

ImagiNE Nebraska Act Incentive Computation

for use with Forms 1120N, 1120-SN, 1120NF, 1065N, 1041N, and 1040N

Name on Return		Nebraska ID Number	Federal ID Number or Social Security No.	Year
Application Number	Date of Application	Type of Return <input type="checkbox"/> 1120N <input type="checkbox"/> 1120-SN <input type="checkbox"/> 1120NF <input type="checkbox"/> 1065N <input type="checkbox"/> 1041N <input type="checkbox"/> 1040N		
Location(s)	Agreement Type	Application Level Selected		
Name of Contact Person	Phone Number	Email Address		

Supplemental Information

1 Were there any changes to the agreement filed and approved by the DED? Yes No

If yes, list any additional locations, entities, or requests to change application level. _____

Only include the employment and investment for the qualified location(s) and entities approved by DED in the calculations on this Form 1107N and each of the required schedules and workbooks.

If No, continue to question 3.

2 For the year being reported, has the DED certified any of the location(s) as qualified locations? . . Yes No

If Yes, fill out the box below for each location.

If No, continue to question 3.

For each of the addresses, enter the total percentage of full-time equivalent employees (FTEs) that are employed in a qualified business activity for the year.

	Address (street, city)	Qualified FTE %	Number of FTES
a			
b			
c			

3 Are any locations qualified due to the percentage of out-of-state sales? Yes No

If Yes, what is the percentage for out-of-state sales to unrelated persons for the current year?

If No, continue to question 4.

	Address (street, city)	Out-of-State Sales %	Total Sales
a			
b			
c			

4 Were any of the qualified location(s) included in the agreement within an Extremely Blighted Area before the end of the ramp-up period? Yes No

If Yes, please provide the address, the date the address was deemed to be extremely blighted and whether it remained extremely blighted at the end of the current year.

	Address (street, city)	Date Declared Extremely Blighted	Still Extremely Blighted? Y/N
a			
b			
c			

I have examined the Form 1107N, including accompanying schedules and workbooks, and to the best of my knowledge and belief, the information and calculations are complete in all material respects.

sign here

Authorized Signature _____	Date _____
_____	() _____
Title _____	Phone Number _____

Street or Other Mailing Address _____	
_____	() _____
Contact Person _____	Phone Number _____

Print Your Name _____
Email Address _____ <input type="checkbox"/> Opt-Out

City, State, Zip Code _____

Email Address _____ <input type="checkbox"/> Opt-Out

ImagiNE Nebraska Act Incentive Computation

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Name on Return	Application Number	Application Level Selected	Date of Application	Nebraska ID Number	Year
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Section 1 — Reason for Filing

- 1 Original filing _____ Amended filing _____
- 2 Reason for amending:
- 3 List the revised schedules and line numbers changed and include these schedules in the filing:

Section 2 — Employment

4 Adjusted base year FTEs (Schedule A, FTE column, line 5)	4	
5a Average compensation for new employees at qualified location(s) (Schedule B, line 6)	5a	
5b Average compensation for employees at the qualified location(s) for a Modernization agreement (Schedule F, line 11)	5b	
6 Withholding ratio (Schedule B, line 12)	6	
7 FTE growth (Schedule B, line 5)	7	

Section 3 — Investment

8 Direct refunds for current year	8	
9 Direct pay exemption for current year	9	
10 Current year investment in qualified property (Schedule C, line 6)	10	
11 Cumulative investment at the qualified location(s) (Schedule C, line 12)	11	

Section 4 — Establishing and Using Tax Credits

	Investment Credit	Wage Credit
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	Investment Credit	Wage Credit
12a Tax credits carried forward from prior year's filing (Form 1107N, Page 2, line 25)	12a	
b Change of tax credits from subsequent amended filing	12b	
c Adjustments to tax credits carried forward (Attach an explanation)	12c	
d Total credits carried forward (add lines 12a, 12b, and 12c)	12d	
13 Wage credits used to offset payroll withholding	13	
14a Tax credits used for sales or use tax refunds	14a	
b Tax credits used for childcare expenses as approved by the DED	14b	
c Tax credits used for job training expenses as approved by the DED	14c	
d Tax credits used for talent recruitment as approved by the DED	14d	
e Total credits used (add lines 14a, 14b, 14c, and 14d)	14e	
15 Remaining balance of tax credits carried forward (line 12d minus lines 13, and 14e)	15	
16 Wage credit earned (Schedule B, line 11)	16	
17 Investment credit earned (Schedule C, line 20)	17	
18 Benefit corporation credit earned (Schedule G, line 3)	18	
19 Total available tax credits (add lines 15, 16, 17, and 18)	19	
20 Tax credits to be used to repay ImagiNE Nebraska infrastructure loan Loan number: _____	20	
21 Tax credits to be used to repay ImagiNE Nebraska workforce training loan Loan number: _____	21	
22 Tax credits used in current year against income tax liability. (enter here and on Form 3800N, line 12)	22	
23 Tax credits distributed to partners, shareholders, members, patrons, or beneficiaries (Schedule II, line 3)	23	
24 Wage credits transferred to an employee leasing company (ELC) Name of ELC: _____ Nebraska ID Number: _____	24	
25 Ending balance of tax credits to be carried forward to following year (line 19 minus lines 20, 21, 22, 23, and 24)	25	

