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DEPARTMENT OF REVENUE

2024

Nebraska

Fiduciary

Income Tax Booklet

Included in this Booklet are:

Form 1041N;

Schedules I, II, and III;

and Use Tax information.

Electronic filing and payment options are available.

See [instructions](#).

Questions?

revenue.nebraska.gov

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800-742-7474 (NE or IA) or 402-471-5729

2024 Nebraska Fiduciary Income Tax Return

Instructions

What's New

Electronic Filing. The Nebraska Department of Revenue (DOR) has developed a modernized e-file (MeF) program. DOR encourages all estates and trusts to e-file their Nebraska Fiduciary Income Tax Return, Form 1041N, using the MeF program. This program also allows an estate or trust to schedule payments when the Form 1041N is filed. For more information go to revenue.nebraska.gov.

Individual and Fiduciary Income Tax Rate Change (LB 754, 2023). For the 2024 taxable year the highest income tax rate imposed on individuals and fiduciaries is reduced to 5.84%. The 5.84% tax rate will be used by entities electing to pay the pass-through entity tax (PTET) for tax year 2024. Entities not electing to pay the PTET, will use the 5.84% tax rate in calculating the Nebraska Income tax withholding for nonresident individuals and grantor trusts on Form 1120-SN, Schedule II.

School Readiness Tax Credit (LB 754, 2023). Beginning with tax year 2024, the School Readiness Tax Credit Act restored both a nonrefundable and refundable income tax credit with updated tax credit amounts. The providers and staff members must first apply to the DOR for the taxpayer to receive certification of the tax credit. Applications will be processed in the order received. The total amount of credits available under the Act is limited to \$7.5 million for each tax year.

The nonrefundable tax credit to the provider is equal to the average monthly number of subsidy children who attend the provider's program multiplied by a dollar amount based on the quality scale rating of the eligible program:

- A) \$1,200 for a Step Five program;
- B) \$1,000 for a Step Four program;
- C) \$ 800 for a Step Three program;
- D) \$ 600 for a Step Two program; and
- E) \$ 400 for a Step One program.

This nonrefundable tax credit is available to individuals, corporate taxpayers, and fiduciaries. The providers must first apply to the Nebraska Department of Revenue (DOR) to receive the credits. The nonrefundable credit can be claimed by an S corporation or partnership electing to pay tax. The refundable tax credit is limited to individuals.

Opportunity Scholarships Act (LB 753, 2023 and LB 1402, 2024). Beginning with tax year 2024 and until October 31, 2024, individuals and entities that make cash contributions to a certified scholarship-granting organization may qualify for a nonrefundable tax credit. Taxpayers must notify the scholarship-granting organization of their intent to make a contribution and the amount to be claimed as a credit. The nonrefundable credit is equal to the lesser of:

- ❖ The total amount of contributions made to scholarship-granting organizations during the tax year;
- ❖ 50% of the income tax liability of the taxpayer for such year; or
- ❖ \$100,000, or \$1 million for estates and trusts.

A taxpayer may only claim a credit on the portion of the contribution that was not claimed as a charitable deduction on their federal return. Any unused credit may be carried forward for the next five years after the credit was first granted. This credit can be claimed by an S corporation or partnership electing to pay tax. If a shareholder, beneficiary, or member is claiming the credit based on a distribution, the credit is first limited by the tax liability of the pass-through entity.

Child Care Tax Credit Act (LB 754, 2023). Beginning with the 2024 tax year, a nonrefundable credit is available to persons and entities subject to the Nebraska income tax that make qualifying contributions under the Act and apply with DOR.

The credit is equal to 75% or 100% of the qualifying contribution, not to exceed \$100,000 for any single year. The credit is equal to 100% of the contribution if made to:

- ❖ An eligible program with a physical presence in an opportunity zone in Nebraska designated pursuant to the federal Tax Cuts and Jobs Act, Public Law 115-97; or

- ❖ An eligible program with at least one child enrolled in the childcare subsidy program established pursuant to Neb. Rev. Stat. §§ 68-1202 and 68-1206, and the childcare provider is actively caring and billing for the child.

If the above is not met, the credit is equal to 75% of the qualifying contribution.

Any unused credits may be carried forward to the next five tax years after the credit was first used. A taxpayer may only claim a credit on the portion of the contribution that was not claimed as a charitable contribution on their federal return. This credit can be claimed by an S corporation or partnership electing to pay tax. The credit is distributable to beneficiaries of estates and trusts.

Nebraska Biodiesel Tax Credit Act (LB 1095, 2024 and LB 937, 2024). Beginning with the 2024 tax year, retail dealers of biodiesel may be eligible for a refundable tax credit. The tax credit equals 14 cents multiplied by the total number of gallons of biodiesel sold on a retail basis during the prior calendar year through a motor fuel pump located at the retailer dealer's motor fuel site. The credit is calculated only on the biodiesel portion of any product sold by the retail dealer that is a blend of biodiesel and diesel or other fuel. The tax credit may be used against any Nebraska income tax.

To receive the credit a retail dealer must file a Biodiesel Tax Credit Application, Form BDTC-A with DOR from January 1 to April 15. A separate application must be filed for each calendar year. DOR may approve up to \$1 million in tax credits in Nebraska state fiscal year 2024-25 and \$1.5 million for Nebraska state fiscal years after 2024-25. If the total amount of credits requested in any Nebraska state fiscal year exceeds the credit limit, DOR will allocate the tax credits proportionally based upon the amounts requested.

Creating High Impact Economic Futures (CHIEF) Act (LB 1344, 2024). Effective January 1, 2025, the Community Development Assistance Act (CDAA) is replaced by the CHIEF Act. Under the CHIEF Act, individuals and entities that contribute to community betterment organization programs or projects certified for tax credit status by the Nebraska Department of Economic Development during a tax year are eligible for the nonrefundable credit. The credit for contributions made by an individual is equal to 100% of the contribution. The credit is equal to 50% of the contribution for all other contributors. Contributions must be made after January 1, 2025. Any unused credits may be carried forward to the next five tax years after the credit was first allowed.

School District Property Tax Credit (LB 34, Special Session 2024). 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.

Medical Debt Relief Act (LB 937, 2024). Beginning with tax year 2024, corporations can reduce the federal taxable income on the Nebraska Schedule A by the amount of contributions made to the Medical Debt Relief Fund to the extent not deducted for federal income tax purposes.

Important Information for All Filers

Purpose. The instructions in this booklet provide guidance in completing the most common Nebraska fiduciary income tax forms and schedules. This booklet is intended to be useful to the greatest number of taxpayers. Nothing in these instructions supersedes, alters, or otherwise changes any provisions of the Nebraska tax code, regulations, rulings, or court decisions.

We encourage the preparer of any [Fiduciary Income Tax Return, Form 1041N](#), to review applicable Nebraska law regarding any issue that may have a material effect on this return. Nebraska law and other useful information may be found at revenue.nebraska.gov.

Enter All Amounts as Whole Dollars. Do not include cents on the return or schedules. Do not change the pre-printed zeros in the cents column of the Form 1041N or [schedules](#). Round any amount from 50 cents to 99 cents to the next higher dollar. Round any amount less than 50 cents to the next lower dollar.

Penalties and Interest. Either or both may be imposed under the following conditions:

- ◆ Failing to file a return and pay the tax due on or before the due date;
- ◆ Failing to pay the tax due on or before the due date;
- ◆ Failing to file an amended Nebraska income tax return to report changes made to your federal return;
- ◆ Preparing or filing a fraudulent income tax return; or
- ◆ Understating income on an income tax return.

Filing a false or fraudulent Nebraska return is subject to penalty, even if the amounts reported are taken from your federal return. Unpaid tax is subject to interest at the current statutory rate of 8% from the original due date to the date the tax is paid. See the DOR Interest Rate Assessed on State Taxes [Revenue Ruling](#) for applicable interest rates.

