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DEPARTMENT OF REVENUE

Nebraska Qualified Property/Qualified Improvement Property and Research or Experimental Expenditures Depreciation Deduction Worksheet

FORM **27242**

Name	Social Security Number or Nebraska ID Number

For tax years beginning on or after January 1, 2026, use this worksheet to calculate the Nebraska deduction adjustments required for qualified property/qualified improvement property placed in service on or after January 1, 2026, and for research or experimental expenditures which were paid or incurred by the taxpayer during the taxable year in connection with the taxpayer's trade or business. Qualified property/qualified improvement property (property) and research or experimental (R&E) expenditures are defined in Neb. Rev. Stat. § 77-27,242.

Part I - Calculation for Nebraska Qualified Property/Qualified Improvement Property Deduction

(A) Description of Property	(B) Date Placed in Service (MM/DD/YYYY)	(C) Full Cost of Expenditure	(D) Federal Deduction for the Taxable Year	(E) Federal Basis for Depreciation	(F) Nebraska Deduction for the Taxable Year	(G) Election to Depreciate over Five Years on Nebraska return	(H) Total Prior-Year Nebraska Deductions (if depreciated)
						☐	
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Totals:							

Part II - Calculation of Nebraska Research or Experimental Expenditure Deduction

(A) Type of R&E Expenditures	(B) Date Paid or Incurred (MM/DD/YYYY)	(C) Full Amount of R&E Expenditure	(D) Federal Deduction for the Taxable Year	(E) Federal Amortization Period, if amortized	(F) Nebraska Deduction for the Taxable Year	(G) Election to Amortize over Five Years on Nebraska return	(H) Total Prior-Year Nebraska Deductions (if amortized)
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Totals:							

Part III - Federal and Nebraska Deduction Calculation Totals

Enter the results from Parts I and II on lines 1 through 4 of Part III. See instructions for where to report each line on your income tax return.

1 Federal deduction for qualified property/qualified improvement property from Part I, Column (D) .... ____________________

2 Nebraska deduction for qualified property/qualified improvement property from Part I, Column (F) .... ____________________

3 Federal deduction for research or experimental expenditures from Part II, Column (D) .... ____________________

4 Nebraska deduction for research or experimental expenditures from Part II, Column (F).............................. ____________________

Instructions

Purpose. The Nebraska Qualified Property/Qualified Improvement Property and Research or Experimental Expenditures Depreciation Deduction Worksheet, Form 27242 allows taxpayers claiming either Nebraska deduction allowed under Neb. Rev. Stat. § 77-27,242 to calculate:

- The Nebraska deduction adjustments for qualified property/qualified improvement property (property) placed in service during tax years beginning on or after January 1, 2026;
- The Nebraska deduction adjustments for research or experimental expenditures (R&E expenditures) which were paid or incurred by the taxpayer during the taxable year in connection with the taxpayer's trade or business during tax years beginning on or after January 1, 2026; or;
- The Nebraska increasing adjustments for a federal amount related to a Nebraska deduction for property or for R&E expenditures claimed on a prior-year Nebraska return. If the taxpayer claimed the Nebraska deduction for any property or R&E expenditures, 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. Note: For tax year 2026, taxpayers will have no prior-year increasing adjustments as it is the first year taxpayers may claim the Nebraska deductions under Neb. Rev. Stat. § 77-27,242.

Who Must File. Every taxpayer claiming the Nebraska deduction adjustments allowed under section 77-27,242 must file the Form 24272.

When and Where to File. The Form 27242 must be completed and attached to the Nebraska income tax return filed by the individual, corporation, S corporation, limited liability company (LLC), or fiduciary for which Nebraska deduction adjustments allowed under section 77-27,242 are claimed.

What to File. Attach the completed Form 27242 and the federal forms and worksheets supporting the deduction to your Nebraska income tax return when claiming a Nebraska deduction allowed under Neb. Rev. Stat. § 77-27,242. Federal forms may include but may not be limited to the Federal Form Depreciation and Amortization, Form 4562.

Terms

Full expensing. The term full expensing means a method for taxpayers to recover their costs for certain expenditures in depreciable business assets by immediately deducting 60% of the full cost of such expenditures in the tax year in which the property is placed in service.

Qualified improvement property. The term qualified improvement property applies to property placed in service after December 31, 2024, and is defined with reference to federal law section 168(e)(6) of the Internal Revenue Code as meaning any improvement made by the taxpayer to an interior portion of a building which is nonresidential real property if such improvement is placed in service after the date such building was first placed in service.

Qualified property. The term qualified property applies to property placed in service after December 31, 2024, and is defined with reference to federal law section 168(k) of the Internal Revenue Code as generally meaning property with a recovery period of 20 years or less which is computer software (as defined in Section 167(f)(1)(B)) for which a deduction is allowable under section 167(a); water utility property; qualified film, television, and live theatrical productions, as defined in sections 181(d) and (e); and qualified sound recording productions, as defined in section 181(f). See IRS Publication 946 for more information on the definition of qualified property.

Research or experimental expenditures. The term research or experimental expenditures has the same meaning as in 26 C.F.R. 1.174-2 as generally meaning expenditures incurred in connection with the taxpayer's trade or business which represent research and development costs in the experimental or laboratory sense.