Instructions for ImagiNE Nebraska Act Incentive Computation, Form 1107N

Who Must File. Any taxpayer who has submitted an ImagiNE Nebraska Act (Act) application must file a Form 1107N with supporting schedules and submit supporting Excel workbooks, for each year beginning with the year the application was filed through the expiration of all tax incentives earned under the Act.

If there is more than one agreement holder during the calendar year, a Form 1107N for the entire year must be filed by the taxpayer that is the agreement holder as of December 31.

When and Where to File. The Form 1107N and supporting schedules will be filed as an attachment to the taxpayer's Nebraska income tax, financial institution, or partnership return. The Form 1107N, supporting schedules and detailed employment and investment workbooks must also be uploaded to [DOR's secure file sharing system](#). See the [ImagiNE Nebraska page](#) on the DOR website. For all years other than the qualification year, Form 1107N for the calendar year must be filed with the taxpayer's return for the taxable year which includes December 31 of the year reported.

The taxpayer may file the Form 1107N reporting the initial attainment of minimum levels to the DOR prior to filing the income tax return for the year levels were met. The form must be included with the applicant's first filing for benefits. If changes were made to the initial filing, provide an explanation of the changes made on Form 1107N, Page 2 Section 1.

Failing to complete the Form 1107N will be considered a violation of the terms of the agreement and will be grounds for delay, termination of benefits, or recapture.

If the taxpayer uses any credits on Form 1107N, they must file an [ImagiNE Nebraska Act Payment of Fees for Benefit Use, Form 1107F](#), and remit the 0.5% fee for using credits.

The information required depends on the application level and type of entities in the agreement.

Reference	Title	Application Level	When to File
Page 1	Supplemental Information	All Levels	Year of application through the expiration of all tax benefits.
Page 2	Incentive Computation		
Schedule I	Estimated Sales or Use Tax Refunds	All Levels	Year of application through the expiration of all tax benefits.
Schedule II	Distribution of Tax Credits	All Levels Except Modernization	Each year there is a distribution of credits to partners, shareholders, members, patrons, or beneficiaries.
Schedule A	Base Year & Current Year Employment	All Levels except Modernization	Year of application through the end of carryover period or until the wage credit is zero.
Schedule B	FTE & Wage Credit Calculation		
Schedule C	Investment Calculation	All Levels except Quality Jobs	Year of application through the performance period and any year in the carryover period when a lease was cancelled early.
Schedule D	Extremely Blighted Area Employment	All Levels except Economic Redevelopment and Modernization	Each year any qualified location(s) are in a blighted area.
Schedule E	Extremely Blighted Area Investment	All Levels except Economic Redevelopment, Modernization, and Quality Jobs	
Schedule F	Modernization Average Wage Calculation	Modernization only	Year of application through the end of the performance period.
Schedule G	Benefit Corporation Credit Calculation	All Levels Except Modernization	Last year of the performance period.

How to Amend. When correcting a prior year's filing, complete Form 1107N, revise the supporting schedules, and attach to an income tax return, financial institution, or partnership return. Form 1107N for multiple years may be attached to a single tax return. Workbooks must be uploaded [by using DOR's secure file sharing system](#).

General Instructions

1. Follow the specific line instructions provided for each page and schedule.
2. Rounding instructions:
 - For all dollar values, enter amounts in whole dollars. Do not include cents. 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.
 - Follow the separate instructions for Schedules A, B, and D for rounding hours, full-time equivalent (FTE) employees, and the income tax withholding ratio.
 - The taxpayer must attain the minimum levels of investment and employment without any benefit from mathematical rounding or truncation.

Terms

Refer to the ImagiNE Nebraska Act statutes for statutory definitions of terms. The definitions stated in these instructions do not supersede, alter, or otherwise change any provisions of the Nebraska statutes, regulations, DED guidance, DOR rulings, or court decisions.

