

~~NEBRASKA~~

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DEPARTMENT OF REVENUE

2020

Nebraska

**Financial Institution
Tax Return**

Included in this Booklet:

Form 1120NF; and

Shareholder's Schedule.

Electronic payment options are available.

See [instructions](#).

Questions?

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800-742-7474 (NE or IA) or 402-471-5729

2020 Nebraska Financial Institution Tax Return

Instructions

What's New

Nebraska Property Tax Incentive Act (LB 1107 – Operative August 17, 2020). This Act provides a refundable financial institution tax credit to certain taxpayers that paid Nebraska school district property taxes. To claim the credit taxpayers must complete and submit a [Nebraska Property Tax Incentive Act Credit Computation, Form PTC](#).

Terms

Average Deposits. Average deposits are the total deposits accepted at the financial institution's Nebraska locations, plus deposits solicited from Nebraska residents that are accepted at locations outside of Nebraska. This amount is calculated as follows:

- ◆ **Calendar-year financial institutions.** The average is the total deposits held on the last day of the preceding year and the last day of each calendar quarter within the current year, divided by five.
- ◆ **Fiscal-year financial institutions or short-period financial institutions.** The average is the total the deposits held on the last day of the preceding fiscal year, the last day of each complete calendar quarter within the fiscal year, and the last day of the fiscal year, divided by the number of amounts added together.

Deposits. Deposits are:

- ◆ Money placed in the custody of the financial institution for safety or convenience that may be withdrawn at the will of the depositor, or under the rules and regulations agreed upon by the financial institution and the depositor; and
- ◆ Money for which a certificate may be issued and that may be payable on demand, on certain notice, or at a fixed future date or time.

Deposits **do not** include money placed with the trust department of any financial institution in a fiduciary capacity. Deposits **do** include any money placed in the trust department with the financial institution that is not in a fiduciary capacity.

Financial Institution. Financial institution includes any of the following entities that are chartered or qualified to do business in Nebraska and have a business locations in Nebraska.

- ◆ Bank
- ◆ Building and loan association
- ◆ Savings bank
- ◆ Savings and loan association
- ◆ Any subsidiary of the entities listed above

A financial institution also includes a bank holding company or a financial holding company that is not chartered to do business in Nebraska, but maintains a permanent place of business in the state and actively solicits deposits from Nebraska residents for an affiliate.

Subsidiary. Subsidiary **does not** include any bank, bank holding company, financial holding company, or savings and loan association that is owned 50% or more by a mutual savings and loan association and does not actively solicit deposits from Nebraska residents.

Net Financial Income. Net financial income is the income of the financial institution, including its subsidiaries, after ordinary and necessary expenses, but before income taxes and discontinued operations. Income and expenses must be computed according to the requirements of the financial institution's regulatory agencies.

Who Must File?

Every financial institution, as defined above, must file a [Nebraska Financial Institution Tax Return](#).

A financial institution does not file a [Nebraska Corporation Income Tax Return, Form 1120N](#).

Important Information for All Filers

Period Covered by the Return. This return must be filed for the 2020 calendar year or fiscal year beginning in 2020. Contact the Nebraska Department of Revenue (DOR) for instructions if the financial institution's fiscal year ends other than on a calendar quarter.

Financial institutions experiencing a short year (less than 12 months) must file a short-period return on or before the 15th day of the third month following the end of its short year. See:

- ◆ [Revenue Ruling 24-90-1: Financial Institution Tax - Filing Requirements of Short-Period Tax Returns](#); and
- ◆ [Revenue Ruling 24-91-1: Financial Institution Tax - Average Deposits of Short-Period Tax Returns](#).

Enter All Amounts as Whole Dollars. Do not include cents on the return or schedules. Do not change the pre-printed zeros in the cents column of the Form 1120NF. Round any amount from 50 cents to 99 cents to the next higher dollar. Round any amount less than 50 cents to the next lower dollar.

