

NEBRASKA

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DEPARTMENT OF REVENUE

2025

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

2025 Nebraska Fiduciary Income Tax Return

Instructions

What's New

Individual and Fiduciary Income Tax Rate Change (LB 754, 2023). For the 2025 taxable year, the highest rate for Nebraska taxable income is reduced to 5.20%.

Affordable Housing Tax Credit Act (LB 182, 2025). The definition of taxpayer was updated to classify nonprofit corporations as taxpayers eligible for the credit.

If an owner of a qualified project is a pass-through entity, the credit shall be allocated to some or all the partners, members, or shareholders of the owner of the qualified project. Any pass-through entity that receives an allocation of the credit, either from the owner of the qualified project or from another pass-through entity, may further allocate the tax credit among some or all of the partners, members, or shareholders, or transfer, sell, or assign all or a portion of the tax credit to a taxpayer. A pass-through entity may allocate the tax credit in any manner agreed to by its partners, members, or shareholders. A partner, member, or shareholder of a pass-through entity may transfer, sell, or assign all or part of his or her ownership interest, including his or her interest in the tax credits authorized. A taxpayer may transfer, sell, or assign all or a portion of the tax credit to another taxpayer.

Bullion - Gain or Loss on the Sale or Exchange of Bullion (LB 1317, 2024). Individuals, corporations, and fiduciaries must add to federal adjusted gross income or federal taxable income any net capital loss from the sale or exchange of gold or silver bullion to the extent included in federal adjusted gross income or federal taxable income. Individuals, corporations, and fiduciaries must subtract from federal adjusted gross income or federal taxable income any net capital gain from the sale or exchange of gold or silver bullion to the extent included in federal adjusted gross income or federal taxable income. The adjustments do not apply to a taxable distribution of a gain or loss on the sale of bullion from a retirement plan account.

Cast and Crew Nebraska Act (LB 937, 2023 and LB 650, 2024). Beginning with tax year 2025, a production company may be eligible to receive refundable income tax credits equal to 20% of the qualifying expenditures incurred by the production company directly attributable to a qualified production activity. The tax credit may be increased by an additional 15% if certain qualifications are met. Qualified production activity means a full-length film, made-for-television movie, television series of at least five episodes, or streaming television series.

The total amount of tax credits allowed for each State fiscal year is \$500,000. The maximum allowable tax credit claimed under the Act in any single taxable year for any qualified production activity that is a full-length film, made-for-television movie, television series of at least five episodes, or streaming television series shall not exceed \$500,000.

A production company must file an application for qualification with the Nebraska Department of Economic Development (DED) prior to the start of principal production photography to determine eligibility of the production activity. Applications are considered in the order they are received. If DED approves the application, it notifies the production company and issues a screen credit that can be used to meet the requirement for the tax credit.

To receive tax credits, the production company must submit an application for the tax credit to DED after completing the qualified production activity. Applications are considered in the order they are received. If DED determines the application is complete and the production company qualifies for the tax credits, it will approve the application, notify the production company of the approval, and conduct an audit of each qualified production activity. Once the audit has been completed, DED will determine the value of the tax credit and issue a tax credit certification. A production company claims the tax credit by attaching the tax credit certification to its tax return for the taxable year in which the certificate was issued, or in the three taxable years immediately following the taxable year in which it was issued. The tax credits can be transferred to any Nebraska taxpayer at any time during the taxable year in which the certificate was issued, or in the three taxable years immediately following the year of issuance. The transferee must pay the transferor at least 85% of the value of the transferred credits in order to acquire the credits.

For more information, visit [Cast and Crew Nebraska Act \(CCNA\) - Nebraska Department of Economic Development](#).

Child Care Tax Credit Act (LB 182, 2025). The definition of taxpayer under the Child Care Tax Credit Act (Act) was expanded to include insurance companies subject to premium and retaliatory taxes imposed by Neb. Rev. Stat. §§ 44-150, 77-908, or 81-523 and financial institutions subject to the franchise tax imposed by Neb. Rev. Stat. §§ 77-3801 to 77-3807. The nonrefundable tax credit for contributors allowed under the Act can be used to offset any premium and retaliatory taxes or any franchise tax due under the above-noted statutes.

