

**Nebraska Income Tax Withholding on Wages,
Pensions and Annuities, and Gambling Winnings
Paid on or after January 1, 2017**

**(Updated December 2017 to show new dates for
Nebraska Reconciliation of Income Tax Withheld, Form W-3N
and Federal Income and Withholding Statements.)**

2017

Nebraska

Circular EN

This Circular EN replaces the
2013 Circular EN

NEBRASKA

Good Life. Great Service.

DEPARTMENT OF REVENUE

Notice to Employers

Important Information for Nebraska Income Tax Withholding

Electronic Funds Transfer (EFT) Threshold for Income Tax Withholding Payments. EFT payments for income tax withholding are required if the employer has made total payments exceeding certain [threshold](#) amounts in any prior year. The Department has phased in this requirement.

- Beginning July 1, 2017, all employers who made income tax withholding payments of more than \$5,000 in any prior year are required to e-pay.

Example. An employer makes income tax withholding payments totaling \$5,000 in 2016. Beginning July 1, 2017, the employer must make all income tax withholding tax payments by EFT.

- All employers, even those who have not made payments that exceed the minimum threshold, are strongly encouraged to use EFT to make income tax withholding tax payments.

Free EFT payment methods offered include the Department's e-pay program, Tele-pay, or requesting an electronic funds withdrawal (EFW) when filing a quarterly or annual income tax withholding return.

Employers can also use ACH Credit (the bank may charge a fee for this method), or secure credit card payments can be initiated through Official Payments at officialpayments.com, or via telephone at 800-272-9829 (a convenience fee of 2.35% of the tax payment, \$1 minimum is charged to the card you use and paid to the credit card vendor). Employers can also comply with the mandate by using a third party, such as an accountant or payroll service.

Special Income Tax Withholding Procedures. An employee's state income tax withholding may be calculated by using either the percentage method tables or the tax bracket tables. Special withholding procedures must be followed if the calculated result is not at least 1.5% of the employee's taxable wages.

The [Nebraska Income Tax Withholding Wage Bracket Tables](#) in this Circular EN (beginning on [page 13](#)) are shaded to show which income tax withholding amounts meet the 1.5% requirement.

- The non-shaded area shows income tax withholding amounts that are more than 1.5% of the employee's taxable wage for the mid-point of the wage bracket. **These amounts meet the minimum income tax withholding requirement and may be used by the employer to determine an employee's state income tax withholding.**
- The shaded area indicates income tax withholding amounts that do not meet the minimum requirement. These amounts should not be used unless the employer receives documentation from the employee substantiating the need for the lower income tax withholding amount.

An employer may withhold an amount that is less than 1.5% of the employee's taxable wages if the employee provides sufficient documentation to verify that a lesser amount of income tax withholding is justified in the employee's particular circumstance. Documentation may include:

- Verification of number of children/dependents;
- Marital status; and/or
- The amount of itemized deductions.

Without documentation, the employee's income tax withholding must be set at 1.5% or at another level within the non-shaded area of the income tax withholding tables.

Penalties. The employer may be subject to a penalty of up to \$1,000 for each employee under-withheld if the employee's low income tax withholding is not substantiated.

A taxpayer who intentionally claims an excessive number of exemptions is guilty of a Class II misdemeanor.

Any person who willfully attempts to evade the Nebraska income tax is guilty of a Class IV felony.

Any person who willfully fails to withhold, deduct, and truthfully account for and pay over any income tax withheld is guilty of a Class IV felony.

Table of Contents – 2017 Circular EN

- Calendar [4](#)
- Reminders..... [4](#)
- Instructions
 - Purpose..... [5](#)
 - Taxpayer Assistance [5](#)
 - Are You Required to Withhold Income Tax?..... [5](#)
 - Income Tax Withholding Certificate [5](#)
 - Gambling Winnings..... [5](#)
 - Pensions and Annuities..... [5](#)
 - Amounts Not Subject to Nebraska Income Tax Withholding..... [5](#)
 - Payroll Period [5](#)
 - Income Tax Withholding from Employees [5](#)
 - Exempt Employees [5](#)
 - Nonresident Employees [5](#)
 - Nonresidents Performing Personal Services..... [6](#)
 - Filing and Payment Requirements:
 - Quarterly Return..... [6](#)
 - Monthly Deposits..... [6](#)
 - Monthly Deposit Filing..... [6](#)
 - Annual Filers..... [6](#)
 - Annual Reconciliation of Income Tax Withheld [6](#)
 - Filing Update..... [7](#)
 - Electronic Payments..... [7](#)
 - E-filing [7](#)
 - Where to File..... [7](#)
 - Taxable Wages [7](#)
 - Determining Income Tax Withholding [7](#)
 - Percentage Method..... [8](#)
 - Wage Bracket Method..... [8](#)
 - Bonuses, Supplemental Wages, and Taxable Awards [8](#)
 - Gambling Winnings from Nebraska Sources..... [8](#)
 - Pensions and Annuities [9](#)
 - Nebraska Income Tax Withholding from Nonresidents on Payments not Subject to Federal Income Tax Withholding..... [9](#)
 - Construction Contractors..... [9](#)
 - Who Must Withhold Income Tax..... [9](#)
 - Form W-4NA..... [9](#)
 - Determine the Income Tax Withholding Amount..... [9](#)
 - Payments to a Corporation, Partnership, or LLC for Personal Services..... [10](#)
- Nebraska Income Tax Withholding Percentage Method Tables (Tables 1-8) [11](#)
- Nebraska Income Tax Withholding Wage Bracket Tables
 - Single Persons— Weekly..... [13](#)
 - Married Persons— Weekly..... [15](#)
 - Single Persons— Biweekly..... [17](#)
 - Married Persons— Biweekly..... [19](#)
 - Single Persons— Semimonthly..... [21](#)
 - Married Persons— Semimonthly..... [23](#)
 - Single Persons— Monthly..... [25](#)
 - Married Persons— Monthly..... [27](#)
 - Single Persons— Daily..... [29](#)
 - Married Persons— Daily..... [30](#)
- Form W-4NA, Nebraska Income Tax Withholding Certificate for Nonresident Individuals [31](#)