NEBRASKA
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DEPARTMENT OF REVENUE

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

FORM 1065N Schedule K-1N 2026

Partnership's Name and Mailing Address			Partner's Name and Mailing Address (If partner is a disregarded entity (DE), use beneficial owner information not DE's).	
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
Check One: ☐ Partnership ☐ LLC			Nebraska ID Number	Federal ID Number
Nebraska ID Number	Federal ID Number		Social Security Number	Spouse's Social Security Number
Taxable Year of Organization Beginning ________________ , 20 _____ and Ending ________________ , 20 _____			Check One: ☐ Resident Individual ☐ Nonresident Individual ☐ Estate or Trust ☐ Partnership ☐ LLC ☐ Corporation ☐ Other	
Partnership's Nebraska Apportionment Factor %	Nebraska Receipts	Total Receipts	Partner's Share of Income Percentage %	If applicable, check the appropriate box: ☐ Final ☐ Amended

Is the taxpayer 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 23 through 25.

Part A – Partner's Share of Income and Deductions

1	Ordinary business income (loss)	1	
2	Net rental real estate income (loss)	2	
3	Other net rental income (loss)	3	
4	Guaranteed payments	4	
5	Interest income	5	
6	Ordinary dividends	6	
7	Royalties	7	
8	Net short-term capital gain (loss)	8	
9	Net long-term capital gain (loss)	9	
10	Net Section 1231 gain (loss)	10	
11	Other income (loss) (list below or attach schedule) ________________ **a** List type: ________________ **b** Amount: $ ________ Total other income (loss). Enter total of lines 11b	11	
12	Contributions	12	
13	Section 179 deduction	13	
14	Other deductions (list below or attach schedule) **a** List type: ________________ **b** Amount:$ ________ Total other deductions. Enter total of lines 14b	14	
15	Nebraska and local income, sales, and use taxes deducted on Federal Form 1065 under section 164 of the IRC	15	
16	Federal deduction for qualified property/qualified improvement property	16	
17	Federal deduction for research or experimental expenditures	17	
18	Nebraska deduction for qualified property/qualified improvement property	18	
19	Nebraska deduction for research or experimental expenditures	19	

Part B – Partner's Share of Modifications

20	Qualified U.S. government interest deduction	20	
21	State and local bond interest and dividend income	21	
22	Income (loss) from non-Nebraska sources (use only if you checked the LLC box above)	22	

Part C – Partner's Share of Credits

23	Community Development Assistance Act credit	23	
24	Creating High Impact Economic Futures (CHIEF) credit	24	
25	Form 3800N and certified credits (see Form 1065N Schedule K-1N instructions)		

Code for 3800N and Certified Credits	Certificate Number (if applicable)	Amount of 3800N or Certified Credit
		$
		$
		$
Total of 3800N and certified credits (Enter here and on line 25)		$

		25	
26	Contractor income tax withholding (see instructions)	26	
27	Nebraska income tax withheld (see instructions)	27	
28	Total PTET credit (see instructions) This is the last year the 2018-2022 PTET can be paid. **a** 2018 $ ________ **b** 2019 $________ **c** 2020 $________ **d** 2021 $ ________ **e** 2022 $________ **f** 2026 $________	28	
29	Opportunity Scholarships Act credit for contributors	29	
30	School Readiness Tax Credit for Providers. Enter certificate number ___________	30	
31	Nebraska Pregnancy Help Act Credit for contributors	31	

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Instructions

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

The partnership must provide a Nebraska Schedule K-1N to each partner. A copy of every Nebraska Schedule K-1N must be submitted with the Form 1065N.

Enter the partner's share of the distributed Form 3800N credits. When partnerships and LLCs taxed as partnerships issue Nebraska Schedules K-1N to partners, they must also: complete distribution schedules such as Forms 775N, 312N, 1107N, 544N and report the distributed credit amount to the partners on line 25 of the Schedule K-1N. Include on the Schedule K-1N, line 25, 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 credits (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 30 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 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 23 through 25 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 23 through 25.

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 23 through 25 from any Nebraska tax credit or incentive program as listed on the DOR's Foreign Adversarial Company Notice webpage.

Note: A foreign adversarial company's related credits do not include 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 partner named on the Schedule K-1N. Additional information can be found at Foreign Adversarial Company Notice.

Partnership and Partner Information

Nebraska ID Number. Enter the Nebraska ID number assigned to the partnership by DOR. The partnership's Nebraska ID number on the Schedule K-1N and the Form 1065N must be the same. Refer to the Nebraska ID number instructions for Form 1065N.

Federal ID Number. Enter the Federal ID numbers assigned by the IRS to both the partnership and the partner.

Social Security Number. Enter the Social Security number of the partner who is an individual. If the partner is a DE whose beneficial owner is an individual, enter the beneficial owner's Social Security number.

Taxable Year of Organization. Partnerships 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.

Partnership's Nebraska Apportionment Factor. Enter the partnership's Nebraska apportionment factor from line 15 of Schedule I, Form 1065N.

Nebraska Receipts. Enter the partnership's Nebraska receipts from line 14, Schedule I, Form 1065N in the Nebraska column.