Community Development Assistance Act (CDAA) ([LB 650, 2025](#)). Beginning January 1, 2026, the Community Development Assistance Act (CDAA) is reestablished and replaces the Creating High Impact Economic Futures (CHIEF) Act. Under the CDAA, business firms and individuals that contribute to a community betterment organization's program which is certified for tax credit status by the Nebraska Department of Economic Development (DED) during a tax year are eligible for the nonrefundable credit. Applications are approved by DED. The credit for each approved business firm or individual is limited to 40% of the contribution. Any unused credits may be carried forward to the next five tax years after the credit was first allowed. The total amount of approved credits is limited to \$350,000 each State fiscal year.

Creating High Impact Economic Futures (CHIEF) Act ([LB 650, 2025](#)). The tax credits established under the CHIEF Act will not be allowed for calendar year 2026 or any year thereafter, except the tax credits allowed for calendar year 2025 that are unused may be carried forward for five years.

[Food Bank, Food Pantry, Food Rescue Donation Tax Credit \(\[LB 937, 2023\]\(#\); \[LB 208, 2025\]\(#\); and \[LB 650, 2025\]\(#\)\)](#). For taxable years beginning on or after January 1, 2025, and before January 1, 2026, any grocery store retailer or restaurant that donates food or any agricultural producer that makes a qualifying agricultural food donation to a food bank, food pantry, or food rescue during the taxable year may be eligible for a nonrefundable tax credit. The nonrefundable credit equals the lesser of:

- ◆ 50% of the value of the food donations or qualifying agricultural food donations made during the taxable year; or
- ◆ \$2,500.

If the donation was deducted as a charitable contribution on the taxpayer's federal return, the donation must be added back in the determination of Nebraska adjusted gross income or Nebraska taxable income before the certified credit amount can be claimed. The total amount of approved tax credits is limited to \$500,000 for State fiscal year 2025-2026. Credit requests received on the day the annual limit is exceeded will be prorated and no additional credit requests will be approved for such fiscal year.

Foreign Adversarial Company ([LB 644, 2025](#)). A foreign adversarial company is ineligible to receive any benefits under an incentive program of the State of Nebraska.

Credits distributed from a foreign adversarial company are also ineligible for tax credit benefits.

See [DOR's website](#) for additional information.

[Individuals with Intellectual and Developmental Disabilities Support Act \(\[LB 937, 2024\]\(#\)\)](#). Beginning with tax year 2025, employers may be eligible for any of three nonrefundable credits. The three nonrefundable employer credits are:

1. Employers of one or more direct support professionals may apply for a nonrefundable income tax credit that equals \$500 for each direct support professional who:
 - ◆ Is employed by the employer for at least six months during the taxable year; and
 - ◆ Worked at least 500 hours for the employer during the taxable year.
2. Employers of one or more individuals receiving services pursuant to a Medicaid home and community-based services waiver may apply for a nonrefundable income tax credit that equals \$1,000 for each qualified employee who:
 - ◆ Is employed by the employer for at least six months during the taxable year; and
 - ◆ Worked at least 200 hours for the employer during the taxable year.
3. Employers that provide any of the following services to one or more individuals pursuant to a Medicaid home and community-based services waiver during the taxable year may apply for a nonrefundable income tax credit equal to \$1,000 for each eligible individual who received such services from the employer during the taxable year:
 - ◆ Prevocational;
 - ◆ Supported employment – individual;
 - ◆ Small group vocational support; or
 - ◆ Supported employment – follow along.

Employers must first apply to the DOR to receive approval of the credit prior to claiming it on their income tax return. The total amount of credits that may be approved for all tax credits under this act (including the refundable credit for direct support professionals) is limited to the [statutory limit](#) established for each State fiscal year.

If an employer receiving the credit is a partnership, a limited liability company, an S corporation, or an estate or trust, the tax credit may be distributed in the same manner and proportion as the partner, member, shareholder, or beneficiary reports the partnership, limited liability company, S corporation, estate, or trust income.