Reporting Changes or Corrections. If information on a Nebraska fiduciary income tax return previously filed is incorrect, a Form 1041N with the “Amended Return” box checked must be filed. When filing an amended return, remember:

- ◆ Changes made by the IRS or another state must be reported to DOR within 60 days;
- ◆ [Form 1041N](#) is year-specific. Please be sure to use the correct form for the tax year you are amending;
- ◆ You must attach a copy of the related federal or other state amended return, and all related schedules or other documentation to explain the changes shown on the amended Nebraska return; and
- ◆ Show only the corrected figures on the amended return.
- ◆ When an amended return reflects a reduction in tax due because Nebraska source income for its nonresident individual beneficiaries is reduced, the estate or trust will not receive a refund. Individual beneficiaries may file a claim for refund resulting from the reduced Nebraska source income.

Nebraska Extension of Time. A six-month extension of time to file may only be obtained by:

- ◆ Attaching a copy of a timely-filed Application for Automatic Extension of Time to File Certain Business Income Tax, Information, and Other Returns, Federal Form 7004, to the Nebraska return when filed;
- ◆ Attaching a schedule to the Nebraska return listing the federal confirmation number and providing an explanation that the electronic request for automatic federal extension was not denied; or
- ◆ Filing a [Nebraska Application for Extension of Time to File Nebraska Corporation, Fiduciary, or Partnership Return, Form 7004N](#), on or before the due date of the return, when you need to make a tentative Nebraska payment or when a federal extension is not being requested.

Failing to attach the applicable extension document may result in a late filing penalty. An extension of time only extends the date to file the return. It does not extend the due date to pay the tax. Any tax not paid by the original due date is subject to interest.

No additional extension of time to file the Form 1041N will be provided.

Accounting Methods. The accounting method used for federal income tax purposes must be used for Nebraska income tax purposes. A taxpayer may not change the accounting method used to report income in prior years unless the change is approved by the IRS. A copy of this approval must accompany the first return that shows the change in the method of accounting.

Federal Return. A copy of the federal return and supporting schedules, as filed with the IRS, must be attached to this return. If there are more than 50 Federal Schedules K-1, please submit them and any supporting schedules on CD-R media or a flash drive, rather than on paper. The preferred format for the Federal Schedules K-1 and supporting schedules is PDF. However, a Microsoft Word or Excel electronic document is also acceptable.

Estimated Tax Payments. Nebraska does not require an estate or trust to make estimated tax payments. Any estate or trust making a voluntary estimated payment should use the [Nebraska Fiduciary Estimated Income Tax Payment Voucher, Form 1041N-ES](#). Report the estimated tax payment on line 26.

Nonresident Beneficiaries

Estates and trusts must remit Nebraska income tax withholding for each nonresident individual beneficiary who does not complete a [Nebraska Nonresident Income Tax Agreement, Form 12N](#). For the purposes of Form 12N and the income tax withholding requirements, an individual includes a nonresident grantor of a grantor trust.

Nonresident beneficiaries who sign the Form 12N agree to file a Nebraska income tax return and pay all taxes due directly to DOR. This relieves the estate or trust from the obligation to remit income tax withholding on the beneficiary's behalf. All signed and completed Forms 12N must be attached to the Form 1041N.

If a Form 12N is not signed and completed for a nonresident individual beneficiary, the amount to be paid is 5.84% of the nonresident beneficiary's share of estate or trust taxable income from Nebraska sources.

The estate or trust reports the amount of income tax remitted on behalf of each nonresident beneficiary on the [Nebraska Beneficiary's Share of Nebraska Income, Deductions, Modifications, and Credits – Schedule K-1N](#). Attach each Nebraska Schedule K-1N to the fiduciary return. Do not remit income tax for corporations, estates, or trusts (except grantor trusts) that are beneficiaries. Nebraska law does not allow payment of income tax by an estate or trust on behalf of these entities. Instead, these entities are required to file a Nebraska return.

A nonresident individual beneficiary may claim the amount of income tax remitted by the estate or trust as a credit against his or her Nebraska income tax liability by attaching a copy of the Nebraska Schedule K-1N to the [Nebraska Individual Income Tax Return, Form 1040N](#).

Nonresident individual beneficiaries do not have to file a Nebraska individual income tax return if:

- ◆ Their only connection with the state is conducting the business activities of the estate or trust; and
- ◆ The estate or trust has remitted income tax with respect to all the Nebraska income attributable to the nonresident's share of the estate's or trust's income.

In lieu of filing a Nebraska Individual Income Tax Return, a nonresident beneficiary may elect to allow the full amount of income tax withholding to be retained by the state. Any nonresident may still file a Form 1040N, however, and claim a refund if one is due.

Nonresident Beneficiary – No Income Tax Withholding Requirement. The estate or trust is not required to remit income tax for any nonresident individual beneficiary who completes and submits a Form 12N to the estate or trust, **before the original filing** of the Form 1041N. For purposes of the Form 12N, an individual includes a nonresident grantor of a grantor trust. A completed Form 12N must:

- ◆ Include all the requested information; and
- ◆ Be signed and dated by the beneficiary or the beneficiary's authorized representative (attach a copy of [Power of Attorney, Form 33](#)).

Any nonresident beneficiary who files [Form 12N](#) to avoid income tax withholding must file a [Form 1040N](#). Failing to file the required Form 1040N may result in:

- ◆ An assessment issued to the nonresident individual beneficiary based on the information available to DOR; or
- ◆ The loss, by the nonresident individual beneficiary, of any current year Nebraska net operating or capital loss distributed from the estate or trust. A Nebraska net operating or capital loss carryforward will not be allowed to offset Nebraska income until the Nebraska return for the loss year has been filed.

Beneficiary's Return. A resident beneficiary must include his or her entire share of the estate or trust income in Nebraska adjusted gross income. Income should be computed under the applicable provisions of the Internal Revenue Code (IRC). Nonresident beneficiaries are subject to the Nebraska income tax on their share of the estate or trust income derived from sources within Nebraska.

Reporting Nebraska Source Income to Beneficiaries. An estate or trust must provide all beneficiaries with a Nebraska Schedule K-1N. See the [Nebraska Schedule K-1N instructions](#) for additional information.

The income, loss, and deduction amounts reported on the Nebraska Schedule K-1N must be calculated in the same manner as income is distributed.

Accumulation Distribution. If the accumulation distribution is included in the beneficiary's federal adjusted gross income, it should be included in the beneficiary's Nebraska taxable income.

Credits Distributable to Beneficiaries

Community Development Assistance Act (CDAA) Credit. A fiduciary for an estate which operates a business is allowed a credit for a contribution made to approved projects of community betterment organizations recognized by the Nebraska Department of Economic Development (DED). Attach the [2024 Nebraska Community Development Assistance Act Credit Computation, Form CDN](#), to the Form 1041N. The estate or trust does not need to attach a copy of the Form 1099NTC. DOR will receive the Form 1099NTC information directly from DED.

More detailed information on this credit can be obtained by contacting:

Nebraska Department of Economic Development
245 Fallbrook Blvd, Suite 002
Lincoln, NE 68521-4666

<https://opportunity.nebraska.gov/programs/community/cdaa/>

Beginning Farmer Credit. This credit is available to owners of agricultural assets, when the agricultural assets are rented to qualifying beginning farmers or livestock producers. Each beneficiary eligible for the credit will receive a copy of the Statement of Nebraska Tax Credit, Form 1099BFC, from the Nebraska Department of Agriculture (NDA). Each beneficiary is allowed a share of the credit calculated by using the same method used to report income received from the estate or trust. The Form 1099 BFC does not need to be filed with the beneficiary's individual income tax return. Estates or trusts do not need to attach a copy of the Form 1099 BFC. DOR will receive the Form 1099 BFC information directly from the NDA.

For more details regarding this credit, contact:

Nebraska Department of Agriculture
PO Box 94947
Lincoln, Nebraska 68509-4947
402-471-4876

nextgen.nebraska.gov

Financial Institution Tax Credit. An estate or trust may take a nonrefundable credit against its income tax liability for the Nebraska financial institution tax. The credit is limited to the estate or trust's share of the Nebraska financial institution tax paid by a financial institution electing to be taxed under the IRC as an S corporation. This credit is claimed on line 13 of [Form 1041N](#).

The amount of financial institution tax credit taken by the estate or trust is an adjustment increasing federal taxable income. The amount of this credit claimed on line 13, Form 1041N, is included in the amounts reported on line 4, Form 1041N, and on line 7 of Nebraska Schedule I, Form 1041N.

Form 3800N Credits. Nebraska provides several tax incentive credits that may be earned by entities conducting business in this state.