Agreement Holder. The agreement holder is the parent company of the taxpayer who applied. If the agreement is transferred, the agreement holder is the parent company of the taxpayer to whom the agreement is transferred in its entirety.

Applicant. An applicant is one or more business entities performing the qualified business activities at the qualified location(s) and is part of the taxpayer as defined. The applicant is the taxpayer who performs the qualified business activities at the qualified location(s).

Base Year. The base year is the year prior to the year of application. If the application is filed in 2021, the base year is either 2019 or 2020, whichever year the applicant had the larger number of equivalent employees at the qualified location(s). If the application is filed in 2021 or 2022 and the applicant increased the number of equivalent employees in 2020 or 2021 in response to the COVID-19 pandemic, the base year is 2019.

Base-Year Employee. A base-year employee is an individual who is employed at the qualified location(s) and subject to Nebraska income tax on compensation received from the taxpayer or its predecessors during the base year.

Base-year employee also includes any individual who was subject to Nebraska income tax on compensation received from:

- An acquired business during the 366 days preceding the date of acquisition, if the acquisition occurred after the date of application; and/or
- The taxpayer or its predecessor, during the 366 days prior to the date of application, if business activities were moved to a qualified location(s).

Carryover Period. The carryover period is the three years immediately following the end of the performance period. No additional credits are earned during the carryover period.

Compensation. Compensation means wages and other payments subject to the federal Medicare tax.

Credit Refund of Sales and Use Taxes. A credit refund is a refund to the applicant of Nebraska and local sales and use taxes paid on purchases used at a qualified location(s) which are not eligible for a direct refund or exemption, and are incurred after the year the minimum levels of investment and employment were met, through the end of the carryover period. The credits used must have been earned in a prior year.

Cumulative Investment. Cumulative investment at the qualified location(s) determines whether the applicant has attained or maintained the minimum investment level for the selected application level. Cumulative investment is qualified property placed in service on or after the date of application and prior to the end of the current year which is still in use at the qualified location(s) at the end of each year less retirements of owned property previously claimed and the value of leases no longer in effect. Cumulative investment excludes property placed in service in a year in the performance period the applicant did not maintain the minimum required levels of investment or employment.

DED. DED means the Nebraska Department of Economic Development.

DOR. DOR means the Nebraska Department of Revenue.

Direct Payment Option. Taxpayers with an approved direct pay permit may exercise the exemption once the applicant has reported levels of employment and investment for the year to the DOR that qualify the taxpayer for this benefit. The direct pay permit may be used on all purchases, but the applicant must remit use tax on purchases other than qualified property used at the qualified location(s). Prior to qualifying, taxpayers with a direct pay permit must remit use tax on all purchases made where the permit was used to exempt the purchase from sales tax, including purchases of qualified property for use at the qualified location(s).

Direct Refund of Sales and Use Taxes. A direct refund is a refund to the applicant of Nebraska and local sales and

use taxes paid on the purchase or lease of qualified property for use at the qualified location(s), or on the purchase or lease of an aircraft for use in connection with qualified location(s), which is placed in service during the ramp-up or performance period.

Electronic Verification. An applicant must verify the work eligibility status of all newly hired employees employed in Nebraska within 90 days after the date of hire. E-Verify, the federal electronic verification program or a successor program, must be used to evaluate the work eligibility of all newly hired employees hired on or after the date of application. The hours worked and compensation paid to an employee who was not eligible to work in Nebraska according to E-Verify, or an employee whose work eligibility status was not timely verified using E-Verify must be excluded for purposes of calculating any tax incentive under the Act.

Employed full-time. Employed full-time means that the employee is a full-time employee as defined and described in section [4980H of the Internal Revenue Code of 1986](#), as amended (IRC), and the regulations for such section.

Full-time Equivalent Employees. Full-time equivalent employees (FTE) means the number of employees computed by dividing the total hours paid in a year by the product of 40 times the number of weeks paid in a year. A salaried employee who receives a predetermined amount of compensation each pay period on a weekly or less frequent basis is deemed to have been paid for forty hours per week during the pay period.

Extremely Blighted. Extremely blighted area means an area which, before the end of the ramp-up period, has been declared an extremely blighted area under Neb. Rev. Stat. § 18-2101.02.

Health Coverage Requirement. The taxpayer must offer health coverage to its employees who constitute full-time employees as defined and described in IRC § 4980H, and the regulations for such section, at the qualified location(s), the opportunity to enroll in minimum essential coverage under an eligible employer-sponsored plan, as those terms are defined and described in [IRC § 5000A](#), and the regulations for such section.