Nebraska Biodiesel Tax Credit Act (LB 208, 2025 and LB 650, 2025). The Nebraska Department of Revenue (DOR) may approve up to \$1 million in tax credits in State fiscal year 2024-25 and each fiscal year thereafter. Credit requests received on the day the annual limit is exceeded will be prorated and no additional credit requests will be approved for such fiscal year.

Nebraska Pregnancy Help Act (LB 937, 2024). Beginning with tax year 2025, individuals and entities that make cash contributions to eligible charitable organizations (approved PHOs) during the taxable year may qualify for a nonrefundable tax credit.

Taxpayers must notify the approved PHO of their intent to make a contribution and the amount to be claimed as a tax credit. The approved PHO notifies DOR of the intended contribution. If tax credits are available, DOR will notify the approved PHO of the approved credit amount. Provided the contribution is timely made, the approved PHO should issue a receipt for the contribution made by the taxpayer to take the nonrefundable tax credit. The nonrefundable tax credit equals the lesser of:

- ◆ The total amount of the contributions made to any approved PHO during the tax year and approved by DOR; or
- ◆ 50% of the income tax liability of the taxpayer for such year.

Any unused credit may be carried forward five years. The credit cannot be carried back. A taxpayer may only claim a credit on the portion of the contribution not claimed as a charitable contribution on their federal return.

Married filing separate taxpayers may each claim one-half of the credit.

When the contribution is made by a partnership, limited liability company, or a subchapter S corporation, the credit must be attributed to each partner, member, or shareholder in the same proportion used to report the partnership's, limited liability company's, or S corporation's income or loss. Any credit not used by an estate or trust may be attributed to each beneficiary in the same proportion used to report the beneficiary's income from the estate or trust.

Nebraska Shortline Rail Modernization Act (LB 937, 2024 and LB 650, 2025). Beginning with tax year 2025, the Nebraska Shortline Rail Modernization Act provides a nonrefundable tax credit against income tax, franchise tax imposed by [Neb. Rev. Stat. §§ 77-3801 to 77-3807](#), and premiums taxes imposed by [Neb. Rev. Stat. §§ 77-907 to 77-918](#) for qualified maintenance expenditures incurred by a Class III railroad. The credit is 50% of the qualified shortline railroad maintenance expenditures incurred during the tax year by the Class III railroad.

Qualified shortline railroad maintenance expenditures do not include expenditures used to generate a federal tax credit or expenditures funded by a federal grant. The amount of the credit cannot exceed an amount equal to \$1,500 multiplied by the number of miles of railroad track owned or leased in the state by the applicant at the end of the taxable year. The total amount of tax credits allowed is limited to \$500,000 in each State fiscal year.

To receive the tax credit, the Class III railroad must submit an application to the DOR after incurring the relevant qualified shortline railroad maintenance expenditures. The application must be submitted no later than May 1 of the calendar year immediately following the calendar year in which the expenditures were incurred. DOR will issue a tax credit certificate to the Class III railroad with an approved application. The Class III railroad will claim the credit by attaching the certification to the tax return. Any unused credit is carried forward and can be applied against the tax liability for the next five taxable years immediately following the taxable year in which the credit was first allowed. The tax credits are transferable to another taxpayer by written agreement. No new applications for tax credits can be filed after December 31, 2033.

Relocation Incentive Act (LB 1023, 2024 and LB 650, 2025). Beginning with tax year 2025, a refundable credit is available to employers who pay relocation expenses for a qualified employee. A qualified employee is an individual who moves to Nebraska for the purpose of accepting a position of employment and receives an annual salary within the statutory annual wage income range for the applicable tax year. The credit is equal to the lesser of:

- ◆ 50% of the relocation expenses paid during the tax year; or
- ◆ \$5,000 for each qualified employee.

Employers must first apply to the DOR to receive approval of the credit prior to claiming it on their income tax return. DOR may approve credits until the total amount of credits approved for the year reaches \$1 million.

The refundable credit may be used to offset income taxes, franchise taxes imposed under [Neb. Rev. Stat. §§ 77-3801 to 77-3807](#), and premium taxes, including retaliatory taxes under [Neb. Rev. Stat. §§ 44-150, 77-908, or 81-523](#).