An estate or trust must file tax incentive credit distribution forms including Forms 775N and 312N before credits can be allowed to a beneficiary. Attach a distribution schedule for [Form 775N, Schedule II](#) or for [Form 312N, Schedule II](#) (that lists each beneficiary, the beneficiary's tax ID number, the income percentage, and each beneficiary's distributed credits). The total amount distributed by the estate or trust must be distributed in the same proportion as ordinary income.

Use Tax

An estate or trust may be subject to use tax. An estate or trust owes use tax when the proper sales tax has not been paid on purchases delivered into Nebraska. This often occurs when purchases are made from out-of-state, mail order, or Internet sellers. Use tax is also due when items purchased for resale are withdrawn from inventory for business or personal use.

Example 1.

The estate or trust purchased a computer from a seller in South Dakota over the Internet for \$1,570 plus \$30 shipping and handling charges. Both charges are taxable. The computer is shipped to the estate or trust in Scottsbluff, Nebraska and no tax is charged or collected by the seller. The state tax is \$88 ($\$1,600 \times 5.5\%$) and the local tax is \$24 ($\$1,600 \times 1.5\%$). The total use tax owed is \$112 ($\$88 + \$24 = \112).

Example 2.

A repair shop in Scottsbluff, Nebraska provides motor vehicle repair service. The repair shop also owns a tow truck used for towing customer motor vehicles needing repair. The shop purchases oil and oil filters, tax exempt, for resale using the [Nebraska Resale or Exempt Sale Certificate, Form 13](#). When oil and oil filters are removed from sales tax exempt inventory and used to change the oil in the business-owned tow truck, state and local use tax is due on the cost of the oil and oil filters.

For additional information, see the [Nebraska Use Tax Information Guide](#).

Purpose of Form

The [Nebraska Fiduciary Income Tax Return, Form 1041N](#) is not simply an informational return. The Form 1041N and schedules are necessary to:

- ◆ Calculate and pay income tax on income retained by the estate or trust;
- ◆ Calculate the income, deductions, and credits that will be passed through to the beneficiaries; and
- ◆ Calculate and pay income tax on behalf of nonresident individual beneficiaries.

Who Must File?

The Form 1041N must be filed by the fiduciary of every resident estate or trust that is required to file a federal income tax return, except for trusts that meet all of the following conditions:

- ◆ The trust is classified as a simple trust;
- ◆ All of the trust's beneficiaries are residents of Nebraska;
- ◆ All of the trust's income is derived from Nebraska sources;
- ◆ The trust has no federal tax liability; and
- ◆ The trust is not an electing small business trust.

The Nebraska Fiduciary Income Tax Return, Form 1041N, must also be filed by the fiduciary of a nonresident estate or trust if: the estate or trust is required to file a federal income tax return for the taxable year; and the estate or trust had income derived from Nebraska sources. The fiduciary is responsible for filing the return for the estate or trust, whether the income is taxable to the estate or trust, or to the beneficiaries.

Electing Small Business Trust (ESBT). An ESBT which reports and pays federal income tax pursuant to IRC § 641(c) on income from an S corporation doing business in Nebraska, must report and pay Nebraska income tax on the income. See line 10 instructions for further information.

Bankruptcy Estate for an Individual. The bankruptcy trustee or debtor in possession must file Form 1041N for the estate of an individual involved in bankruptcy proceedings under Chapter 7 or 11 of Title 11 of the United States Code where a fiduciary income tax return is required under the provisions of the IRC. Calculate the income tax for the bankruptcy estate on Form 1040N using the tax rate schedule for married, filing separately filing status, and subtract one personal exemption credit. Enter the tax on line 33 of the [Form 1040N](#) and on line 8 of [Form 1041N](#). Complete the remaining lines of Form 1041N. Attach Form 1040N to Form 1041N. In a jointly-administered case, if two separate federal tax returns are required, then two separate Nebraska tax returns must be filed.

Bankruptcy Estate for Corporations and Partnerships. Unlike the situation for an individual in bankruptcy, commencing bankruptcy proceedings for a corporation or partnership does not create a separate taxable entity. Therefore, there is no federal filing requirement for the bankruptcy trustee, and no Nebraska filing requirement.

Exempt Trusts. A trust, which by reason of its purposes and activities is exempt from federal income tax, is also exempt from Nebraska income tax. However, exempt trusts filing an Exempt Organization Business Income Tax Return, Federal Form 990-T, to report unrelated business income must file a Nebraska return and pay tax to Nebraska. If the federal tax was computed at the corporate rates, the fiduciary must file a [Form 1120N](#). If the federal tax was computed at the fiduciary rates, the fiduciary must file a Form 1041N.

When and Where to File?

This return must be filed on or before the 15th day of the fourth month following the close of the taxable year. If this return is being filed by an exempt organization which has unrelated business income, the due date is the 15th day of the fifth month following the close of the taxable year of the exempt organization.

Mail the Form 1041N to:

Nebraska Department of Revenue
PO Box 94818
Lincoln, Nebraska 68509-4818

How to Complete Form 1041N

Tax Period. A 2024 Form 1041N must be used to file for the calendar year 2024, or a fiscal year beginning in 2024. Space is provided at the top of the return to enter the beginning and ending dates for short-period or fiscal-year filers. The taxable year for Nebraska must be the same as the taxable year used for the federal income tax return.

If the estate or trust changes its federal taxable year, it must also change its Nebraska taxable year. A copy of the approval from the IRS to change accounting periods must accompany the first return that shows the change.

Nebraska ID Number. Enter the Nebraska ID number assigned to the estate or trust by DOR. If the estate or trust has not been assigned a Nebraska ID number, leave this field blank. A Nebraska ID number will be assigned when the return is received. DOR will mail notification of the assigned Nebraska ID number to the address shown on the return.

Federal ID Number. Enter the federal ID number assigned to the estate or trust by the IRS.

Residence of Estates and Trusts. The residence of an estate or trust is the same as either the domicile of the deceased at the time of death; or the domicile of the creator of the trust at the time the trust, or a portion of the trust, became irrevocable. The residence of a trust is not changed if the creator changes domicile or if the property in the trust changes location. The residence of the trustee or personal representative does not affect the residence of the estate or trust.

Grantor Type Trust. If all income, deductions, and credits are reported by the grantor, his or her spouse, or other person under IRC §§ 671-678, and this person is not the trustee, lines 1 through 35 of the Form 1041N need not be completed. A copy of the federal return need not be attached. Write “Schedule Attached” on line 1, and attach a separate statement showing the items of income, deduction, and credit. The name, address, and identifying number of the grantor, spouse, or other person to whom the income is taxed must be included in the separate statement.

If the fiduciary is not required to file a federal return, do not file a Form 1041N.

Final Return. Check the “Final Return” box at the top of the return if the estate or trust ceased to exist during the 2024 tax year.

Distributed Form 3800N Credit. Check the “Distributed Form 3800N Credit” box if the fiduciary is distributing [Form 3800N](#) tax credits in this tax year. Include a distribution schedule in addition to recording the amount of the distributed credit on the Schedule K-1N.

Line 1	Total Federal Income. Enter the total federal income as shown on the federal return (Federal Form 1041, 1041-QFT, or 1041-N).
Line 2	Federal Taxable Income. Enter the federal taxable income as shown on the federal return.
Line 3	Undistributed Income from U.S. Government Bonds or Other U.S. Obligations. Enter the amount of interest and dividend income from U.S. government obligations exempt from state taxation. The Taxability of Interest and Dividend Income From State, Local, and U.S. Government Obligations Information Guide lists U.S. interest and dividend income that can be included on line 3. Interest income from repurchase agreements involving U.S. government obligations is not deductible as U.S. government interest.

Gains or losses from the sale or other disposition of federal securities are taxable for state income tax purposes and should not be included on line 3.

Line 4 **Undistributed Income from Non-Nebraska State and Local Interest and Other Nebraska Adjustments Increasing Federal Taxable Income.** Enter the total adjustments increasing federal taxable income that were not distributed to the beneficiaries. These adjustments include, but are not limited to:

- ◆ Non-Nebraska state or local obligations exempt from federal taxation;
- ◆ Any loss from an S corporation or LLC which was not from Nebraska sources;
- ◆ Federal net operating or capital losses deducted in computing federal taxable income; and
- ◆ Nebraska state and local income, sales and use taxes deducted under section 164 of the IRC.

