NEBRASKA
Good Life. Great Service.
DEPARTMENT OF REVENUE

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

FORM 1120-SN Schedule K-1N 2026

Corporation's Name and Mailing Address			Shareholder'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		Social Security Number/Federal ID Number	Spouse's Social Security Number	
Taxable Year of Organization Beginning ________________ , 20 _____ and Ending ________________ , 20 _____			Check One: ☐ Resident Individual ☐ Nonresident Individual ☐ Estate or Trust ☐ Exempt Organization		
S Corporation's Nebraska Apportionment Factor %			Shareholder's Ownership Percentage %	If applicable, check the appropriate box: ☐ Final ☐ Amended	

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 22 through 24.

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

Part B – Partner's Share of Modifications

19	Qualified U.S. government interest deduction	19	
20	State and local bond interest and dividend income	20	
21	Income (loss) from non-Nebraska sources (use only if you checked the LLC box above)	21	

Part C – Partner's Share of Credits

22	Community Development Assistance Act credit	22	
23	Creating High Impact Economic Futures (CHIEF) credit	23	
24	Form 3800N and certified credits (see Form 1120-SN, 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 24)		$

		24	
25	Contractor tax withholding (see instructions)	25	
26	Nebraska income tax withheld (see instructions)	26	
27	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 $________	27	
28	Opportunity Scholarships Act credit for contributors	28	
29	School Readiness Tax Credit for Providers Enter certificate number ________	29	
30	Nebraska Pregnancy Help Act Credit for contributors	30	

Instructions

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

The S corporation must provide a Nebraska Schedule K-1N to each shareholder. A copy of every Nebraska Schedule K-1N must be submitted with the Form 1120-SN.

Enter the shareholder's share of the distributed Form 3800N credits. When S corporations issue Nebraska Schedules K-1N to shareholders, they must also: complete distribution schedules such as Forms 775N, 312N, 1107N, 544N and report the distributed credit amount to the shareholders on line 24 of the Schedule K-1N. Include on the Schedule K-1N, line 24, 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 29 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 the 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 22 through 24 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 22 through 24.

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 22 through 24 from any Nebraska tax credit or incentive program as listed on the DOR's Foreign Adversarial Company Notice webpage.

Complete the S Corporation and Shareholder Information

Shareholder's Name and Mailing Address. If the shareholder is a grantor trust, enter the name and mailing address of the grantor. If a single-member limited liability company (LLC) owns stock in the corporation and is treated as a disregarded entity for income tax purposes, enter the LLC owner's name and mailing address.

Nebraska ID Number. Enter the Nebraska ID number assigned to the S corporation by DOR. The S corporation's Nebraska ID number on the Schedule K-1N and the Form 1120-SN must be the same. Refer to the Nebraska ID number instructions for Form 1120-SN.

Federal ID Number. Enter the Federal ID numbers assigned by the IRS to both the corporation and the shareholder. If the shareholder is an individual, enter the individual's Social Security number. If a single-member limited liability company (LLC) owns stock in the corporation and is treated as a disregarded entity for income tax purposes, enter the LLC owner's Social Security number or Federal ID number.

Taxable Year of Organization. S corporations 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.

S Corporation's Nebraska Apportionment Factor. Enter the S corporation's Nebraska apportionment factor from line 15 of Schedule I, Form 1120-SN.

Shareholder's Ownership Percentage. Enter the shareholder's percentage of stock ownership for the tax year from the Federal Schedule K-1. Convert the decimal shown on the Schedule II to a percentage before entering on the K-1N.

Part A – Shareholder's Share of Income and Deductions

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

Lines 1-13. For S corporations that are only subject to income tax in Nebraska, the amounts entered on lines 1-13 will come directly from the shareholder's Federal Schedule K-1. For S corporations that are subject to income tax in another state, the amounts entered on lines 1-13 will be the result of the Federal Schedule K-1 amounts multiplied by the S corporation's Nebraska apportionment factor.

Line 14. Enter the shareholder's share of the Nebraska and local income, sales, and use taxes deducted on the 2026 Federal Form 1120-S under section 164 of the Internal Revenue Code (IRC). This includes the Nebraska PTET deducted by the S corporation.