The credit may be recaptured from the employer if the qualified employee moves out of Nebraska within two years after the employer claimed the credit. The recaptured amount is an underpayment of tax and is due and payable on the tax return due immediately following the qualified employee's loss of residency.

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 27.

Notification of Scam Text Messages

The Nebraska Department of Revenue (DOR) has been notified of scam text messages being sent asking individuals to click a link to receive their refund. While the cited Nebraska Revised Statute adds validity to the message, the embedded link will direct the taxpayer to a bogus site to enter their personal and/or banking information.

This scam has been reported in other parts of the country.

The DOR will never send a text to ask for personal tax return information.

If you receive a text message of this kind, DO NOT REPLY and please delete it.

If you have questions on the status of your State of Nebraska tax refund, please go to: <https://revenue.nebraska.gov/individuals/refund-information>

As scammers develop more sophisticated schemes, staying informed is your best defense. The Nebraska Attorney General's Office offers free resources to help consumers recognize and avoid scams.

Visit ProtectTheGoodLife.Nebraska.gov.

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 5.20% 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 [2025 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 35 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. The DOR provides the option to e-file utilizing the 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.

Paper filers, mail the Form 1041N to:

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

How to Complete Form 1041N

Tax Period. A 2025 Form 1041N must be used to file for the calendar year 2025, or a fiscal year beginning in 2025. 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 36 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 2025 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).
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Line 2	Federal Taxable Income. Enter the federal taxable income as shown on the federal return.
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Line 3	<p>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.</p> <p>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.</p>
Line 4	<p>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:</p> <ul style="list-style-type: none"> ◆ 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. ◆ Any food donation that was deducted as a charitable contribution on the taxpayer's federal return and that was also used to calculate the Nebraska Food Bank, Food Pantry, Food Rescue Donation Tax Credit on the Nebraska return must be added back as increase to the federal taxable income.
Line 5	<p>Special Capital Gains/Extraordinary Dividend Deduction. See the Special Capital Gains/Extraordinary Dividend Election and Computation, Form 4797N, instructions.</p>
Line 6	<p>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:</p> <ul style="list-style-type: none"> ◆ 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. <p>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.</p> <p>Note: Federal and state income taxes paid or refunded cannot be deducted as an adjustment decreasing federal taxable income for state purposes.</p>
Line 7	<p>Nebraska Taxable Income. Enter the result of line 2 plus line 4 minus lines 3, 5, and 6.</p>
Line 8	<p>Nebraska Income Tax. Resident estates and trusts compute their tax using the tax schedule below, and enter the result on line 8.</p> <p>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.</p>

**2025 Nebraska Tax Rate Schedule
for Fiduciary Income Tax Return**

If taxable income is:		The Nebraska tax is:
over —	but not over	
\$ 0	\$ 660	2.46% of the income
660	6,290	\$ 16.24 + 3.51% of the excess over \$660
6,290	20,300	\$213.85 + 5.01% of the excess over \$6,290
20,300	—	\$915.75 + 5.20% of the excess over \$20,300

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 [2025 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 [2025 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. The credit may only be claimed after the application has been approved in writing by DOR. For entities retaining the tax credit, enter the certificate number and the credit amount from your approved Form SR-3604. The approved credit may be distributed by completing the Form 1041N, Schedule K-1N for each beneficiary with the certificate number and amount of the distributed credit. If the tax credit was received by a distributing entity, enter the certificate number and credit amount from the Schedule K-1N. Attach the Schedule K-1N from the distributing entity. 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 carryforward credit not used on the 2024 Form 1041N. The granting of the tax credit for the contributions was limited to 2024 tax year. The unused tax credits granted in 2024 may be carried forward five years from the year granted. 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. The granting of the tax credit for the contributions was limited to 2025 tax year. The unused tax credits granted in 2025 may be carried forward five years from the year granted. Attach Form 1879NTC.
Line 21	Pregnancy Help Act Credit for contributors. Enter the lesser of the amount of contributions made to an approved Pregnancy Help Organization and verified by DOR or 50% of the income tax liability (line 11, Form 1041N). Any unused credit may be carried forward for the next five years after the credit was first allowed. The tax credit cannot be carried back. 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.
Line 22	Total Nonrefundable Credits. Add lines 12 through 21.
Line 23	Nebraska Tax After Nonrefundable Credits. Subtract line 22 from line 11 and enter the result on line 23. If line 22 is more than line 11, enter zero (-0-).
Line 24	Nebraska Income Tax Withholding for Nonresident Individual Beneficiaries. Enter the total amount of income tax withholding from column (G) of Nebraska Schedule II .
Line 25	Total Nebraska Income Tax Liability. Enter the result of line 23 plus line 24.
Line 26	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 27	Tax Deposited with Form 7004N and 2025 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 27.
Line 28	Beginning Farmer Credit. Enter the Beginning Farmer credit reported on a Statement of Nebraska Tax Credit, Form 1099BFC.