Line 5 **Special Capital Gains/Extraordinary Dividend Deduction.** See the [Special Capital Gains/Extraordinary Dividend Election and Computation, Form 4797N](#), instructions.

Line 6 **Nebraska Adjustments Decreasing Federal Taxable Income.** Enter the total adjustments decreasing federal taxable income, except those already deducted above. These deductions include, but are not limited to:

- ◆ Income from an S corporation or LLC which was not from Nebraska sources. This deduction is limited to the amount included in federal taxable income. An estate or trust cannot include in this deduction any amount of S corporation or LLC income from non-Nebraska sources that was part of the qualified business income deduction under IRC § 199A claimed on its federal return;
- ◆ Any Nebraska net operating or capital loss; and
- ◆ Any amount included in federal taxable income, but not in federal distributable net income by a **nonresident** estate or trust [for example, gains on capital assets that are allocated to the corpus of the estate or trust and are not – (A) paid or credited, or required to be distributed to any beneficiary during the taxable year, or (B) paid or permanently set aside to be used for the purposes specified in section 642(c)]. The nonresident estate or trust must attach Schedule B, Federal Form 1041, to its Nebraska Form 1041N and include an explanation of the deduction.

Nebraska resident estates and trusts cannot deduct income earned or derived from outside Nebraska, except for non-Nebraska S corporation or LLC income. Instead, the resident estate or trust may be entitled to a credit for income tax paid to another state. See the instructions for [Credit for Tax Paid to Another State for Resident Estate or Trust Only, Nebraska Schedule III](#).

Note: Federal and state income taxes paid or refunded cannot be deducted as an adjustment decreasing federal taxable income for state purposes.

Line 7 **Nebraska Taxable Income.** Enter the result of line 2 plus line 4 minus lines 3, 5, and 6.

Line 8 **Nebraska Income Tax.** Resident estates and trusts compute their tax using the tax schedule below, and enter the result on line 8.

Nonresident estates and trusts do not make an entry on line 8. Instead, nonresident estates and trusts use the tax rate schedule to complete line 2 of [Nebraska Schedule I](#).

2024 Nebraska Tax Rate Schedule for Fiduciary Income Tax Return			
If taxable income is:		The Nebraska tax is:	
over —	but not over		
\$ 0	\$ 640	2.46% of the income	
640	6,100	\$ 15.74 + 3.51% of the excess over \$640	
6,100	19,670	\$207.39 + 5.01% of the excess over \$6,100	
19,670	—	\$887.25 + 5.84% of the excess over \$19,670	

Line 9

Nebraska Other Tax. The Nebraska other tax is calculated by multiplying the federal tax on lump-sum distributions of pensions by 29.6%. Resident estates and trusts use the worksheet below to compute their line 9 entry.

Nebraska Other Tax Worksheet		
(Use to compute line 9, Form 1041N. Keep for your records.)		
1. Tax on lump-sum distributions of pensions (enter amount from Federal Form 4972)	_____	
2. Other tax rate		x .2960
3. Total other tax (Line 1 multiplied by .2960)	_____	

Resident estates and trusts, enter this total on line 9, Form 1041N.
Nonresident estates and trusts, enter this total on line 3, on the Nebraska Schedule I.
Attach a copy of your Federal Form 4972 and/or recomputed Federal Form 1041, Schedule I, to your return.

Line 10

ESBT. An ESBT must compute Nebraska income tax on income received from S corporations doing business in Nebraska which is taxed federally under IRC § 641(C). Under federal law, an ESBT is required to calculate its tax liability as a separate trust. Nebraska also requires an ESBT to calculate its Nebraska tax liability as a separate trust. An estate or trust with ESBT income must complete the [Electing Small Business Trust Tax Calculation Worksheet, Form 1041N](#), to calculate the Nebraska tax liability on its ESBT income. In completing the worksheet, the ESBT adjusts its federal taxable income in the same manner as an estate or trust which is not an ESBT. This includes, but is not limited to, an adjustment to federal taxable income for non-Nebraska S corporation income or loss. In addition, a nonresident ESBT will compute its Nebraska source income and tax liability on the ESBT income in the same manner as a nonresident estate or trust which is not an ESBT.

The tax computed on the ESBT income is based on the Nebraska tax rate schedule found in the line 8 instructions.

Line 11

Total Nebraska Tax. Resident estates and trusts enter the total of lines 8 , 9, and 10. Nonresident estates and trusts enter the amount from line 11 of [Nebraska Schedule I](#).

Line 12

Credit for Tax Paid by Resident Estate or Trust to Other States. Enter the amount from line 5 of [Nebraska Schedule III](#). Attach a copy of the income tax return filed with the other state. If the estate or trust is claiming credit for income tax paid to a political subdivision of another state in which no annual income tax return is required, then attach a Federal Form W-2 statement to support the claimed credit.

Prepare a separate Nebraska Schedule III for each state to which you paid income tax. However, if some income is subject to income tax in both another state and a city within that state, complete only one Nebraska Schedule III and combine the city and state taxes paid.

Line 13

Community Development Assistance Act (CDAA) Credit. The Nebraska CDAA credit is allowable for contributions to approved projects of community betterment organizations recognized by the Nebraska Department of Economic Development (DED). Attach the [2024 Nebraska Community Development Assistance Act Credit Computation, Form CDN](#), to the Form 1041N. Do not attach a copy of the Form 1099NTC. DOR will receive the Form 1099NTC information directly from DED.

For more details regarding this credit, contact:

Nebraska Department of Economic Development
245 Fallbrook Blvd, Suite 002
Lincoln, Nebraska 68521-4666

<https://opportunity.nebraska.gov/programs/community/cdaa/>

Financial Institution Tax Credit. Enter the amount of the tax credit available to you from the [2024 Statement of Nebraska Financial Institution Tax Credit, Form NFC](#), supplied by the financial institution in which you are a shareholder.

Line 14

Form 3800N Nonrefundable Credit. Enter any nonrefundable tax credits reported on the [Nebraska Incentives Credit Computation, Form 3800N](#). Attach a copy of the Form 3800N and any supporting schedules.

Line 15

Employer's Credit for Expenses Incurred for TANF (ADC) Recipients. Enter the portion of the credit from line 2, [Form TANF](#), that is not distributed to beneficiaries.