Specific Instructions

Part I - Calculation for Nebraska Qualified Property/Qualified Improvement Property Deduction. Do not include any property for which the taxpayer claimed a federal deduction of 60% or more of the full costs of the property in the taxable year in which the property was placed in service as the property is not eligible for additional Nebraska deductions.

Attach the federal forms and worksheets supporting the deduction. This may include but may not be limited to the federal Depreciation and Amortization, Form 4562.

For taxable years beginning on or after January 1, 2026, if the taxpayer claimed the Nebraska deduction for any property, the federal amount must continue to be included in the Part I table and 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.

Column (A) Enter property as classified under the Internal Revenue Code.

Column (B) Clearly segregate the property placed in service during each taxable year. Enter as MM/DD/YYYY.

Column (C) Enter the full cost of the property expenditure.

Column (D) Enter the total federal deduction amount claimed for the taxable year.

Column (E) Enter federal basis for depreciation.

Column (F) Enter the Nebraska property deduction amount claimed for the taxable year. For property expenditures that are eligible for the Nebraska deduction, the taxpayer may fully expense (immediately deduct 60% of the full cost of such expenditure) in the tax year in which the property is placed in service or elect to depreciate 60% of the costs over a five-year irrevocable term. Leave blank if the property has been fully expensed on prior year Nebraska returns (cumulative total of 60% of costs deducted).

Column (G) Check the box to elect, or if you have previously elected in a prior tax year, to depreciate 60% of the full cost of the expenditure over a five-year irrevocable term for the Nebraska deduction.

Column (H) Enter all prior-year Nebraska deductions for the property if you elected to depreciate the property over a five-year irrevocable term. Leave blank for property placed in service during the taxable year.

Totals:

Enter the total from Part I, Column (D) on Part III, line 1.

Enter the total from Part I, Column (F) on Part III, line 2.

Part II - Calculation of Nebraska Research or Experimental Expenditure Deduction. Do not include R&E expenditures that were fully deducted on the federal return in the taxable year in which the expenditures were paid or incurred as these expenditures are not eligible for additional Nebraska deductions.

Attach the federal forms and worksheets supporting the deduction. This may include but may not be limited to the federal Depreciation and Amortization, Form 4562.

For taxable years beginning on or after January 1, 2026, if the taxpayer claimed the Nebraska deduction for any R&E expenditures, the federal amount must continue to be included the Part II table and added back as an increasing adjustment on the Nebraska return in future tax years until no longer deducted on the federal return for any R&E expenditures subject to the Nebraska deduction.

Column (A) Enter domestic or foreign as classified consistent with the Internal Revenue Code.

Column (B) Clearly segregate the R&E expenditures as paid or incurred during each taxable year. Enter as MM/DD/YYYY.

Column (C) Enter the full amount of the R&E expenditure.

Column (D) Enter the total federal deduction amount claimed for the taxable year.

Column (E) Enter the federal amortization period for the R&E expenditures, if amortized federally.

Column (F) Enter the Nebraska R&E deduction amount claimed for the taxable year. For R&E expenditures that are eligible for the Nebraska deduction, the taxpayer may elect to fully deduct the R&E expenditures during the tax year in which the expenditures were paid or incurred or to amortize the expenditures over a five-year irrevocable term on the Nebraska return. Leave blank if the R&E expenditures have been fully deducted on prior-year Nebraska returns.

Column (G) Check the box to elect, or if you previously elected in a prior tax year, to amortize the R&E expenditures over a five-year irrevocable term for the Nebraska deduction.

Column (H) Enter all prior-year Nebraska deductions for the R&E expenditure if you elected to amortize the R&E expenditures over a five-year irrevocable term. Leave blank for R&E expenditures that were paid or incurred during the taxable year.

Totals:

Enter the total from Part II, Column (D) on Part III, line 3.

Enter the total from Part II, Column (F) on Part III, line 4.

Part III - Federal and Nebraska Deduction Calculation Totals. Enter the results for Parts I and II as follows:

Line 1. Enter the total from Part I, Column (D).

Line 2. Enter the total from Part I, Column (F).

Line 3. Enter the total from Part II, Column (D).

Line 4. Enter the total from Part II, Column (F).

Enter the total of Part III, lines 1 and 3 on the increasing adjustment line on the applicable Nebraska Schedule A, Form 1120N; Nebraska Schedule A, Form 1120-SN; Nebraska Schedule A, Form 1065N; Nebraska Schedule I, Form 1040N; line 4, Form 1041N for resident estates or trusts; Nebraska Schedule I, Form 1041N for nonresident estates or trusts; or line 4, Form 1041N ESBT Worksheet.

Enter the total of Part III, lines 2 and 4 on the decreasing adjustment line on the applicable Nebraska Schedule A, Form 1120N; Nebraska Schedule A, Form 1120-SN; Nebraska Schedule A, Form 1065N; Nebraska Schedule I, Form 1040N; line 6, Form 1041N for resident estates or trusts; Nebraska Schedule I, Form 1041N for nonresident estates or trusts; or line 5, Form 1041N ESBT Worksheet.