

# Underpayment of Estimated Tax for Corporations, S Corporations, and Partnerships

• Read the instructions on the reverse side.

Check the appropriate boxes:

- Adjusted Seasonal Installment Method     Annualized Income Installment Method     Large Corporation

Name on Tax Return	Nebraska ID Number
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Type of Nebraska Tax Return this Form is being Filed with

1120N     1120-SN     1065N

**Part I—Calculate the Underpayment**

1 Nebraska corporate or pass-through entity tax after nonrefundable credits . . . . .	1				
2 Enter the total refundable credits and the 2023 school district tax credit . . . . .	2				
3 Nebraska tax after refundable credits (line 1 minus line 2). If the result is less than \$400, do not complete the rest of the form. No penalty is owed. . . . .	3				
4 Enter 2023 corporate or pass-through entity income tax (see instructions). <b>Caution: If the tax is zero or the tax year was for less than 12 months, skip this line and enter the amount from line 3 on line 5</b> . . . . .	4				
5 Required annual payment. Enter the lesser of line 3 or line 4. . . . .	5				
		(A)	(B)	(C)	(D)
6 Enter in Columns (A) through (D) the installment due date (the 15th day of the 4th, 6th, 9th, and 12th months of your tax year) . . . . .	6				
7 Enter 25% of line 5 in Columns (A) through (D)	7				

• Complete lines 8 through 15 for one column before completing the next column.

8 Amount paid or credited for each period . . . . .	8				
9 Enter amount, if any, from line 15 of previous column . . . . .	9				
10 Add lines 8 and 9 . . . . .	10				
11 Add amounts on lines 13 and 14 of the previous column and enter result . . . . .	11				
12 Line 10 minus line 11. If less than zero, enter -0- [In Column (A) only, enter amount from line 8]	12				
13 Remaining underpayment from previous period. If the amount on line 12 is zero, subtract line 10 from line 11 and enter the result; otherwise, enter -0-. . . . .	13				
14 <b>Underpayment.</b> If line 12 is less than or equal to line 7, subtract line 12 from line 7 and enter the result. Then go to the next column; otherwise, go to line 15 . . . . .	14				
15 <b>Overpayment.</b> If line 7 is less than line 12, subtract line 7 from line 12 and enter the result. Then go to the next column . . . . .	15				

**Part II—Calculate the Penalty**

16 Amount of underpayment (line 13 plus line 14)	16				
17 Date of payment or next due date (from line 6), whichever is earlier . . . . .	17				
18 Number of days from due date of installment to date shown on line 17 . . . . .	18				
19 Underpayment penalty (see instructions for applicable interest rates) . . . . .	19				
20 Total of amounts on line 19. Enter this amount on line 32, Form 1120N or line 29, Form 1120-SN or 1065N. . . . .	20				

**Attach this form to Form 1120N, 1120-SN or 1065N.**

## Instructions

**Who Must File.** A Underpayment of Estimated Tax for Corporations, S Corporations, and Partnerships, Form 2220N, must be filed by the corporate taxpayer, S corporation, or partnership when line 3 is \$400 or greater.

A corporate taxpayer includes all entities taxed as corporations under the Internal Revenue Code, except S corporations and financial institutions defined in [Neb. Rev. Stat. § 77-3801](#).

**When and Where to File.** This form must be attached to the [Nebraska Corporation Income Tax Return, Form 1120N](#), Nebraska S Corporation Income Tax Return, Form 1120-SN, or Nebraska Partnership Return of Income, Form 1065N, and filed with that return.

### Part I—Calculate the Underpayment

**Check the appropriate boxes.** Check one or more boxes if the corporation uses the adjusted seasonal installment method, the annualized income installment method, or if the corporation is a large corporation.

**Line 1.** Enter the Nebraska tax after nonrefundable credits from line 22 of the 2024 Form 1120N or line 20 of the 2024 Form 1120-SN or 1065N.

**Line 2.** Enter the total of the refundable credits. Include in line 2 the school district property tax credit allowed on your 2023 tax return. If you did not have a school district property tax credit in 2023 and now own property on which you paid property taxes on, you may include the 2023 school district property tax credit for that property. Use the [Nebraska Property Tax Look-Up Tool](#) to determine the proper credit amount. Select 2023 in the box “Year Property Taxes were Paid”, enter the Parcel ID Number, and select 2022 in the box “Property Tax Year”. Once you have determined the Allowable Nebraska School District Property Tax Paid in 2023 amount, multiple that by 30% (.30). This is the amount you can add to Form 2220N Line 2.

