Enter line 17, column C.	National Credit Union Administration Form NCUA 5300 Statement of Financial Condition Income (Operating): FOR THE ENTIRE TAXABLE YEAR Line 29. Net income Less: Line 14. Gain (loss) on investments Line 15. Gain (loss) on disposition of fixed assets Line 16. Other nonoperating income (expense) Enter line 29 minus lines 14-16.

*This chart references the call reports available as of June 30, 2007. If such call reports are modified and the line numbers do not remain constant, please use this chart as a guide to report the financial institution's deposits, estimated deposits, estimated net income before income taxes and extraordinary items, and actual net income before income taxes and extraordinary items in a consistent manner.



Nebraska Financial Institution Tax Return
for the taxable year January 1, 2007 through
December 31, 2007 or other taxable year

FORM 1120NF
2007

beginning _____, 2007 and ending _____, 20_____

PLEASE DO NOT WRITE IN THIS SPACE

Name of Financial Institution

Street or Other Mailing Address

City or Town

State

Zip Code

Nebraska Identification Number

Federal Identification Number

24--

Type of Financial Institution:

(1) [] Bank (2) [] Savings and Loan (3) [] Credit Union (4) [] Other _____

Bus. Class. Code

•Enter dollar amounts in ones, not in thousands (for example, fourteen million shall be written as 14,000,000).

Table with 3 columns: Line number, Description, Amount. Rows include: 1 Preceding year-end deposits, 2 First quarter ending deposits, 3 Second quarter ending deposits, 4 Third quarter ending deposits, 5 Fourth quarter ending deposits, 6 Total deposits, 7 Average deposits, 8 Financial institution tax, 9 Net income before income taxes, 10 Limitation amount, 11 Enter line 8 or line 10, whichever is less, 12 Community Development Assistance Act credit, 13 Subtract line 12 from line 11, 14 Voluntary estimated tax payment, 15 Balance due, 16 Overpayment, 17 Amount on line 16 you want CREDITED, 18 Amount to be REFUNDED.

Expecting a Refund?

• Have it sent directly to your bank account! (see instructions on page 3)

19a Routing Number

(Enter 9 digits, first two digits must be 01 through 12, or 21 through 32; use an actual check or savings account number, not a deposit slip)

19b Type of Account

1 = Checking 2 = Savings

19c Account Number

(Can be up to 17 characters. Omit hyphens, spaces, and special symbols. Enter from left to right and leave any unused boxes blank.)



Under penalties of perjury, I declare that I have examined this return, and to the best of my knowledge and belief, it is correct and complete.

sign here

Authorized Signature

Date

Signature of Preparer Other Than Taxpayer

Title

Phone Number

Address

Phone Number

THIS RETURN IS DUE ON OR BEFORE THE FIFTEENTH DAY OF THE THIRD MONTH FOLLOWING THE TAXABLE YEAR-END. NO EXTENSION OF TIME TO FILE OR PAY WILL BE GRANTED.

Mail this return and payment to: NEBRASKA DEPARTMENT OF REVENUE, P.O. BOX 94818, LINCOLN, NE 68509-4818

Visit our Web site: www.revenue.ne.gov, or call 1-800-742-7474 (toll free in NE and IA) or 1-402-471-5729.

INSTRUCTIONS

SHAREHOLDER'S SCHEDULE — Shareholder's Share of Nebraska Financial Institution Tax Paid

Financial institutions organized as S corporations must complete and file the Shareholder's Schedule with the Financial Institution Tax Return, Form 1120NF, to report each shareholder's proportionate share of credit for the tax paid by the financial institution. If more lines are needed, make additional copies and attach to the Form 1120NF.

COLUMNS A THROUGH E. Enter the name and mailing address of the shareholder.

COLUMN F. Enter the social security number or other appropriate tax identification number of the shareholder.

COLUMN G. Enter shareholder's ownership percentage (calculate to at least five decimal places, then round to four decimals). For example, if the ownership percentage is .12346, round to .1235 and enter 12.35%.

COLUMN H. Enter the total amount of tax paid by the financial institution from line 13, Form 1120NF.

COLUMN I. Multiply the tax paid in column H by the percentage in column G.

COLUMN J. Enter 50 percent of the amount in column I. (Note: For tax year 2007, the credit allowed is limited to 50 percent of the tax paid by the financial institution.)