Penalties and Interest. Either or both may be imposed under the following conditions:

- ◆ Failure to file a return and pay tax due on or before the due date;
- ◆ Failure to pay the tax due on or before the due date;
- ◆ Failure to file an Amended Nebraska Financial Institution Tax Return to report changes made to the financial institution's amount of deposits or net financial income;
- ◆ Preparing or filing a fraudulent return; or
- ◆ Understatement of deposits or net income before taxes and discontinued operations on a financial institution tax return.

Filing a false or fraudulent Nebraska tax return is subject to penalty, even if the amounts reported are taken from your federal return or reports filed with state or federal regulatory agencies. Unpaid tax is subject to interest at the statutory rate of 3% from the original due date to the date the tax is paid. See [Revenue Ruling 99-20-2](#) for applicable interest rates.

Reporting Changes or Corrections.

- ◆ Use [Amended Nebraska Financial Institution Tax Return, Form 1120XNF](#), for the tax year corresponding to the return being amended for years after 2000.
- ◆ Use Amended Nebraska Financial Institution Tax Return, Form 1120XNF-3, to amend tax years 1993 – 2000.
- ◆ Contact DOR to obtain the appropriate form for amending a return for tax years prior to 1993.

NOTE: A refund of tax is only allowed when an amended return is filed within 90 days of the date the tax is due or was paid, whichever is later, or within 90 days of a change made by a state or federal regulatory agency.

When filing an amended return to reflect corrected Call Report information, attach copies of the changed pages from the Call Report. When filing an amended return to report a change made by a state or federal regulatory agency to the financial institution's amount of deposits or its net financial income, include a dated copy of the regulatory agency's notice.

Nebraska Extension of Time. No extension of time to file or pay the tax is allowed.

Accounting Methods. The accounting method required by state and federal regulatory agencies must be used for Nebraska financial institution tax purposes. Income and expenses of a financial institution must be computed according to the requirements of its regulatory agencies.

When and Where to File

This return must be filed on or before the 15th day of the third month following the close of the taxable year of the financial institution.

Mail the return to:

Nebraska Department of Revenue
PO Box 94818
Lincoln, NE 68509-4818.

Note: No extension of time to file this return or pay the tax is allowed.

How to Complete Form 1120NF

Reminder for S Corporations. Financial institutions organized as S corporations must complete the Shareholder's Schedule (Schedule) of [Form 1120NF](#) and provide each shareholder with a [Statement of Nebraska Financial Institution Tax Credit, Form NFC](#). If a trust owns shares of the financial institution, a list of the beneficiaries of the trust must be attached to the Schedule and each beneficiary must be provided with a Form NFC. These forms are used to calculate the amount of credit available to each shareholder or beneficiary, as applicable.

- ◆ File the Schedule with Form 1120NF. If additional lines are needed, make copies of the Schedule and attach them to Form 1120NF.
- ◆ Financial institutions organized as S corporations owned by an S corporation holding company, and financial institutions with shares owned by a trust, must list the shareholders or beneficiaries, as applicable, of the holding company on the Schedule.
- ◆ Shareholders or beneficiaries, as applicable, will file the Form NFC with their individual income tax returns when claiming their proportionate share of credit for the tax paid by the financial institution.

Business Classification Code. Enter the number that best describes your principal activity from the following list:

- 522110 Commercial bank;
- 522120 Savings institution;
- 522130 Credit union; or
- 522190 Other depository credit intermediation.

Lines 1 – 5

Ending Deposits. Enter the amount of ending deposits at the preceding year-end and the ending deposits of each calendar quarter of the financial institution's taxable year beginning in 2020. Refer to the chart on page 7 of these instructions as a guide to determine the ending deposits for each period.

Line 7

Average Deposits. Divide the total deposits on line 6 by five, and enter the result on line 7. Fiscal-year or short-period returns should compute average deposits as described in **Average Deposits** on page 2 of these instructions.