Line 29	Credit for Community College Property Taxes. Enter the amount from line 1, Form PTC and attach Form PTC.
Line 30	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 30 and complete lines 30a, 30b, 30c, and 30d; 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 30a, 30b, 30c, and 30d. If the PTET credits received from partnerships or S corporations will be distributed to your beneficiaries do not include that amount on line 30, instead include that amount on line 30d, on the beneficiaries Schedule K-1N, and add the distributed credit to the Schedule PTET.
Line 31	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 32	Total Payments. Enter the total of lines 26 through 31.
Line 33	<p>Tax Due. If line 25 is greater than line 32, subtract line 32 from line 25 and enter the result on line 33.</p> <div style="border: 1px solid black; padding: 10px; margin: 10px 0;"> <p style="text-align: center;">Electronic Payment Options</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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."</p> </div> <p>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.</p> <p>At this time, DOR does not offer a credit card payment option for fiduciary income tax returns.</p>
Line 34	<p>Overpayment. If line 32 is greater than line 25, enter the result of line 32 minus line 25.</p> <p>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.</p>
Line 35	Amount Credited to 2026 Estimated Tax. Enter the amount of overpayment shown on line 34 that you want credited as a tax year 2026 estimated payment for the estate or trust.
Line 36	Overpayment to be Refunded. Enter the amount of overpayment shown on line 34 that you want refunded. The overpayment to be refunded is calculated by subtracting line 35 from line 34.
Line 37	<p>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.</p> <p>For electronically filed fiduciary returns, complete the information on line 37 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 37a and 37c, and complete line 37b, Type of Account.</p>

The box on line 37d 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 11 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	<p>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.</p> <p>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.</p> <p>Attach a copy of any Nebraska Schedule K-1N, reporting Nebraska source income distributed to the fiduciary by a partnership, LLC, or S corporation.</p>
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 [2025 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 .0520 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 24, 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 .
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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	<p>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.</p> <p>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.</p>
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 1041N, Schedule PTET and on Form 1041N, line 30).

Line 3. Enter the amount of PTET credit distributed by the trust or estate to the beneficiaries (enter on line 3 of the Form 1041N, Schedule PTET and on Form 1041N, line 30d).

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 2025 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, 2025 through December 31, 2025 or other taxable year
beginning , 2025 and ending , 20

FORM 1041N
2025

Please Type or Print

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	
Is the taxpayer a foreign adversarial company (FAC) or claiming credits from a business that is, or is owned in whole or part, by an FAC? <input type="checkbox"/> Yes <input type="checkbox"/> No (See instructions)			
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		
Check applicable boxes: (1) <input type="checkbox"/> Initial Nebraska Return (2) <input type="checkbox"/> Final Return (3) <input type="checkbox"/> Change in Address (4) <input type="checkbox"/> Form 7004/7004N Attached (5) <input type="checkbox"/> 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. Enter Certificate number from Form SR-3604 _____		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 Nebraska Pregnancy Help Act Credit for contributors		21	00
22 Total nonrefundable credits (total of lines 12 through 21)		22	00
23 NE income tax after nonrefundable credits. Subtract line 22 from line 11 (if line 22 is greater than line 11, enter zero -0-)		23	00