Line 16	Nebraska Employer Tax Credit for Employing Convicted Felons. Enter the certified credit amount and the certificate number from the Nebraska Employer Tax Credit Application for Employing Convicted Felons, Form ETC-A. The employer must file an application with DOR and be approved to receive the tax credit prior to claiming the credit. If approved for more than one certificate number, you must attach a schedule listing each certificate number and the approved amounts.
Line 17	School Readiness Tax Credit for providers. Enter the amount of the credit from the tax credit certification issued by DOR. A copy of the tax credit certificate must be attached to this return when filed. For more information about this credit, go to School Readiness Tax Credit Act.
Line 18	Child Care Tax Credit for contributors. Enter the approved child care tax credit amount and certificate number from Form CCTC-A. A trust or estate may only claim a credit on the portion of the contribution that was not deducted as a charitable contribution on its federal return. The taxpayer may carry forward the excess credit for up to five taxable years after the taxable year in which the credit was first allowed. Taxpayers must use the carryover credit in the earliest taxable year possible.
Line 19	Opportunity Scholarships Act credit for contributors. Enter the lesser of the amount of cash contributions made to scholarship-granting organizations, 50% of the income tax liability (line 11, Form 1041N), or \$1,000,000. A trust or estate may only claim a credit on the portion of the contribution that was not deducted as a charitable contribution on its federal return. The total amount distributed by the trust or estate must be distributed in the same proportion as ordinary income. The taxpayer may carry forward the excess credit for up to five taxable years after the taxable year in which the credit was first allowed. Taxpayers must use the carryover credit in the earliest taxable year possible.
Line 20	Creating High Impact Economic Futures (CHIEF) credit. This nonrefundable credit is allowable for contributions to community betterment organization programs or projects certified for tax credit status by the Nebraska Department of Economic Development. The credit must be claimed on the tax return for the year in which the contribution was made. Any credits may be carried forward for up to five years from the year in which the credit was first allowed. Attach Form 1879NTC.
Line 21	Total Nonrefundable Credits. Add lines 12 through 20.
Line 22	Nebraska Tax After Nonrefundable Credits. Subtract line 21 from line 11 and enter the result on line 22. If line 21 is more than line 11, enter zero (-0-).
Line 23	Nebraska Income Tax Withholding for Nonresident Individual Beneficiaries. Enter the total amount of income tax withholding from column (G) of Nebraska Schedule II .
Line 24	Total Nebraska Income Tax Liability. Enter the result of line 22 plus line 23.
Line 25	Form 3800N Refundable Credit. Enter the total refundable tax credits reported on Form 3800N. Attach a copy of the Form 3800N and any supporting schedules.
Line 26	Tax Deposited with Form 7004N and 2024 Estimated Income Tax Payments. Add the total amount paid in estimated tax payments and any amount paid with the Nebraska extension request, Form 7004N . Enter the total on line 26.
Line 27	Beginning Farmer Credit. Enter the Beginning Farmer credit reported on a Statement of Nebraska Tax Credit, Form 1099BFC.
Line 28	Credit for Community College Property Taxes. Enter the amount from line 1, Form PTC and attach Form PTC.
Line 29	PTET credit. If you are not distributing the PTET credits received from an electing partnership or S corporation in which you hold an ownership interest, enter the total amount of PTET credit received from electing partnerships on line 29 and complete lines 29a, 29b, 29c, and 29d; and attach the Schedules K-1N. If PTET credits were received from more than one partnership or S corporation attach a schedule in the same format as lines 29a, 29b, 29c, and 29d. If the PTET credits received from partnerships or S corporations will be distributed to your beneficiaries do not include that amount on line 29, instead include that amount on line 29d, on the beneficiaries Schedule K-1N, and add the distributed credit to the Schedule PTET.

Line 30 **Other Credits.** Enter Nebraska income tax withheld on salary or wage payments included in the income of the estate. Enter any Nebraska income tax withheld shown on Federal Forms 1099-R or W-2G if the related income is included in the income of the estate or trust. Attach a copy of Federal Forms W-2, 1099-R, or W-2G to support the amount claimed.

Line 31 **Total Payments.** Enter the total of lines 25 through 30.

Line 32 **Tax Due.** If line 24 is greater than line 31, subtract line 31 from line 24 and enter the result on line 32.

Electronic Payment Options

Electronic Funds Withdrawal (EFW). With this payment option, you provide your payment information within your electronically-filed return. Your payment will automatically be withdrawn from your bank account on the date you specify.

Nebraska e-pay. Nebraska e-pay is DOR’s web-based electronic payment system. You enter your payment and bank account information, and choose a date (up to a year in advance) to have your account debited. You will receive an email confirmation for each payment scheduled.

ACH Credit. You (or your bank) create an electronic file in the appropriate ACH file format. It is submitted to the Federal Reserve and instructs your bank to “credit” the state’s bank account.

Nebraska Tele-pay. Nebraska Tele-pay is DOR’s phone-based electronic payment system. Call 800-232-0057, enter your payment and bank account information, and choose a date (up to a year in advance) to have your account debited. You will receive a confirmation number at the end of your call.

Cancel a Payment. You may cancel a payment scheduled through Nebraska e-pay by logging into the e-pay program from our website and selecting “cancel payment.”

Check or Money Order. If you are not using one of the electronic payment options described above, include a check or money order payable to the “Nebraska Department of Revenue.” Checks written to DOR may be presented for payment electronically.

At this time, DOR does not offer a credit card payment option for fiduciary income tax returns.

Line 33 **Overpayment.** If line 31 is greater than line 24, enter the result of line 31 minus line 24.

Note: An estate or trust filing an amended return will not receive a refund of any amount withheld on its original return for nonresident beneficiaries when the Nebraska source income for its nonresident individual beneficiaries is reduced. Instead, the beneficiaries may file a claim for an income tax refund resulting from the reduced Nebraska source income.

Line 34 **Amount Credited to 2025 Estimated Tax.** Enter the amount of overpayment shown on line 33 that you want credited as a tax year 2025 estimated payment for the estate or trust.

Line 35 **Overpayment to be Refunded.** Enter the amount of overpayment shown on line 33 that you want refunded. The overpayment to be refunded is calculated by subtracting line 34 from line 33.

Line 36 Paper filed returns with refunds cannot be processed as direct deposits and will be mailed. Do not enter banking information if filing the Form 1041N by paper.

For electronically filed fiduciary returns, complete the information on line 36 to deposit the refund directly into the estate's or trust's checking or savings account. Enter the routing number and account number found on the bottom of the checks used with the account. The routing number is listed first and must be nine digits. The account number is listed to the right of the routing number and can be up to 17 digits. Enter these numbers in the boxes found on lines 36a and 36c, and complete line 36b, Type of Account.

The box on line 36d must be checked if the refund will go to a bank outside the United States. This is necessary to comply with banking rules regarding International ACH Transactions (IATs). These refunds cannot be processed as direct deposits and instead will be mailed.

Signature

Sign and Date the Tax Return. This return must be signed by the fiduciary or officer of the organization receiving, having custody of, or controlling and managing the income of the estate or trust. Include a daytime phone number and an email address in case DOR needs to contact you about your account.

Email. By entering an email address, the taxpayer acknowledges that DOR may contact the taxpayer by email. The taxpayer accepts any risk to confidentiality associated with this method of communication. DOR will send all confidential information by secure email or the State of Nebraska's file share system. If you do not wish to be contacted by email, write "Opt Out" on the line labeled "email address."

If the fiduciary authorizes another person to sign this return, there must be a [Power of Attorney, Form 33](#), on file with DOR, or attached to the return.

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

Paid Preparer's Use Only. Any person who is paid for preparing a taxpayer's return must sign the return as preparer. Additionally, the preparer must enter their Preparer Tax ID Number (PTIN), their firm's name, and Federal Employer ID Number (EIN).

Nebraska Schedule I Instructions

Computation of Nebraska Tax for Nonresident Estate or Trust

Purpose. The [Nebraska Schedule I](#) is used by nonresident estates and trusts to determine the Nebraska tax (Form 1041N, line 11, Total Nebraska Tax) on income derived from or connected with Nebraska sources. To complete this schedule, tax is computed on federal taxable income as modified by specific Nebraska adjustments. The Nebraska tax liability of the nonresident estate or trust is determined by multiplying the tax computed on line 4 by a ratio of Nebraska source income divided by **total federal income**, as modified by specific Nebraska adjustments and adding any tax computed on income from an ESBT.

Line 1

Nebraska Taxable Income. Enter the amount from [Form 1041N](#), line 7.

Line 2

Nebraska Income Tax on Line 1 Amount. Nonresident estates and trusts compute their income tax using the tax rate schedule shown for line 8 on page 9 of the instructions, and entering the result on line 2.

Line 3

Nebraska Other Tax. The Nebraska other tax is calculated by multiplying the federal tax on lump-sum distributions of pensions by 29.6%. Nonresident estates and trusts use the worksheet included as part of the Form 1041N, line 9 instructions to compute their line 3 entry.

Line 4

Total Nebraska Tax. Add lines 2 and 3, and enter the result on line 4.

Line 5

Income Derived from Nebraska Sources, Except Capital and Ordinary Gain (Loss). Enter the total amount of taxable income derived from Nebraska sources. Include the Nebraska portion of taxable income reported on lines 1, 2a, 3, 5, 6, and 8 of the U.S. Income Tax Return for Estates and Trusts, Form 1041. Attach a schedule listing the income amounts.

If there was business activity in more than one state, and any of this activity had income from Nebraska sources, only a portion of the fiduciary's income is included on line 5. The portion included will be based on the same ratio that income from Nebraska sources bears to total income for that business activity. A separate calculation is required for each separate business activity.

Attach a copy of any Nebraska Schedule K-1N, reporting Nebraska source income distributed to the fiduciary by a partnership, LLC, or S corporation.