Line 8

Financial Institution Tax. The financial institution must pay the lesser of the tax on average deposits or the limitation amount. The tax is required to be paid on or before the original due date of the return. Financial institutions have the option to file an estimated payment voucher during the final month of the tax year.

The estimated payment is made on a [Nebraska Financial Institution Voluntary Estimated Tax Payment, Form 1120NF-ES](#).

The rate of tax is the rate in effect on the first day of the financial institution's taxable year. For tax year 2020, the rate of tax is \$.47 per \$1,000 of average deposits.

Line 9

Net Income. Enter the amount of net income before income taxes and discontinued operations of the financial institution for the taxable year beginning on or after January 1, 2020. Refer to the chart on page 7 of these instructions to determine the appropriate line number amount and possible adjustments to make for each reporting period necessary to arrive at the total representing the entire taxable year. Enter this total as net income before income taxes and discontinued operations on line 9.

Multistate Financial Institutions. Financial institutions that are subject to tax in more than one state must compute their net income based on the amount of average deposits connected with the financial institution's operations in Nebraska. These deposits equal the total of deposits accepted at the financial institution's Nebraska offices, plus deposits solicited from Nebraska residents that are accepted at the financial institution's offices outside of Nebraska. The financial institution's limitation amount is computed using the portion of the net financial income that is apportioned to Nebraska through the use of property and payroll factors.

Net Losses. If the financial institution has a net loss before income taxes and discontinued operations, enter -0- on line 9. Net losses cannot be carried to any other year or any other return. Net losses cannot be used to obtain a refund for a prior or subsequent taxable year.

Line 10

Limitation Amount. For tax year 2020, the rate is 3.81% of the net financial income.

Line 12

Community Development Assistance Act (CDAA) Credit. This nonrefundable credit is allowable for contributions to approved projects of community betterment organizations recognized by the Nebraska Department of Economic Development (DED). Attach the [2020 Nebraska Community Development Assistance Act Credit Computation, Form CDN](#), to the [Form 1120NE](#). Financial institutions do not need to attach a copy of the Form 1099NTC. DOR will receive the Form 1099NTC information directly from DED. The credit must be claimed on the tax return for the year in which the contribution was made. Any tax credit balance may be carried over and applied against your tax liability for the next five years immediately succeeding the tax year in which the credit was first properly claimed and allowed.

More detailed information on this credit can be obtained by contacting:

Nebraska Department of Economic Development
Housing and Community Development Division
PO Box 94666, Lincoln, Nebraska 68509-4666
402-471-6280 or 800-426-6505
neded.org

Line 13

New Markets Tax Credit (NMTC). This nonrefundable credit is allowed for an investment in a qualified community development entity. Attach a copy of [Nebraska Incentives Credit Computation, Form 3800N](#), and any supporting schedules, and enter the amount from line 10 of Form 3800N. The tax credit may be claimed for the tax year that includes the applicable credit allowance date. The credit is nonrefundable, but may be carried forward for up to five taxable years from the year it is first allowed.

Line 14

Nebraska Historic Tax Credit (NHTC). This nonrefundable, and in some cases, transferable tax credit is allowed for eligible expenditures to rehabilitate, preserve, or restore qualifying historically-significant real property. Attach a copy of the Nebraska Incentives Credit Computation, Form 3800N, and a [Nebraska Historic Tax Credit Form 3800N, Worksheet NHTC](#). Enter the amount of the credits from line 11 of Form 3800N. The credits may be carried forward until fully utilized, or until December 31, 2027, whichever occurs first.

Line 15

Affordable Housing Tax Credit (AHTC). This nonrefundable tax credit is allowed to financial institutions in an amount, not exceeding the federal Low-Income Housing Tax Credit. Credits are issued for the first six years of the credit period as defined under Federal law, and are allocated to projects placed in service after January 1, 2018. The credits are issued for the first six years of the credit period. Credits are available for tax years beginning on and after January 1, 2020. Attach a copy of the Nebraska Incentives Credit Computation, Form 3800N. Enter the amount of the credits from line 11 of Form 3800N. The credits may be carried forward until fully utilized.

