NEBRASKA
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DEPARTMENT OF REVENUE

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

Form 1041N Schedule K-1N 2026

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: ☐ Final ☐ Amended			Check One: ☐ Resident Individual ☐ Nonresident Individual ☐ Estate or Trust ☐ Other (describe) ______________________________		

Is the entity issuing the Schedule K-1N a foreign adversarial company as defined by Neb. Rev. Stat. § 77-3,114? (See instructions). ☐ Yes ☐ No
Do not include credits received from a foreign adversarial company on lines 18 through 20.

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	
12	Federal deduction for qualified property/qualified improvement property	12	
13	Federal deduction for research or experimental expenditures	13	
14	Nebraska deduction for qualified property/qualified improvement property	14	
15	Nebraska deduction for research or experimental expenditures	15	

Part B - Beneficiary's Share of Modifications

16	Qualified U.S. government interest deduction	16	
17	State and local bond interest and dividend income	17	

Part C - Beneficiary's Share of Credits

18 Community Development Assistance Act credit 18

19 Creating High Impact Economic Futures (CHIEF) credit. 19

20 Form 3800N credits (see Form 1041N Schedule K-1N instructions)

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 20)		$

20

21 Employer's credit for expenses incurred for TANF (ADC) recipients (see instructions) 21

22 NE employer tax credit for employing convicted felons.
Enter certificate number from Form ETC-A____________________ 22

23 Nebraska income tax withholding (see instructions). 23

24 Total PTET credit. **This is the last year the 2018-2022 PTET can be paid** (see instructions) . . .
a 2018 $__________________ **b** 2019 $__________________ **c** 2020 $__________________
d 2021 $__________________ **e** 2022 $__________________ **f** 2026 $__________________ 24

25 Child Care Tax Credit for contributors. Enter certificate number from CCTC-A________________ 25

26 Opportunity Scholarships Act credit for contributors. 26

27 School Readiness Tax Credit for Providers. Enter certificate number________________. 27

28 Nebraska Pregnancy Help Act Credit for contributors. 28

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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 20 of the Schedule K-1N. Include on the Schedule K-1N, line 20, 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 (IIDDSA); 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 27 on the Schedule K-1N to distribute the School Readiness Tax Credit for Providers.

Foreign Adversarial Company. Indicate "Yes" if the entity issuing the Schedule K-1N is a foreign adversarial company, is owned directly or indirectly by a foreign adversarial company, has a direct or indirect subsidiary that is a foreign adversarial company, or if any member of the unitary group, including direct and indirect subsidiaries, is a foreign adversarial company as defined by Neb. Rev. Stat. § 77-3,114. See DOR's Foreign Adversarial Company Notice webpage for more information.

Failing to answer will result in denial or delay in processing the income tax return of the entity distributing or recipient claiming credits. A foreign adversarial company or an entity directly or indirectly owned by 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, all credits that have been approved or certified may be distributed or claimed as permitted under the law.

If the answer is Yes because the entity issuing the Schedule K-1N is a foreign adversarial company or is owned directly or indirectly by a foreign adversarial company, the entity cannot claim or distribute credits on lines 18 through 20, except for Code Q on line 20 from any Nebraska tax credit or incentive program as listed on the DOR's Foreign Adversarial Company Notice webpage. Only enter credits from entities that are not a foreign adversarial company on lines 18 through 20.

If the answer is Yes because the entity issuing the Schedule K-1N has a direct or indirect subsidiary that is a foreign adversarial company or is part of a unitary group in which one or more members of the unitary group, including direct and indirect subsidiaries, is a foreign adversarial company, the entity must complete Section F of Form 3800N to determine the amount of tax credits that can be distributed on lines 18 through 20 from any Nebraska tax credit or incentive program as listed on the DOR's Foreign Adversarial Company Notice webpage.

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.

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. Federal deduction for qualified property/qualified improvement property. Enter the beneficiary's amount deducted on the federal return for the qualified property/qualified improvement property (property) for which the estate or trust claimed the Nebraska deduction to fully expense (60%) the costs or elected to depreciate the property over a five-year irrevocable term. For taxable years beginning on or after January 1, 2026, if the estate or trust claimed the Nebraska deduction for any property, the federal amount must continue to be added back as an increasing adjustment on the Nebraska return in future tax years until no longer deducted on the federal return for any property subject to the Nebraska deduction.

Line 13. Federal deduction for research or experimental expenditures. Enter the beneficiary's amount deducted on the federal return for the research or experimental expenditures (R&E expenditures) for which the estate or trust claimed the Nebraska deduction to treat the expenses as fully chargeable to the capital account or elected to amortize the R&E expenditures over a five-year irrevocable term on the Nebraska return. For taxable years beginning on or after January 1, 2026, if the Nebraska deduction was claimed for R&E expenditures incurred during a tax year, the federal amount must continue to be added back as an increasing adjustment on the Nebraska return in future tax years until no longer deducted on the federal return for the R&E expenditures subject to the Nebraska deduction.

Line 14. Nebraska deduction for qualified property/qualified improvement property. Enter the beneficiary's amount of the Nebraska deduction for qualified property/qualified improvement property (property) for which the estate or trust fully expensed (60%) the costs or elected to depreciate the property over a five-year irrevocable term. For taxable years beginning on or after January 1, 2026, if the estate or trust claimed the Nebraska deduction, the federal amount must continue to be added back as an increasing adjustment on the Nebraska return in future tax years until no longer deducted on the federal return for property subject to the Nebraska deduction.

Line 15. Nebraska deduction for research or experimental expenditures. Enter the beneficiary's amount deducted on the federal return for the research or experimental expenditures (R&E expenditures) for which the estate or trust claimed the Nebraska deduction to treat the expenses as fully chargeable to the capital account or elected to amortize the expenditures over a five-year irrevocable term on the Nebraska return. For taxable years beginning on or after January 1, 2026, if the Nebraska deduction was claimed for R&E expenditures incurred during a taxable year, the federal amount must continue to be added back as an increasing adjustment on the Nebraska return in future tax years until no longer deducted on the federal return for the R&E expenditures subject to the Nebraska deduction.

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 16. 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 16, 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 16.

Line 17. 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. For lines 18 through 20, if the distributing entity is a unitary group in which one or more members of the unitary group, including direct and indirect subsidiaries, is a foreign adversarial company, the entity issuing the Schedule K-1N must complete Section F of Form 3800N to determine the amount of tax credit that can be distributed from any Nebraska tax credit or incentive program as listed on the DOR's Foreign Adversarial Company Notice webpage. Credits on lines 21 through 28, and Code Q (Food Bank, Food Pantry, Food Rescue Donation Tax Credit) reported on line 20 may be received from a foreign adversarial company and a foreign adversarial company may distribute the credits. See Foreign Adversarial Company instruction section.

Line 18. 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 19. 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 20. 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 20 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 20, see line 27 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 21. Employer's Credit for Expenses Incurred for TANF (ADC) Recipients. Enter the beneficiary's share of the distributed credit.

Line 22. 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 23. 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 24. 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. **This is the last year the 2018-2022 PTET can be paid.**

Line 25. 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 26. Opportunity Scholarships Act credit for contributors. Enter the beneficiary's share of the distributed amount of the credit.

Line 27. School Readiness Tax Credit for Providers. Enter the beneficiary's share of the distributed amount of the tax credit and the certificate number.

Line 28. Nebraska Pregnancy Help Act Credit for contributors. Enter the beneficiary's share of distributed amount of the credit.