

## Nebraska Net Operating Loss Worksheet

to Compute Loss Incurred During Tax Year 2025

Taxable year of Net Operating Loss beginning \_\_\_\_\_, and ending \_\_\_\_\_,

Names on Form 1040N

Your Social Security Number

Spouse's Social Security Number

1 Enter your federal net operating loss for this year. **Do not complete this worksheet if you do not have a federal net operating loss.**.....

1

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## Adjustments Increasing the Federal Net Operating Loss

2	State income tax refund deduction .....	2		00
3	Total U.S. government obligations .....	3		00
4	Total benefits paid by the Railroad Retirement Board (RRB) included in federal Adjusted Gross Income (AGI).....	4		00
5	Nebraska College Savings Program contributions .....	5		00
6	Employer contribution to the Nebraska Educational Savings Plan .....	6		00
7	Total Nebraska Enable Plan contributions.....	7		00
8	S corporation and Limited Liability Company (LLC) Non-Nebraska income .....	8		00
9	Nonresident military servicemember active duty pay .....	9		00
10	Income earned by a Native American Indian in Indian country .....	10		00
11	Claim of right repayment .....	11		00
12	Nebraska agricultural revenue bond interest .....	12		00
13	Interest from federally taxable Nebraska Investment Finance Authority (NIFA) bonds .....	13		00
14	Interest from federally taxable Build America Bonds issued by Nebraska governmental units .....	14		00
15	Social security income included in federal AGI .....	15		00
16	Military retirement income .....	16		00
17	Dividends received or deemed to be received from corporations not subject to the IRC .....	17		00
18	Segal AmeriCorps Education Award .....	18		00
19	Cancer benefits received from Firefighter Cancer Benefits Act.....	19		00
20	Reserved for future use .....	20		
21	Health insurance premiums paid by retired law enforcement officers and professional firefighters.....	21		00
22	Interest from federally taxable bonds issued under the Nebraska Highway Bond Act .....	22		00
23	Civil Service Retirement annuities received for being employed by federal government .....	23		00
24	Interest and principal balance of medical debt discharged under the Medical Debt Relief Act .....	24		00
25	Contributions made to the Medical Debt Relief Fund .....	25		00
26	Nebraska National Guard income exclusion included in federal AGI.....	26		00
27	Relocation Incentive Act employee wage exclusion .....	27		00
28	Gain on the sale or exchange of bullion .....	28		00

29 Total adjustments increasing the federal net operating loss (enter the sum of lines 2 through 28) .....

29

00

30 Federal net operating loss after increasing adjustments (enter the result of line 1 minus line 29) .....

30

00

## Adjustments Decreasing the Federal Net Operating Loss

31	Total state and local taxable interest income .....	31		00
32	Financial Institution Tax Credit claimed .....	32		00
33	Nebraska College Savings Program recapture.....	33		00
34	Nebraska Enable Plan recapture.....	34		00
35	S corporation or LLC Non-Nebraska loss (see instructions) .....	35		00
36	Nebraska PTET deducted under section 164 of the IRC .....	36		00
37	Relocation Incentive Act employee recapture.....	37		00
38	Loss on the sale or exchange of gold or silver bullion included in federal AGI .....	38		00
39	Food Bank, Food Pantry, Food Rescue Donation amount deducted as a charitable contribution on the federal return.....	39		00

40 Total adjustments decreasing the federal net operating loss (enter the sum of lines 31 through 39).....

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00

41 Nebraska net operating loss incurred for the current tax year (enter the sum of line 30 and line 40)

41

00

**Note: If the result is zero or greater, you do not have a Nebraska net operating loss.**.....

Attach this page to your original or amended Nebraska Individual Income Tax Return, Form 1040N.

If you are amending the original return, check the Amended Return box on the Form 1040N.

Nonresidents and partial-year residents—Also complete and attach Schedule I.

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**Nebraska Schedule I—****Nebraska NOL Computation for Nonresidents or Partial-Year Residents**

<b>42</b> Income derived from Nebraska sources, including Nebraska income from wages, interest, and dividends, business, farming, partnerships, limited liability companies, S corporations, estates and trusts, gain or loss, rents and royalties, and any other Nebraska source income (from line 1, Nebraska Schedule III, Form 1040N) .....	<b>42</b>		00
<b>43</b> Adjustments as applied to Nebraska income, if any (from line 2, Nebraska Schedule III, Form 1040N) .....	<b>43</b>		00
<b>44</b> Nebraska income after adjustments (from line 3, Nebraska Schedule III, Form 1040N) .....	<b>44</b>		00
<b>45</b> Enter the amount from line 41 .....	<b>45</b>		00
<b>46</b> Enter the amount from line 44 or 45, whichever is smaller. This is your Nebraska net operating loss. <b>Note: If line 46 is zero or greater, you do not have a Nebraska net operating loss.</b> .....	<b>46</b>		00

**Instructions**

Use this worksheet to compute your Nebraska net operating loss (NOL) for tax year 2025 that is available for carryback or carryforward. If you do not have a federal NOL, you do not have a Nebraska NOL under Nebraska law and should not complete this form. See [Neb. Rev. Stat. § 77-2716\(2\)](#).