Total Receipts. Enter the partnership's total receipts from line 14, Schedule I, Form 1065N in the Total column.

Partner's Share of Income Percentage. Enter the partner's share of income percentage from column (C), Schedule II, Form 1065N. Convert the decimal shown on the Schedule II to a percentage before entering on the K-1N.

Part A – Partner's Share of Income and Deductions

Complete Part A to report the partner's share of the partnership's income (loss) and deductions from Nebraska sources.

Lines 1-14. For partnerships that are only subject to income tax in Nebraska, the amounts entered on lines 1-14 will come directly from the partner's Federal Schedule K-1.

For partnerships that are subject to income tax in another state, the amounts entered on lines 1-14 will be the result of the Federal Schedule K-1 amounts multiplied by the partnership's Nebraska apportionment factor.

Line 15. Enter the partner's share of the Nebraska and local income, sales, and use taxes deducted on the 2026 Federal Form 1065 under section 164 of the IRC. This includes the Nebraska PTET deducted by the partnership.

Line 16. Federal deduction for qualified property/qualified improvement property. Enter the partner's amount deducted on the federal return for the qualified property/qualified improvement property (property) for which the partnership 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 partnership 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 17. Federal deduction for research or experimental expenditures. Enter the partner's amount deducted on the federal return for the research or experimental expenditures (R&E expenditures) for which the partnership 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 18. Nebraska deduction for qualified property/qualified improvement property. Enter the partner's amount of the Nebraska deduction for qualified property/qualified improvement property (property) for which the partnership 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 partnership 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 19. Nebraska deduction for research or experimental expenditures. Enter the partner's amount of the Nebraska deduction for research or experimental expenditures (R&E expenditures) for which the partnership 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 – Partner's Share of Modifications

Complete Part B to report the partner's share of the income distributed by the partnership that modifies the federal adjusted gross income or federal taxable income of the partner. For partnerships that are only subject to income tax in Nebraska, the amounts entered on lines 20 and 21 will be the same as the amounts reported to the IRS.

For partnerships that are subject to income tax in another state, the amounts entered on lines 20 and 21 will be the result of the federal amounts multiplied by the partnership's Nebraska apportionment factor.

Line 20. Qualified U.S. Government Interest Deduction. Enter the partner'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 20, 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 20.

Line 21. State and Local Bond Interest and Dividend Income. Enter the partner'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.

Line 22. Income (Loss) from Non-Nebraska Sources. This line must be left blank by all partnerships that are not LLCs. The partner's share of the non-Nebraska income or (loss) is equal to the partner's share of line 4, Form 1065N, minus the partner's share of line 5, Form 1065N.

Part C – Partner's Share of Credits

Complete Part C to report the credits that were earned by the partnership and distributed to the partners. For lines 23 through 25, 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 completed Section F of Form 38000N to determine the amount of tax credit that can be claimed from any Nebraska tax credit or incentive program as listed on the DOR's Foreign Adversarial Company Notice webpage. Credits on lines 26 through 31 may be received from a foreign adversarial company and a foreign adversarial company may distribute the credits. See the foreign adversarial company instruction section.

Line 23. Community Development Assistance Act (CDAA) Credit. Enter the partner's share of the distributed CDAA credit reported on the Nebraska Community Development Assistance Act Credit Computation, Form CDN, Part C.

Line 24. Creating High Impact Economic Futures (CHIEF) credit. Enter the partner's or member'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 25. Form 3800N and Certified Credits. From the following codes (Codes A through P), enter the code and amount of the partner's or member's share of the distributed Form 3800N and certified credits. When partnerships and LLCs issue Nebraska Schedules K-1N to partners or members, they must also: complete distribution schedules for Forms 775N, 312N, 1107N, 544N and report the distributed credit amount to the partners or members on line 25 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 25, see line 30 instructions. An amount entered for the Nebraska Historic Tax Credit does not entitle the partner to claim the credit. Rather, the partner 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 Act
*Code P.	Cast and Crew Nebraska Act

Line 26. Contractor Income Tax Withholding. A partnership that was subjected to the mandatory 5% contractor income tax withholding and did not make the PTET election must distribute the amount withheld to its partners. The amount entered on line 26 is the total amount of Nebraska withholding reported on the Form 1099-MISC or Form 1099-NEC issued to the partnership, multiplied by the partner's share of income percentage. For additional information, see "Income Tax Withholding on Contractors" found on page 8 of the Form 1065N instructions.

Line 27. Nebraska Income Tax Withheld. Enter the amount from column (G), Schedule II, Form 1065N, that reflects the income tax remitted by the entity on behalf of the partner.

Line 28. Total PTET Credit. Enter the PTET credit for each tax year on lines 28a through 28f from Schedule PTET, Form 1065N. Enter the total 2018 through 2022 plus 2026 PTET credits on line 28. **This is the last year the 2018-2022 PTET can be paid.**

Line 29. Opportunity Scholarships Act credit for contributors. Enter the partner's share of the distributed amount of the credit.

Line 30. School Readiness Tax Credit for Providers. Enter the partner's share of the distributed amount of the tax credit and the certificate number.

Line 31. Nebraska Pregnancy Help Act Credit for contributors. Enter the partner's share of distributed amount of the credit.