Line 16	Total Nonrefundable Credits. Total the credits on lines 12, 13, 14, and 15.
Line 17	Nebraska Tax After Nonrefundable Credits. Subtract line 16 from line 11. If the result is less than zero, enter -0-.
Line 18	Nebraska Property Tax Incentive Act Credit. This refundable tax credit is allowed to financial institutions that file as C corporations and have paid Nebraska school district property taxes for tax years beginning or deemed to begin on or after January 1, 2020. To claim the credit taxpayers that file as C corporations must complete and submit a Nebraska Property Tax Incentive Act Credit Computation, Form PTC . Enter the amount from line 4 of Form PTC and attach Form PTC. If the financial institution files as an S corporation, the Nebraska Property tax Incentive Act Credit is passed through to the owners and cannot be taken on the Form 1120NF. Enter zero. and complete and submit Form PTC, Part D to distribute school property taxes paid to shareholders.
Line 19	Voluntary Estimated Tax Payment. Enter the amount of any voluntary estimated tax payment previously filed using Form 1120NF-ES .
Line 20	Total Refundable Credits and Payments. Total lines 18 and 19.
Line 21	<p>Balance Due. If the amount on line 17 is greater than line 20, enter the difference as a balance due on line 21.</p> <p>Electronic Payment. Payment of tax may be made electronically.</p> <p>Financial institutions that made tax payments exceeding \$5,000 in a prior year are required to make all payments electronically.</p> <p>Payment Options (Nebraska e-pay, ACH Credit, Tele-pay). Pay the amount due electronically. It's secure, easy, and fast. Details on electronic payments can be found on DOR's website.</p> <p>Credit Card. Secure credit card payments can be initiated through Official Payments at officialpayments.com, or via telephone at 800-272-9829. Eligible credit cards include American Express, Discover, MasterCard, and VISA. A convenience fee (2.35% of the tax payment, \$1 minimum) will be charged to the credit card you used. This fee is paid to the credit card vendor, DOR, and will appear on the credit card statement separately from the tax payment.</p> <p>Check or Money Order. Make check or money order payable to the "Nebraska Department of Revenue." Checks written to DOR may be presented for payment electronically.</p>
Line 22	Overpayment. If the amount on line 21 is greater than line 17, enter the difference as an overpayment on line 22.
Line 24	Amount to be Refunded. DOR recommends having any refund on line 24 directly deposited to a bank account. See line 25 instructions below.
Lines 25a-25d	<p>Direct Deposit. To have a refund directly deposited into your checking or savings account, enter the routing number and account number associated with the account.</p> <ul style="list-style-type: none"> ◆ 25a. The routing number is listed first and must be nine digits. ◆ 25b. Indicate the type of account – checking or savings. ◆ 25c. The account number is listed to the right of the routing number and can be up to 17 characters. ◆ 25d. Box 25d is used to comply with financial institution rules regarding International ACH Transactions (IATs). Refunds to accounts outside of the United States cannot be processed as direct deposits and instead, will be mailed. <p>Sign and Date the Tax Return. This return must be signed by an officer of the financial institution. If another person is authorized to sign this return, there must be a power of attorney on file with DOR or attached to the return.</p>

Email. By entering an email address, the taxpayer acknowledges that DOR may contact the taxpayer by email. The taxpayer accepts any risk to confidentiality associated with this method of communication. DOR will send all confidential information by secure email or the State of Nebraska's file share system. If you do not wish to be contacted by email, write "Opt Out" on the line labeled "email address."

Paid Preparer's Use Only. Any person who is paid for preparing a financial institution's return must also sign the return as a preparer. The preparer must enter his or her Preparer Tax ID Number (PTIN), the firm's name, and Federal Employer ID Number (EIN).