Line 6

Nebraska Capital and Ordinary Gain (Loss). Enter the taxable amount of Nebraska capital and ordinary gain or loss reported on lines 4 and 7 of Federal Form 1041. Also attach a schedule identifying each asset sold and the amount of Nebraska gain or loss received from the sale. The reportable gains (losses) may include those from the sale of the following properties located in Nebraska: real property; trade or business property; depreciable and amortizable property; oil,

gas, geothermal, or other mineral properties; IRC § 126 property; and tangible personal property located in Nebraska at the time of sale.

Line 7	Adjustments, if any, Applied to Nebraska Income. The adjustments must relate to the Nebraska income amounts reported on lines 3 and 4. Include Nebraska state and local income, sales and use taxes deducted under section 164 of the IRC. Include a schedule specifically identifying the adjustments claimed. These adjustments do not include any expenses that are deductible in computing the fiduciary's federal taxable income (e.g., charitable contributions, taxes, and fiduciary fees).
Line 8	Nebraska Adjusted Gross Income. Enter the result of line 5 plus or minus lines 6 and 7.
Line 9	Nebraska Share of Line 4. Use the mathematical formula provided on line 9 of Nebraska Schedule I to calculate the Nebraska tax. Enter the result on line 9.
Line 10	Electing Small Business Trust (ESBT). Enter the amount from line 18 of the ESBT worksheet, if applicable.
Line 11	Total Nebraska Tax. Enter the sum of lines 9 and 10 on line 11 and on line 11, Form 1041N.

Nebraska Schedule II Instructions

Nonresident Beneficiary's Share of Nebraska Income, Deductions, and Credits

Purpose. The Schedule II is completed to identify the nonresident beneficiaries and to calculate income tax withholding for the nonresident individual beneficiaries. The income tax withholding is calculated on the distributable net income from Nebraska sources. No income tax withholding is remitted when the nonresident individual beneficiary has completed a [2024 Nebraska Nonresident Income Tax Agreement, Form 12N](#). This schedule must be completed, **unless**:

- ◆ All the beneficiaries are residents of Nebraska; or
- ◆ The Form 1041N is filed for a simple trust with nonresident beneficiaries and the trust only received portfolio income. Generally, portfolio income includes all gross income (other than income derived in the ordinary course of a trade or business) that is attributable to interest, dividends, and royalties. These simple trusts must check the box under the Schedule II heading.

Name and Address. Enter the name and address for each nonresident beneficiary. If additional space is needed, attach a schedule using the same format as Nebraska Schedule II.

Column (A). Enter the Social Security number or Nebraska ID number for each nonresident individual beneficiary.

Column (B). Enter the nonresident individual beneficiary's share of the distributable net income which was derived from or attributable to Nebraska sources. Include only current earnings distributions, not accumulation distributions. Portfolio income (see above) is not included in Nebraska income.

Column (C). Enter the nonresident individual beneficiary's share of the deductions related to the income included in column (B).

Column (D). Place a check mark in this column if a properly completed and signed Form 12N is attached. Do not complete columns (E) and (G) if this box is checked.

Column (E). Enter the nonresident individual beneficiary's share of Nebraska source income subject to withholding. Subtract the amount in column (C) from the amount in column (B), and enter the difference or zero (-0-), whichever is greater.

Column (G). Multiply the amount in column (E) by .0584 and enter the result in column (G). This is the amount of Nebraska income tax withholding for each nonresident individual beneficiary who did not complete a Form 12N. Report the amount of income tax withholding for each nonresident individual beneficiary on a [Beneficiary's Share of Income, Deductions, Modifications, and Credits—Nebraska Schedule K-1N](#). The total of column (G) must equal the amount entered on line 23, Form 1041N.

Nebraska Schedule III Instructions

Credit for Tax Paid to Another State for Resident Estate or Trust Only

Purpose. The [Nebraska Schedule III](#) is used to calculate the credit for tax paid by a resident estate or trust to another state, political subdivision of another state, or the District of Columbia.

Line 1	Nebraska Tax. Enter the amount from line 11, Form 1041N .
Line 2	Taxable Income from Another State. Refer to the Conversion Chart . Enter the amount shown on the return filed with the other state as referenced on the Conversion Chart. Do not include any income from S corporations or LLCs that is not from Nebraska sources. Dual state residents must refer to the Special Conversion Chart instructions to properly calculate tax paid to another state.
Line 3	Computed Tax Credit. Use the mathematical formula provided on line 3 of Nebraska Schedule III to calculate the amount entered on this line.
Line 4	Tax Due and Paid to Another State. Refer to the Conversion Chart and enter the amount shown on the return filed with the other state as tax paid to that state. Attach a copy of the income tax return filed with the other state, or a copy of a letter or statement from the other state or city identifying the amounts of income and tax paid. If the estate or trust is claiming credit for income tax paid to a political subdivision of another state for which no annual income tax return is required, then attach a Federal Form W-2 statement to support the credit claimed. Prepare a separate Nebraska Schedule III for each state to which you paid income tax. However, if some income is subject to income tax in both another state and a city within that state, complete only one Nebraska Schedule III and combine the city and state taxes paid.
Line 5	Maximum Tax Credit. Enter the smallest of the amounts reported on lines 1, 3, or 4 on line 5, and on line 12, Form 1041N.

See the Nebraska Schedule K-1N for the K-1N Instructions Beneficiary's Share of Income, Deductions, Modifications, and Credits

Nebraska Schedule PTET Beneficiary's Share of Nebraska Pass-Through Entity Tax

Complete this schedule only if the estate or trust is distributing a PTET credit received.

Purpose. The Nebraska Schedule PTET is used to report the amount of Nebraska PTET credit allowable to each beneficiary.

Line 1. Enter the total Nebraska PTET received by the trust or estate (must attach all Schedules K-1N received from partnerships and S corporations).

Line 2. Enter the PTET credit claim by the trust or estate and **NOT** distributed (enter on line 2 of the Form 1041, Schedule PTET and on Form 1041N, line 29).

Line 3. Enter the amount of PTET credit distributed by the trust or estate to the beneficiaries (enter on line 3 of the Form 1041, Schedule PTET and on Form 1041N, line 29d).

Column (A). Enter the beneficiary's name. If the beneficiary is a grantor trust, enter the name of the grantor.

Column (B). Enter the Social Security number for each individual beneficiary or grantor of a grantor trust. Enter the Federal ID number (FEIN) for each beneficiary that is not an individual.

Column (C). Enter the percent of income for each beneficiary.

Columns (D) through (I). Enter each beneficiary's share of the 2018 through 2022, and 2024 PTET credit. The beneficiary's share is equal to the Nebraska PTET credit being distributed for each tax year multiplied by the beneficiary's percent of income..

Column (J). For each beneficiary enter the result of Columns (D) through (I). The total of Column (J) is the line 3 total, Schedule PTET amount.

Nebraska Fiduciary Income Tax Return

for the taxable year January 1, 2024 through December 31, 2024 or other taxable year beginning , 2024 and ending , 20

Name of Estate or Trust		PLEASE DO NOT WRITE IN THIS SPACE	
Name and Title of Fiduciary			
Street or Other Mailing Address of Fiduciary			
City	State		ZIP Code
Nebraska ID Number	Federal ID Number		Type of Trust (If Grantor Type, See Instructions) <input type="checkbox"/> Testamentary <input type="checkbox"/> Inter Vivos <input type="checkbox"/> Grantor Type

Status of Estate or Trust (1) <input type="checkbox"/> Resident (2) <input type="checkbox"/> Nonresident	Type of Return <input type="checkbox"/> Estate <input type="checkbox"/> Simple Trust <input type="checkbox"/> Complex Trust <input type="checkbox"/> ESBT <input type="checkbox"/> Bankruptcy Estate <input type="checkbox"/> Amended Return
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Check applicable boxes:

(1) Initial Nebraska Return (2) Final Return (3) Change in Address (4) 7004 Attached (5) Distributed Form 3800N Credit

Does the estate or trust have nonresident individual beneficiaries? <input type="checkbox"/> YES (Complete Schedule II) <input type="checkbox"/> NO	Is the trust a pooled income fund? <input type="checkbox"/> YES <input type="checkbox"/> NO
--	--