Investment. Investment is the value of qualified property incorporated into or used at the qualified location(s). For qualified property owned by the taxpayer or leased from a related person, the value is the amount capitalized and depreciated for federal tax purposes. Any amount, including the labor of the taxpayer, that is capitalized as a part of the cost of the qualified property or that is written off under IRC § 179, is considered part of the original cost. For qualified property leased by the taxpayer from an unrelated person, investment is the average net annual rent multiplied by the number of years of the lease for which the taxpayer was originally bound, not to exceed ten years. This includes land that is rented in connection with, and incidental to, a building that is leased.

For tangible personal property owned by the applicant, the property becomes investment when it is placed in service as defined under the IRC. For real property purchased by the applicant, the property becomes investment when control of the property is transferred to the applicant. For improvements to real estate owned by the applicant or leased from a related person, the date of the investment is the date the personal property was incorporated into the real estate. For property leased by the applicant, the property becomes an investment when control of the property was transferred to the applicant. Refer to [ImagiNE Nebraska Act Guidance Memo: 21-01](#) for additional information on the timing of investment.

Local Sales and Use Taxes. Local sales and use taxes include sales and use taxes paid under the Local Option Revenue Act, the Qualified Judgement Payment Act, and Neb. Rev. Stat. §§ [13-319](#), [13-324](#), and [13-2813](#).

Motor Vehicle. Motor vehicle means any motor vehicle, trailer, or semitrailer as defined in the Motor Vehicle Registration Act and subject to registration for operation on the highways.

Nebraska Statewide Hourly Wage. The Nebraska statewide average hourly wage for any calendar year means the most recent statewide average hourly wage paid by all employers in all counties in Nebraska as reported by the Department of Labor on October 1 of the calendar year prior to application. Hourly wages shall be calculated by dividing the reported average annual weekly wage by 40.

Number of New Employees. The number of new employees is equal to the lesser of the Method 1 or Method 2 calculations.

Method 1. Subtract the number of equivalent base-year employees from the number of equivalent employees who are employed at the qualified location(s) during the current year.

Method 2. Method 2 is the sum of the Method 2A (new full-time equivalent employees hired after the base year) and Method 2B (part-time base-year employees that converted to a full-time employee after the base year).

2A. FTEs based on hours of new full-time employees:

- who are eligible for sufficient benefits,
- who meet the health coverage requirement,
- at the qualified location(s),
- who are **not base-year** employees,
- whose work eligibility was electronically verified within 90 days after the date of hire, and
- whose rate of pay is at least the required Nebraska statewide average hourly wage, as stated in the agreement.

2B. FTEs based on additional hours for base-year employees who become a full-time employee after the base year. The additional number of hours for a base-year employee who **was not employed full-time at any time during the base year and became employed full-time after the base year**. The number of hours worked in the base year are subtracted from the number of hours worked in the current year. Hours of employees that became employed full-time:

- who are eligible for sufficient benefits,
- who meet the health coverage requirement,
- at the qualified location(s),
- who are base-year employees,
- whose work eligibility was electronically verified within 90 days after the subsequent hire date if re-hired as required by the electronic verification program, and
- whose rate of pay is at least the required Nebraska statewide average hourly wage, as stated in the agreement.

For employees who work both at a qualified location and also perform services for the taxpayer at other nonqualified locations, they will be included in determining the number of new employees if more than fifty percent of the time for which they are compensated is spent at the qualified location. For any year other than the base year, employees who work at the qualified location fifty percent or less of the time for which they are compensated are not considered employed at the qualified location.

For employees who work both at a qualified location and also perform services for the taxpayer at the employee's Nebraska residence, the time for which an employee is compensated for services performed at the employee's Nebraska residence will be considered spent at the qualified location.

Performance Period. Performance period means the year during which the required increases in employment and investment were met or exceeded and each year thereafter until the end of the sixth year after the year the required increases were met or exceeded.

The performance period includes the years when the applicant may both earn and use credits. No credits are earned in a year in which the applicant does not maintain the minimum levels of investment or employment.

Qualified Employee Leasing Company. Qualified employee leasing company means a company which places all employees of a client-lessee on its payroll and leases them to the client-lessee on an ongoing basis for a fee. The written agreement between the employee leasing company and a client-lessee must grant the client-lessee input into the hiring and firing of employees leased to the client-lessee.