Line 15. Federal deduction for qualified property/qualified improvement property. Enter the shareholder's amount deducted on the federal return for the qualified property/qualified improvement property (property) for which the S corporation 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 S corporation 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 16. Federal deduction for research or experimental expenditures. Enter the shareholder's amount deducted on the federal return for the research or experimental expenditures (R&E expenditures) for which the S corporation 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 17. Nebraska deduction for qualified property/qualified improvement property. Enter the shareholder's amount of the Nebraska deduction for qualified property/qualified improvement property (property) for which the S corporation 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 S corporation 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 18. Nebraska deduction for research or experimental expenditures. Enter the shareholder's amount deducted on the federal return for the research or experimental expenditures (R&E expenditures) for which the S corporation 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 – Shareholder’s Share of Modifications

Complete Part B to report the shareholder’s share of the income distributed by the S corporation that modifies the federal adjusted gross income or federal taxable income of the shareholder. For S corporations that are only subject to income tax in Nebraska, the amounts entered on lines 19 and 20 will be the same as the amounts reported to the IRS.

For S corporations that are subject to income tax in another state, the amounts entered on lines 19 and 20 will be the result of the federal amounts multiplied by the S corporation’s Nebraska apportionment factor.

Line 19. Qualified U.S. Government Interest Deduction. Enter the shareholder’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 19, 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 19.

Line 20. State and Local Government Interest and Dividend Income. Enter the shareholder’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 21. Income (Loss) from Non-Nebraska Sources. Income (Loss) from Non-Nebraska Sources. The shareholder’s share of the non-Nebraska income or (loss) is equal to the shareholder’s share of line 4, Form 1120-SN minus the shareholder’s share of line 5, Form 1120-SN.

Part C – Shareholder’s Share of Credits

Complete Part C to report the credits that were earned by the S corporation and distributed to the shareholders. For lines 22 through 24, 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 25 through 30 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 22. Community Development Assistance Act (CDAA) Credit. Enter the shareholder’s share of the distributed CDAA credit reported on the Nebraska Community Development Assistance Act Credit Computation, Form CDN, Part C.

Line 23. Creating High Impact Economic Futures (CHIEF) credit. Enter the shareholder'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 24. Form 3800N and Certified Credit. From the following codes (Codes A through P), enter the code and amount of the shareholder's share of the distributed Form 3800N and certified credits. When S corporations issue Nebraska Schedules K-1N to shareholders, they must also: complete distribution schedules for Forms 775N, 312N, 1107N, 544N; and report the distributed credit amount to the shareholders on line 24 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 24, see line 29 instructions. An amount entered for the Nebraska Historic Tax Credit does not entitle the shareholder to claim the credit. Rather, the shareholder 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 - Employer credit
*Code N . . . . Nebraska Shortline Rail Modernization Act (NSRMA) credit
*Code O . . . . Nebraska Relocation Incentive Act (NRIA) credit
*Code P . . . . Cast and Crew Nebraska Act (CCNA) credit

Line 25. Contractor Income Tax Withholding. A S corporation 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 shareholders. The amount entered on line 25 is the total amount of Nebraska withholding reported on the Form 1099-MISC or Form 1099-NEC issued to the S corporation, multiplied by the shareholder's ownership percentage. For additional information, see "Income Tax Withholding on Contractors" found on page 7 of the Form 1120-SN instructions.

Line 26. Nebraska Income Tax Withheld. Enter the amount from column (G), Schedule II, Form 1120-SN, that reflects the income tax remitted by the entity on behalf of the shareholder.

Line 27. Total PTET Credit. Enter the PTET credit for each tax year on lines 27a through 27f from Schedule PTET, Form 1120-SN. Enter the total 2018 through 2022 plus 2026 PTET credits on line 27. This is the last year the 2018-2022 PTET can be paid.

Line 28. Opportunity Scholarships Act credit for contributors. Enter the shareholder's share of the distributed amount of the credit.

Line 29. School Readiness Tax Credit for Providers. Enter the shareholder's share of the distributed amount of the tax credit and the certificate number.

Line 30. Nebraska Pregnancy Help Act Credit for contributors. Enter the partner's share of distributed amount of the credit.