1 Total federal income	1		00
2 Federal taxable income	2		00
3 Undistributed income from U.S. government bonds or other U.S. obligations	3		00
4 Undistributed income from non-Nebraska state and local bond interest and other Nebraska adjustments increasing federal taxable income includes NE state and local income, sales and use taxes deducted under section 164 of the IRC a List type: _____ b Amount: _____ Enter total adjustments in line 4b and enter total of amount on line 4	4		00
5 Special Capital Gains/Extraordinary Dividend Deduction	5		00
6 Nebraska adjustments decreasing federal taxable income (attach a schedule) (see instructions) a List type: _____ b Amount: _____ Enter total adjustments line 6b and enter total of amount on line 6	6		00
7 Nebraska taxable income (line 2 plus line 4) minus (lines 3, 5, and 6)	7		00
Nonresident estates and trusts must complete Nebraska Schedule I to determine line 11. Do not make entries in lines 8 through 10.			
8 Nebraska income tax (use the tax rate schedule on page 9 of instructions)	8		00
9 Nebraska other tax (Federal Form 4972) (see instructions)	9		00
10 Electing Small Business Trust (ESBT) Nebraska Tax (complete ESBT Worksheet)	10		00
11 Total Nebraska tax (total of lines 8, 9, and 10)	11		00
12 Credit for tax paid by resident estate or trust to other states (Schedule III)	12	00	
13 Community Development Assistance Act credit and Financial Institution Tax credit	13	00	
14 Form 3800N nonrefundable credit (attach Form 3800N)	14	00	
15 Employer's credit for expenses incurred for TANF (ADC) recipients (see instr.)	15	00	
16 NE employer tax credit for employing convicted felons. Enter certificate number from Form ETC-A _____	16	00	
17 School Readiness Tax Credit for providers	17	00	
18 Child Care Tax Credit for contributors. Enter certificate number from Form CCTC-A _____	18	00	
19 Opportunity Scholarships Act credit for contributors	19	00	
20 Creating High Impact Economic Futures (CHIEF) credit	20	00	
21 Total nonrefundable credits (total of lines 12 through 20)	21		00
22 Nebr. income tax after nonrefundable credits. Subtract line 21 from line 11 (if line 21 is greater than line 11, enter zero -0-)	22		00

Please Type or Print

Name on Form 1041N

Nebraska ID Number

Nebraska Schedule I—Computation of Nebraska Tax for Nonresident Estate or Trust

1	Nebraska taxable income (line 7, Form 1041N)	1		00
2	Nebraska income tax on line 1 amount (see Form 1041N, line 8 instructions)	2		00
3	Nebraska other tax (see Form 1041N, line 9 instructions)	3		00
4	Total Nebraska tax (line 2 plus line 3)	4		00
5	Income derived from Nebraska sources, except capital and ordinary gain (loss) (attach schedule) (see instructions)	5		00
6	Nebraska capital and ordinary gain (loss) (attach schedule) (see instructions)	6		00
7	Adjustments, if any, applied to Nebraska income (includes Nebraska state and local income, sales and use taxes deducted under section 164 of the IRC) (see instructions) a List type: _____ b Amount: _____ Enter total adjustments in line 7b and enter total of amount on line 7.	7		00
8	Nebraska adjusted gross income (line 5 plus or minus lines 6 and 7)	8		00
9	Nebraska share of line 4. Compute below. Calculate the ratio to five decimal places and round to four Line 8 _____ (Form 1041N lines 1 + 4) - (Form 1041N Lines 3, 5, and 6) = <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> x _____ = _____ (Ratio) (Line 4)	9		00
10	Electing Small Business Trust (ESBT) Nebraska Tax. (from line 18 of ESBT worksheet)	10		00
11	Total Nebraska tax (add lines 9 and 10 and enter result on line 11, Form 1041N)	11		00

Nebraska Schedule II—Nonresident Beneficiary's Share of Nebraska Income, Deductions, and Credits

Note: If simple trust with out-of-state beneficiaries and only portfolio income, do not complete Schedule II. Instead check this box.

Name And Address Of Each Nonresident Beneficiary

Name	Street or Other Mailing Address	City	State	ZIP Code
1				
2				
3				
4				

(A) Social Security Number or Nebraska ID Number of Nonresident Beneficiary	(B) Nebraska Income (see instructions)	(C) Nebraska Deductions	(D) Check if Form 12N Attached	Computation of Nebraska Tax Withheld		
				(E) Nebraska Source Income Subject to Withholding [Column (B) minus Column (C)]	(F) Rate	(G) Nebraska Income Tax Withholding [Col. (E) times Col. (F)] (Enter on Nebr. Sch. K-1N)
1	00	00		00	.0584	00
2	00	00		00	.0584	00
3	00	00		00	.0584	00
4	00	00		00	.0584	00
5 TOTALS [enter total of column (G) on line 23, Form 1041N]	00	00		00		00

Nebraska Schedule III—Credit for Tax Paid to Another State for Resident Estate or Trust Only

A copy of the return filed with another state must be attached. If the other state return is not attached, this credit will not be allowed.

1	Nebraska tax (line 11, Form 1041N)	1		00
2	Taxable income from another state	2		00
3	Computed tax credit $\frac{\text{Line 2, Schedule III}}{\text{Line 7, Form 1041N}} \times \text{Line 1, Schedule III}$	3		00
4	Tax due and paid to another state (attachment required) (see instructions)	4		00
5	Maximum tax credit (line 1, 3, or 4, whichever is least). Enter amount here and on line 12, Form 1041N	5		00

**Nebraska Schedule K-1N —
Beneficiary's Share of Income, Deductions, Modifications, and Credits**

Estate's or Trust's Name and Mailing Address				Beneficiary's Name and Mailing Address			
Name Doing Business As (dba)				Name			
Legal Name							
Street or Other Mailing Address				Street or Other Mailing Address			
City	State	ZIP Code		City	State	ZIP Code	
Nebraska ID Number		Federal ID Number		Nebraska ID Number		Federal ID Number	
Taxable Year of Organization Beginning _____, 20____ and Ending _____, 20____				Social Security Number		Spouse's Social Security Number	
If applicable, check the appropriate box: <input type="checkbox"/> Final <input type="checkbox"/> Amended				Check One: <input type="checkbox"/> Resident Individual <input type="checkbox"/> Nonresident Individual <input type="checkbox"/> Estate or Trust <input type="checkbox"/> Other (describe) _____			

Part A - Beneficiary's Share of Income and Deductions

1 Ordinary business income (loss)	1	
2 Net rental real estate income (loss)	2	
3 Other rental income (loss)	3	
4 Interest income	4	
5 Ordinary dividends	5	
6 Net short-term capital gain (loss)	6	
7 Net long-term capital gain (loss)	7	
8 Other income (loss)	8	
9 Estate tax deduction	9	
10 Other deductions	10	
11 NE state and local income, sales and use taxes deducted under section 164 of the IRC (from Schedules K-1N)	11	

Part B - Beneficiary's Share of Modifications

12 Qualified U.S. government interest deduction	12	
13 State and local bond interest and dividend income	13	

Part C - Beneficiary's Share of Credits

14 Community Development Assistance Act credit	14															
15 Creating High Impact Economic Futures (CHIEF) credit	15															
16 Form 3800N credits (see Form 1041N Schedule K-1N instructions)																
<table border="1" style="width:100%; border-collapse: collapse;"> <tr><th style="width:50%;">Enter Code for the 3800N credit</th><th style="width:50%;">Amount of 3800N credit</th></tr> <tr><td> </td><td align="center">\$</td></tr> <tr><td> </td><td align="center">\$</td></tr> <tr><td> </td><td align="center">\$</td></tr> <tr><td> </td><td align="center">\$</td></tr> <tr><td> </td><td align="center">\$</td></tr> <tr><td>Total of 3800N credits (Enter total here and on line 16)</td><td align="center">\$</td></tr> </table>	Enter Code for the 3800N credit	Amount of 3800N credit		\$		\$		\$		\$		\$	Total of 3800N credits (Enter total here and on line 16)	\$	16	
Enter Code for the 3800N credit	Amount of 3800N credit															
	\$															
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	\$															
Total of 3800N credits (Enter total here and on line 16)	\$															
17 Employer's credit for expenses incurred for TANF (ADC) recipients (see instructions)	17															
18 NE employer tax credit for employing convicted felons. Enter certificate number from Form ETC-A _____	18															
19 Nebraska income tax withholding (see instructions)	19															
20 Total PTET credit (see instructions)																
a 2018 \$ _____ b 2019 \$ _____ c 2020 \$ _____																
d 2021 \$ _____ e 2022 \$ _____ f 2024 \$ _____	20															
21 Child Care Tax Credit for contributors. Enter certificate number from CCTC-A _____	21															
22 Opportunity Scholarships Act credit for contributors	22															
23 School Readiness Tax Credit for Providers	23															

Instructions

Purpose. The Nebraska Schedule K-1N is used by the estate or trust to report each beneficiary's share of the entity's Nebraska income, deductions, modifications, and credits. The Nebraska Schedule K-1N is also used by each beneficiary to complete their Nebraska tax return.