24	Nebraska income tax withholding for nonresident individual beneficiaries [total of column (G), Schedule II] . . .	24		00
25	Total Nebraska income tax liability (line 23 plus 24)	25		00
26	Form 3800N refundable credit (attach Form 3800N)	26		00
27	Tax deposited with Form 7004N and 2025 estimated income tax payments.	27		00
28	Beginning Farmer credit (attach certificate)	28		00
29	Credit for community college property taxes (attach Form PTC)	29		00
30	PTET credit (attach Schedules K-1N) a Name: _____ b NE ID Number: _____ c Amount claimed by fiduciary (Enter on line 30 and line 2, Schedule PTET): \$ _____ d Amount distributed to beneficiaries (Enter on line 3, Schedule PTET): \$ _____	30		00
31	Other credits (attach Nebraska copy of Federal Forms W-2, 1099-R, or W-2G) . . .	31		00
32	Total payments (total of lines 26 through 31)	32		00
33	TAX DUE (if line 25 is greater than line 32, subtract line 32 from line 25)	33		00
34	OVERPAYMENT (if line 32 is greater than line 25, subtract line 25 from line 32)	34		00
35	Overpayment on line 34 you want credited to 2026 estimated income tax	35		00
36	Overpayment to be REFUNDED (line 34 minus line 35). Direct deposit: Complete lines 37a, 37b, 37c to receive your refund electronically. Complete line 37d if appropriate (see instructions)	36		00

More info . . .
37a Routing Number
37b Type of Account 1 = Checking 2 = Savings

37c Account Number

37d ☐ Check this box if this refund will go to a bank account outside the United States.

Under penalties of perjury, I declare that as taxpayer or preparer, I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is correct and complete.

**sign
here**

Signature of Fiduciary or Officer Representing Fiduciary

Date

Email Address

paid

Title

Phone Number

**preparer's
use only**

Preparer's Signature

Date

Preparer's PTIN

Firm's Name (or your name if self-employed), Address and ZIP Code

EIN

Daytime Phone

A copy of the federal return and schedules must be attached to this return.

Mail this return and payment to: **Nebraska Department of Revenue, PO Box 94818, Lincoln, NE 68509-4818.**

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"/> <input type="text"/> x (Line 4) = <input type="text"/> (Ratio)	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	.0520	00
2	00	00		00	.0520	00
3	00	00		00	.0520	00
4	00	00		00	.0520	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 <div style="display: flex; align-items: center;"> <div style="margin-right: 10px;"> <div>Line 2, Schedule III</div> <div>Line 7, Form 1041N</div> </div> <div style="margin: 0 10px;">x</div> <div> <div>Line 1, Schedule III</div> </div> </div>	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

[illegible]

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) _____			

Is the taxpayer a foreign adversarial company or claiming credits from a business that is, or is owned in whole or part, by a foreign adversarial company? Do not include credits received from a foreign adversarial company or distribute credits if you are a foreign adversarial company on lines 14 through 18, except for Code Q on line 16. Credits on lines 19 through 24, and Code Q reported on line 16 may be received from a foreign adversarial company and a foreign adversarial company may distribute the credits. ☐ Yes ☐ No (See instructions)

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><tr><td>Code for 3800N and Certified Credits</td><td>Certificate Number</td><td>Amount of 3800N credit or Certified Credit</td></tr><tr><td></td><td></td><td>\$</td></tr><tr><td></td><td></td><td>\$</td></tr><tr><td colspan="2">Total of 3800N and certified credits (Enter total here and on line 16)</td><td>\$</td></tr></table>	Code for 3800N and Certified Credits	Certificate Number	Amount of 3800N credit or Certified Credit			\$			\$	Total of 3800N and certified credits (Enter total here and on line 16)		\$	16	
Code for 3800N and Certified Credits	Certificate Number	Amount of 3800N credit or Certified Credit													
		\$													
		\$													
Total of 3800N and certified 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 2025 \$ _____	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. Enter certificate number _____	23													
24	Nebraska Pregnancy Help Act Credit for contributors	24													

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](#).