LB 34 enacted in the 2024 special session created the School District Property Tax Relief Act. This act provides property tax relief for school district taxes directly on the property tax statement reducing property taxes before they are paid. For tax years beginning on or after January 1, 2024, the Form PTC will only be used to claim a credit for community college property taxes paid. If the school district property tax credit was factored into the calculation for the 2024 estimated payments, this adjustment takes this into consideration in the calculation of underpayment of estimated tax. If you are including the school district property tax credit allowed on your 2023 tax return in line 2, do not file a Request for Abatement of Penalty, Form 21.

**Line 4.** The entry on this line allows corporations, S corporations, and partnerships to use the income tax reported on their prior year’s return less the prior year’s allowable credits to determine whether an underpayment exists. Corporations enter line 18 minus lines 19, 22, 24, 25, and 26 from the 2023 Form 1120N. S corporations and partnerships enter line 12 minus lines 17, 19, 21, 22, and 23 from the 2023 Form 1120-SN or Form 1065N. Do not include any PTET credits received for tax years 2018 through 2022. “Large corporations,” except as noted, cannot use this calculation. The prior year’s Nebraska return must cover a period of 12 months and show an income tax liability. If this calculation does not apply, enter the line 3 amount on line 5.

**Large Corporation.** A “large corporation” is a corporation (other than an S corporation) that had, or whose predecessor had, federal taxable income of at least \$1 million for any of the three taxable years immediately preceding the tax year involved. In applying the “\$1 million test,” taxable income is computed without regard to net operating loss and capital loss carrybacks and carryovers.

A **large corporation** is prohibited from using its prior year’s tax liability, except in determining the first installment of its tax year. Any reduction in a large corporation’s first installment as a result of using the prior year’s tax must be recaptured in the corporation’s second installment.

Large corporations compute line 7 amounts by using the same procedures that result in the comparable entry on the Federal Form 2220.

**Methods to Reduce or Avoid Penalty.** A corporation, S corporation, or partnership may reduce or eliminate the penalty by using the annualized income or adjusted seasonal installment method. To use one or both of these methods to compute one or more required installments, recalculate (and attach) the Adjusted Seasonal Installment Method and Annualized Income Installment Method, Federal Schedule A, using Nebraska income and other Nebraska amounts. Also, check the appropriate boxes at the top of this form.

Enter the corresponding amount from the recalculated Federal Schedule A in each column of line 7 on this form.

**Line 6.** Paper filers enter the installment due dates in a MMDDCCYY format. For example, April 15, 2024 should be entered as 04152024.

**Line 8.** Enter the income tax payments made by the corporation, S corporation, or partnership and any credit for Nebraska income tax withheld from the corporation, S corporation, or partnership as indicated below. Do not include any PTET payments made for the 2018 through 2022 tax years.

In Column (A), enter the total of:

1. The entity's 2023 income tax overpayment that was credited to its 2024 estimated income tax payments;
2. Any estimated income tax payments for the 2024 tax year that were made by the date on line 6, Column (A); and
3. Any Nebraska income tax withheld from the entity by the date on line 6, Column (A).

In Columns (B), (C), and (D), enter the total of:

1. Any estimated income tax payments for the 2024 tax year that were made by the date on line 6 for that column and after the date on line 6 of the preceding column; and

2. Any Nebraska income tax withheld from the entity by the date on line 6 for that column and after the date on line 6 of the preceding column.

**Line 14. Underpayment.** When an underpayment is reported on this line, complete Part II, lines 16 through 20, to determine the penalty amount for each underpayment of an installment.

**Line 15. Overpayment.** Any overpayment of an installment on line 15 in excess of all prior underpayments should be applied as a credit on line 9 against the next installment.

### **Part II—Calculate the Penalty**

**Line 17.** A payment of estimated income tax is applied against underpayments of required installments in the order that installments are required to be paid, regardless of the installment to which the payment pertains.

In determining the date of payment on line 17, use the date of the payment that was applied against the underpayment of income tax on line 16, the due date of the next payment (line 6 of the next column), or the original due date of the return, whichever is earliest. Paper filers enter the payment date or next due date in a MMDDCCYY format. For example, April 15, 2024 should be entered as 04152024.

**Example.** A corporation has an underpayment for the April 15 installment of \$1,000. The June 15 installment requires a payment of \$2,000. On June 15, the corporation deposits \$2,500 for its June 15 installment. However, \$1,000 of this payment is considered to be for the April 15 installment. The penalty for the April 15 installment is calculated on \$1,000 to June 15 (61 days). The remaining amount of the June 15 payment (\$1,500) must be applied to the June 15 installment.

**Line 19.** The penalty is calculated at five percent per year for any days in 2024 and at eight percent per year for any days in 2025.. Multiply line 16 by the applicable interest rate for the number of days on line 18 divided by 365.

If the entity has made more than one payment for a required installment, make separate penalty calculations through the date of payment and for the remaining underpayment through the date it is paid, then add the results together and enter on line 19.