The estate or trust must provide a Nebraska Schedule K-1N to each beneficiary to whom the estate or trust is required to issue a Federal Schedule K-1. A copy of every Nebraska Schedule K-1N must be submitted with the [Form 1041N](#). If there are more than 50 Nebraska Schedules K-1N, please submit them and any supporting schedules on CD-R media or a flash drive rather than on paper. The preferred format for the Nebraska Schedules K-1N and supporting schedules is PDF. However, a Microsoft Word or Excel electronic document is also acceptable.

Enter the beneficiary's share of the distributed [Form 3800N](#) credits. When estates or trusts issue Nebraska Schedules K-1N to beneficiaries, they must also: complete distribution schedules such as [Forms 775N](#), [312N](#), 1107N, 544N, and 3800N Worksheet HBTC (listing the HBTC certificate number); and report the distributed credit amount to the beneficiaries on line 16 of the Schedule K-1N. To distribute credits earned under the Urban Redevelopment Act, contact DOR to obtain the necessary worksheet and the other documentation requirements.

Complete the Estate or Trust and Beneficiary Information

Nebraska ID Number. Enter the Nebraska ID number assigned to the estate or trust by DOR. If the estate or trust has not been assigned a Nebraska ID number, leave this field blank. A Nebraska ID number will be assigned when the return is received. DOR will mail notification of the assigned Nebraska ID number to the address shown on the return.

Federal ID Number. Enter the federal ID numbers assigned by the IRS to both the estate or trust and the beneficiary. If the beneficiary is an individual, enter the individual's Social Security number.

Taxable Year of Organization. Estates and trusts filing on a fiscal year basis or filing a short period return must enter the date the tax year began and the date the tax year ended. Calendar-year filers may leave this blank.

Part A – Beneficiary's Share of Income and Deductions

Complete Part A, lines 1-11, to report the beneficiary's share of the estate or trust's income (loss) and deductions from Nebraska sources.

Resident Individuals. The share of the income and deductions for a beneficiary who is a resident individual of Nebraska comes directly from the Federal Schedule K-1. A beneficiary who is a Nebraska resident will be taxed by Nebraska on all of his or her income from the estate or trust.

Nonresident Individuals. The share of income and deductions from Nebraska sources for a beneficiary who is a nonresident individual is determined under [Neb. Rev. Stat. § 77-2733](#). Income from Nebraska sources for a nonresident individual beneficiary includes, but is not limited to:

1. Income from the ownership or disposition of real or tangible personal property in Nebraska;
2. Income earned from a business carried on in Nebraska;
3. Income from intangible personal property including annuities, dividends, interest, and gains from the disposition of intangible personal property to the extent that the income is from a business carried on in Nebraska; and
4. Deductions for capital losses, net long term capital gains, and net operating losses that are based solely on income and deductions derived from Nebraska sources.

Part B – Beneficiary's Share of Modifications

Purpose. Complete Part B to report the beneficiary's share of the income distributed by the estate or trust that modifies the federal adjusted gross income or federal taxable income of the beneficiary.

Line 11. Enter the beneficiary's share of the Nebraska and local income, sales, and use taxes deducted under section 164 of the Internal Revenue Code (IRC) on the K-1Ns received from an electing partnership or S corporation.

Line 12. Qualified U.S. Government Interest Deduction. Enter the beneficiary's share of all interest and dividend income from U.S. government obligations exempt from state taxation. The [Taxability of Interest and Dividend Income From State, Local, and U.S. Government Obligations Information Guide](#) lists U.S. interest and dividend income that can be included on line 12, Nebraska Schedule K-1N. Interest income from repurchase agreements involving U.S. government obligations is **not** exempt U.S. government interest. Gains or losses from the sale or other disposition of federal securities are taxable for state income tax purposes and should not be included on line 12.

Line 13. State and Local Bond Interest and Dividend Income. Enter the beneficiary's share of all state and local bond interest or dividends that are exempt from federal income tax and not issued by Nebraska state and local government subdivisions.

Part C – Beneficiary’s Share of Credits

Complete Part C to report the credits that were earned by the estate or trust and distributed to the beneficiaries.

Line 14. Community Development Assistance Act (CDA) Credit. Enter the beneficiary’s share of the distributed CDA credit reported on the Nebraska Community Development Assistance Act Credit Computation, [Form CDN](#), Part C.

Line 15. Creating High Impact Economic Futures (CHIEF) credit. Enter the beneficiary’s share of the distributed CHIEF credit reported on the Creating High Impact Economic Futures form received from the Nebraska Department of Economic Development.

Information on this credit can be obtained by contacting:

Nebraska Department of Economic Development

245 Fallbrook Blvd, Suite 002

Lincoln, NE 68521

opportunity.nebraska.gov

Darin Lubke

402-471-3116

darin.lubke@nebraska.gov

Line 16. Form 3800N Credit. From the following codes (Codes A through L), enter the code and amount of the beneficiary’s share of the distributed Form 3800N credits. When estates or trusts issue Nebraska Schedules K-1N to beneficiaries, they must also: complete distribution schedules such as the Forms 775N, 312N, 1107N, 544N, and 3800N Worksheet HBTC (listing the HBTC certificate number); and report the distributed credit amount to the beneficiary on line 16 of the Schedule K-1N. An amount entered for the Nebraska Historic Tax Credit does not entitle the beneficiary to claim the credit. Rather, the beneficiary must be issued a NHTC certificate by DOR before any credit will be allowed. For additional information, see our website.

Code A	Employment and Investment Growth Act
Code B	Nebraska Advantage Act
Code C	Nebraska Advantage Rural Development Act
Code D	Nebraska Advantage Research and Development Act
Code E	New Markets Tax Credit
Code F	Nebraska Historic Tax Credit
Code G	ImagiNE Nebraska Act
Code H	Urban Redevelopment Act
Code I	Renewable Chemical Production Tax Credit Act
Code J	Nebraska Higher Blend Tax Credit Act
Code K	Affordable Housing Tax Credit
Code L	Biodiesel Tax Credit

Line 17. Employer’s Credit for Expenses Incurred for TANF (ADC) Recipients. Enter the beneficiary’s share of the distributed credit.

Line 18. Nebraska employer tax credit for employing convicted felons. Enter the beneficiary’s share of the distributed certified credit amount and certificate number from the Nebraska Employer Tax Credit Application for Employing Convicted Felons, Form ETC-A. If approved for more than one certificate number, you must attach a schedule listing each certificate number and the distributed amount.

Line 19. Nebraska Income Tax Withholding. Enter the amount from column (G), [Schedule II, Form 1041N](#), that reflects the income tax withholding remitted by the entity on behalf of the beneficiary. For an amended Schedule K-1N, enter the larger of the amount calculated on either the original or the amended column (G), Schedule II, Form 1041N.

Line 20. PTET credit. Enter the beneficiary’s share of the distributed credit for the PTET credit received from an electing partnership or S corporation and indicate the year.

Line 21. Child Care Tax Credit for contributors. Enter the beneficiary’s share of the distributed certified credit amount and certificate number from the Child Care Tax Credit, Form CCTC-A. If approved for more than one certificate number, you must attach a schedule listing each certificate number and the distributed amount.

Line 22. Opportunity Scholarships Act credit for contributors. Enter the beneficiary’s share of the distributed amount of the credit.

Line 23. School Readiness Tax Credit for Providers. Enter the beneficiary’s share of the distributed amount of the tax credit. The entity distributing the tax credit on the Schedule K-1N must have completed page 2 of the School Readiness Tax Credit Act - Application for Childcare and Education Provider prior to distributing the tax credit.