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 report the distributed credit amount to the beneficiaries on line 16 of the Schedule K-1N. Include on the Schedule K-1N, line 16, the distributed credits that have been certified prior to claiming on a Nebraska income tax return. The certificate number of the approved credit must be entered for the following: Individuals with Intellectual and Developmental Disabilities Support Act - Employer credit (IIDD SA); Nebraska Shortline Rail Modernization Act (NSR); Renewable Chemical Production (RCP); Nebraska Higher Blend Tax Credit (HBTC); Nebraska Biodiesel Tax Credit (BDTC); and Cast and Crew Nebraska Act (CCNA). Use line 23 on the Schedule K-1N to distribute the School Readiness Tax Credit for Providers.

Foreign Adversarial Company. Indicate whether or not the taxpayer is a foreign adversarial company or claiming credits from a business that is, or is owned in whole or part, by a foreign adversarial company, as defined by [Neb. Rev. Stat. § 77-3,114](#). A foreign adversarial company is ineligible to receive incentive benefits. Credits distributed from a foreign adversarial company are ineligible for tax credit benefits.

If the answer is No, continue with the remainder of the form. If the answer is Yes because the taxpayer is a foreign adversarial company, do not distribute credits on lines 14 through 18, except for Code Q on line 16.

If the answer is Yes because the taxpayer is claiming credits from a business that is, or is owned in whole or in part, by a foreign adversarial company, you may not claim any credits distributed from the foreign adversarial company on lines 14 through 18, except for Code Q on line 16. Only enter credits distributed from entities that are not a foreign adversarial company on lines 14 through 18. Failing to answer will result in denial or delay in processing the credits claimed.

Foreign adversarial company means a company that:

- Is organized under the laws of a foreign adversary;
- Has its principal place of business within a foreign adversary;
- Is owned in whole or in part, operated, or controlled by the government of a foreign adversary; or
- Is a subsidiary or parent of any company that meets any of the above criteria.

Foreign adversaries as defined under 15 C.F.R. 791.4, as such regulation existed on April 1, 2025 are:

- The People's Republic of China, including the Hong Kong Special Administrative Region and the Macau Special Administrative Region (China);
- Republic of Cuba (Cuba);
- Islamic Republic of Iran (Iran);
- Democratic People's Republic of Korea (North Korea);
- Russian Federation (Russia); and
- Venezuelan politician Nicolás Maduro (Maduro Regime).

Note: The a foreign adversarial company prohibition does not apply to the Nebraska income tax withheld, contractor tax withholding, or the PTET credit. The withholding and the PTET credits are not impacted by a relationship with a foreign adversarial company and may be claimed if applicable as they represent payments made by the shareholder named on the Schedule K-1N. Additional information can be found at [Foreign Adversarial Company Notice](#).

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. Do not include credits received from a foreign adversarial company or distribute credits if you are a foreign adversarial company on lines 14 through 18, except for Code Q on line 16. Credits on lines 19 through 24, and Code Q (Food Bank, Food Pantry, Food Rescue Donation Tax Credit) reported on line 16 may be received from a foreign adversarial company and a foreign adversarial company may distribute the credits. See FAC instruction section.

Line 14. Community Development Assistance Act (CDAA) Credit. Enter the beneficiary’s share of the distributed CDAA 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.

More detailed 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

Line 16. Form 3800N and Certified Credit. From the following codes (Codes A through Q), enter the code and amount of the beneficiary's share of the distributed Form 3800N and certified 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 report the distributed credit amount to the beneficiary on line 16 of the Schedule K-1N. The certified credits listed below with an asterisk do not require a distribution schedule to be completed but require the certificate number to be entered. Do not enter the distributed School Readiness Tax Credit - for Providers on line 16, see line 23 instructions. 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
*Code M	Individuals with Intellectual and Developmental Disabilities Support Act
*Code N	Nebraska Shortline Rail Modernization Act
*Code O	Nebraska Relocation Incentive
*Code P	Cast and Crew Nebraska Act
*Code Q	Food Bank, Food Pantry, Food Rescue Donation 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 and the certificate number.

Line 24. Nebraska Pregnancy Help Act Credit for contributors. Enter the beneficiary's share of distributed amount of the credit.