Attach this worksheet to the Nebraska Individual Income Tax Return, Form 1040N claiming a deduction of a Nebraska NOL incurred in tax year 2025. If you are amending the 2025 Form 1040N, check the Amended Return box on the Form 1040N. For tax years prior to 2025, use the Amended Nebraska Individual Income Tax Return, Form 1040XN for the tax year corresponding to the return being amended. Individual taxpayers have the same NOL carryback and carryforward periods as permitted for federal NOLs. Also attach the federal forms and worksheets supporting the federal NOL. This may include Federal Form 1045, Schedule A; Federal Form 172; and Federal Form 461, Limitation on Business Losses.

The Nebraska NOL must be applied in the same manner as the federal NOL. If the federal loss is carried back to past years, the Nebraska loss must also be carried back. If an election has been made to waive the entire carryback period for a federal NOL, this election must be followed for Nebraska purposes. A copy of the federal election must be attached to the Nebraska return filed for the loss year. For NOLs incurred for tax year 2025, only the farming loss portion of the NOL may be carried back.

**Line Instructions**

**Line 1.** Enter the federal NOL computed on Federal Schedule A, Form 1045, or the Federal Form 172 plus excess business loss from Federal Form 461, line 16. If the computations on the schedule or worksheet do not result in a federal NOL, do not complete this worksheet. You do not have a Nebraska NOL.

**Lines 2 through 28.** Enter the allowable adjustments increasing the federal NOL from Nebraska Schedule I, Form 1040N.

**Lines 31 through 34.** Enter the adjustments decreasing the federal NOL from Nebraska Schedule I, Form 1040N.

**Line 35.** Enter the non-Nebraska S corporation and LLC loss used in computing the federal AGI plus the non-Nebraska S corporation and LLC portion of the excess business loss from Federal Form 461. The non-Nebraska S corporation and LLC portion is calculated by multiplying the total excess business loss by the Nebraska apportionment factor of the S corporation and LLC and subtracting the result from the total excess business loss.

**Line 41.** Calculate the sum of lines 30 and 40. A Nebraska resident individual has a Nebraska NOL if the sum is less than zero. See “How to Claim an NOL Deduction” below, for information about how to use the Nebraska NOL. Nonresidents and partial-year residents must complete Schedule I to determine the Nebraska NOL.

**Schedule I Instructions**

Nonresident or partial-year resident individuals are allowed to claim a Nebraska NOL that does not exceed the portion of the NOL computed on this worksheet. The Nebraska NOL must be derived from or connected with Nebraska sources.

If a full-year resident has a Nebraska NOL which is deducted in a year when a nonresident or partial-year resident return was properly filed, the NOL will require three adjustments on the return filed. The NOL will be calculated in the same manner as calculated for other Nebraska resident taxpayers.

In the year the loss will be deducted, the Nebraska NOL will be entered as an adjustment decreasing federal AGI. Any federal NOL deduction taken will be entered as an adjustment increasing federal AGI. In addition, the Nebraska NOL will be deducted from other income derived from Nebraska sources on Schedule III of Form 1040N.

## How to Calculate an NOL Carryover

If your Nebraska NOL carryover or carryback is more than your Nebraska tax table income or Nebraska source income in the year you are deducting the NOL, you can carry a portion of the NOL forward to another year. To compute the amount of the NOL carryover, it is necessary to calculate the Nebraska modified taxable income for the year of deduction. For residents this amount is then deducted from the Nebraska NOL to determine the amount of Nebraska NOL carryover which is available. To compute the amount of the NOL carryover, it is necessary to calculate the Nebraska modified taxable income for the year of the deduction.

Note: Beginning with the 2025 tax year, the original return and amended return use the Form 1040N. When amending the return for 2025, check the Amended Return box to indicate it is an amended return. The Form 1040XN is used to amend years prior to the 2025 tax year.

**Nebraska Modified Taxable Income.** Nebraska modified taxable income is federal modified taxable income computed on either Schedule B, Federal Form 1045, or the Federal Form 172, minus adjustments increasing as shown on Nebraska Form NOL, plus adjustments decreasing as shown on Form NOL.

A nonresident or partial-year resident can use either of two methods to calculate the NOL carryover amount available. The amount of carryover can be determined by subtracting the Nebraska source income in the initial carryback or carryforward year from the Nebraska NOL. The remaining amount of the Nebraska NOL can be carried over to a later year.