Contact Information. For additional assistance, please contact:

Nebraska Department of Revenue

PO Box 94818

Lincoln, NE 68509-4818

800-742-7474 (Nebraska and Iowa) or 402-471-5729

revenue.nebraska.gov

Call Report References*		
•For use in completing lines 1-5 and line 9 of Form 1120NF		
Type of Financial Institution	Reports and Line Numbers	
	Lines 1-5: Ending Deposits	Line 9: Net Income Before Income Taxes and Discontinued Operations
Banks and Savings Associations with Domestic and Foreign Offices	Form FFIEC 031 Consolidated Report of Condition Schedule RC-Balance Sheet Liabilities (Page RC-2) Line 13 Deposits Enter the total of lines 13.a. and 13.b.	Form FFIEC 031 Consolidated Report of Income Schedule RI-Income Statement Line 8 (Page RI-2) Income (loss) before applicable income taxes and discontinued operations Enter line 8.c. FOR THE ENTIRE TAXABLE YEAR
Banks and Savings Associations with Domestic Offices Only	Form FFIEC 041 Consolidated Report of Condition Schedule RC-Balance Sheet Liabilities (Page RC-1) Line 13 Deposits Enter line 13.a.	Form FFIEC 041 Consolidated Report of Income Schedule RI-Income Statement Line 8 (Page RI-2) Income (loss) before applicable income taxes and discontinued operations Enter line 8.c. FOR THE ENTIRE TAXABLE YEAR
Credit Unions	National Credit Union Administration Form NCUA 5300 Statement of Financial Condition Liabilities, Shares/Deposits (Page 3) Line 19 Total Shares and Deposits Enter line 19, column C.	National Credit Union Administration Form NCUA 5300 Statement of Income and Expense: FOR THE ENTIRE TAXABLE YEAR Line 33 Net income Less: Line 15 Gain (loss) on Equity Securities Line 16 Gain (loss) on Other Securities Line 17 Gain (loss) on Non-Trading Derivatives Line 18 Gain (loss) on Disposition of Fixed Assets Line 19 Gain from Bargain Purchase (Merger) Line 20 Other Non-operating Income (Expense) Enter line 33 minus lines 15 through 20.

*This chart references the call reports available as of June 30, 2020 and September 30, 2020. If these call reports are modified and the line numbers do not remain constant, please use this chart as a guide to report the financial institution's deposits, estimated deposits, estimated net income before income taxes and discontinued operations, and actual net income before income taxes and discontinued operations in a consistent manner.

Instructions

Shareholder's Schedule — Shareholder's Share of Nebraska Financial Institution Tax Paid

Financial institutions organized as S corporations must complete and file the [Shareholder's Schedule](#) with the [Financial Institution Tax Return, Form 1120NF](#), to report each shareholder's proportionate share of credit for the tax paid by the financial institution. If a trust owns shares of the financial institution, attach a list of the beneficiaries of the trust, including the beneficiaries' Social Security numbers, or other appropriate tax ID numbers. The shareholder or beneficiary Social Security numbers are required in order to verify the amount of the credit being claimed when the individual, or business entity, files an income tax return. If more lines are needed, make additional copies and attach to the Form 1120NF.

Columns A Through E. Enter the name and mailing address of the shareholder or beneficiary, as applicable.

Column F. Enter the Social Security number, or other appropriate tax ID number, of the shareholder or beneficiary, as applicable.

Column G. Enter the shareholder's or beneficiary's ownership percentage, as applicable (calculate to at least six decimal places, then round to five decimals). For example, if the ownership percentage is .123464, round to .12346 and enter 12.346%.

If the ownership percentages change during the year, compute the individual shareholders' percentage using a ratio of income received by the individual to the total income of the financial institution. The percentages in column G must total 100%.

Column H. Enter the total amount of tax paid by the financial institution from line 17, Form 1120NF.

Column I. Multiply the tax paid in column H by the percentage in column G. Enter the individual shareholder's or beneficiary's amount of calculated credit from Column I on the [Statement of Nebraska Financial Institution Tax Credit, Form NFC](#), provided to each shareholder or beneficiary.