A nonresident or partial-year resident can also compute Nebraska modified taxable income for the year of carryback or carryforward and subtract this amount from the Nebraska NOL (see above). The remaining amount of the Nebraska NOL can be carried over to a later year. This carryover is used in the later year as an adjustment decreasing federal AGI and as a deduction from Nebraska source income.

**Change in Resident Status.** If a resident's Nebraska NOL is carried back or carried forward to a year when the taxpayer is a nonresident or partial-year resident, the carryover amount is determined in the same manner as for Nebraska nonresidents or partial-year residents.

If a nonresident or partial-year resident carries back or carries forward a Nebraska NOL to a year when a resident return was filed, the carryover amount will be determined in the same manner as for Nebraska residents.

## How to Claim an NOL Deduction

**Deducting a Carryback.** A Nebraska NOL is carried back to a prior year by filing an amended Nebraska income tax return for the carryback year. The Form NOL for the year of the loss must be attached to the amended return when filed. Also attach a copy of Schedule A, Federal Form 1045, and a copy of the Federal Forms 1040X or 1045 filed for the carryback year. An amended Nebraska individual income tax return for a loss carryback must be filed within three years after the due date, with extensions, for filing the return for the NOL year.

**Residents.** The calculated NOL deduction is entered on an amended return in the following manner: Any federal NOL which has been deducted in determining federal AGI is included as an adjustment increasing federal AGI (line 12 of Form 1040XN for the carryback year). The Nebraska NOL is included as an adjustment decreasing federal AGI (line 13 of Form 1040XN for the carryback year).

**Nonresidents and Partial-Year Residents.** When a nonresident or partial-year resident files an amended income tax return in order to deduct a Nebraska NOL, there are three adjustments that must be made. The amount of the Nebraska NOL from line 46 of Schedule I, Form NOL, is entered as an adjustment decreasing federal AGI (line 13 of Form 1040XN for the carryback year). The second adjustment is made if a federal NOL has also been deducted when calculating federal AGI for the carryback year (line 5 of Form 1040XN for the carryback year), this amount is entered as an adjustment increasing federal AGI (line 12 of Form 1040XN for the carryback year). The third adjustment is made to Schedule III of the amended return. The amount of the Nebraska NOL from line 46 of Schedule I, Form NOL, is entered as a net change decreasing income derived from Nebraska sources.

**Deducting a Carryforward.** If a Nebraska resident carries forward a Nebraska NOL deduction, he or she will report the loss deduction on Schedule I of Form 1040N. The Nebraska NOL deduction will be entered as an adjustment decreasing federal AGI on Part B of Schedule I. Any federal NOL which has been deducted on the federal return must be entered as an adjustment increasing federal AGI on Part A of Schedule I.

A nonresident or partial-year resident makes three adjustments to properly deduct a Nebraska NOL in a carryforward year. An adjustment to federal AGI is made on Part B of Schedule I of Form 1040N in the amount of the Nebraska NOL carryforward. The second adjustment is made if a federal NOL has also been deducted when calculating federal AGI for the carryforward year. The federal NOL is entered on Form 1040N, Schedule I, Part A as an adjustment increasing federal AGI. The third adjustment is made to Schedule III. The amount of the Nebraska NOL is deducted from income derived from Nebraska sources.

All taxpayers must attach a copy of the Nebraska Form NOL for the loss year to the Nebraska return. An additional schedule or statement should be attached, if necessary, to explain the deduction. If more than one Nebraska NOL deduction is taken in the same year, attach a copy of the Form NOL for each loss year.

**Change in Marital Filing Status.** If marital status changes because of marriage, divorce, or death, or if married taxpayers change their filing status (joint return or separate return), the special rules used by the Internal Revenue Service must also be used to calculate a Nebraska NOL carryforward or carryback. See Federal Form 172 instructions for information.

**Change in Resident Status.** When the taxpayer's residency differs between the year of the loss and the year the Nebraska NOL is deducted, special rules apply.

A nonresident's or partial-year resident's Nebraska NOL is limited to the amount of the loss that is derived from or connected with Nebraska sources. If the nonresident or partial-year resident has both a federal and a Nebraska NOL and carries the Nebraska NOL back to a year when the taxpayer was a full-year resident, only the Nebraska loss (line 46, Schedule I, Form NOL) can be deducted. Although the federal NOL will be reflected on the amended return as a net change to federal AGI (line 5 of the Form 1040XN for the carryback year), an adjustment increasing federal AGI (line 12, Form 1040XN for the carryback year) must be made for the amount of the federal NOL.

A Nebraska NOL incurred while a nonresident or partial-year resident and carried forward to a year in which a resident return is filed, will require an adjustment on Schedule I of Form 1040N. Only the Nebraska NOL will be entered on Part B of Schedule I as an adjustment decreasing federal AGI. The amount of any federal NOL will be entered on Part A of Schedule I, Form 1040N, as an adjustment increasing federal AGI.

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