Qualified Location(s). Qualified location(s) means a location or locations at which the majority of the business activities conducted are within one or more of the NAICS codes or the descriptions in [Neb. Rev. Stat. § 77-6818\(1\)](#). Qualified location(s) also includes any other business location if at least 75% of the revenue derived at the location is from sales to customers who are not related persons which are delivered or provided from the qualified location(s) to a location that is not within Nebraska. Even if a location meets the 75% requirement, a location is not a qualified location(s) if the majority of the business activities conducted at such location include one or more of the NAICS codes or descriptions listed in [Neb. Rev. Stat. § 77-6818\(2\)\(a\)](#).

The determination of the majority of the business activities is based on the FTEs working in the respective business activities.

Qualified Property. Qualified property is any tangible property of a type subject to depreciation, amortization, or other recovery under the IRC, or the components of such property, that will be located and used at the qualified location(s). Qualified property does not include: (1) aircraft, barges, motor vehicles, railroad rolling stock, or watercraft; or (2) property that is rented by the taxpayer to another person.

Qualified property of the taxpayer, which is located at the Nebraska residence of a teleworker working on tasks interdependent with the work performed at the qualified location(s), is deemed to be located and used at the qualified location(s).

Ramp-up Period. Ramp-up period means the period of time from the date of the complete application through the end of the fourth year after the year in which the complete application was filed with the director.

Rate of Pay. The rate of pay is the amount used to determine if an employee meets or exceeds the required wage level for calculating the number of new employees. An employee must be paid compensation at a rate of pay equal to the percentage of the Nebraska statewide average hourly wage for the year of application as listed in the agreement to be included in the calculation of Method 2A and 2B. An annualized rate of pay is calculated for any full-time employee with compensation less than the required rate of pay that worked only a portion of the year or a full-time employee who was paid for more than 52 weeks in the year to determine if the employee is included in the Method 2A and 2B calculation.

Related Persons. Related persons means any corporations, partnerships, limited liability companies, or joint ventures which are or would otherwise be members of the same [unitary](#) group, if incorporated, or any persons who are considered to be related persons under either IRC § 267(b) and (c) or IRC § 707(b).

Recapture of Benefits. Recapture is a reduction in, or repayment of benefits when taxpayer fails to maintain the minimum

levels of investment or employment for all years during the performance period. If an application level that is eligible for a property tax exemption does not meet the minimum investment and employment levels, the taxpayer owes recapture of the property tax exemption already received in the ramp-up period. Recapture also includes any refunds or reductions in tax to which the taxpayer was not entitled. Contact the DOR for additional information.

Sufficient Package of Benefits. A sufficient package of benefits is defined in [DED's ImagiNE Nebraska Act Guidance Memo: 20-01](#). If an employer offers paid time off (vacation or sick leave) to an employee, the employer must provide that employee at least two of the benefits listed in the guidance document. If an employer does not offer paid time off (vacation or sick leave) to an employee, the employer must offer that employee at least four of the benefits listed in the guidance document.

Taxpayer. Taxpayer means any person subject to sales and use taxes under the Nebraska Revenue Act of 1967 and subject to income tax withholding under Neb. Rev. Stat. § 77-2753; and any entity that is or would otherwise be a member of the same unitary group, if incorporated, that is subject to sales and use taxes and income tax withholding. Taxpayer does not include a political subdivision or an organization that is exempt from income taxes under IRC § 501(a), as amended. Political subdivision includes any public corporation created for the benefit of a political subdivision and any group of political subdivisions forming a joint public agency, organized by interlocal agreement, or utilizing any other method of joint action.

Teleworker. Teleworker means an employee who works both at a qualified location and also performs services for the taxpayer at the employee's Nebraska residence.

Wages. Wages means compensation, not to exceed one million dollars per year, for any employee.

Year. The year is a calendar year.

Instructions for Form 1107N, Page 1

Form 1107N, Page 1, must be completed for each application for each year of the ramp-up, performance, and carryover periods. This page is required for each year through the year all tax incentives expire.

Specific Instructions

Nebraska ID Number. Enter the Nebraska ID number assigned by the DOR, or the individual's Social Security number.

Federal ID Number. Enter the Federal ID number assigned by the Internal Revenue Service.

Year. Enter the year reported on this Form 1107N.

Application Number. Enter the application number stated in the heading of the ImagiNE Nebraska agreement with the director.

Date of Application. Enter the date of application shown in paragraph 1(a) of the ImagiNE Nebraska agreement.

Agreement Type. Enter whether the application is defined as a single qualified location (single location), all qualified locations within a single county (single county), all qualified locations within more than one county (multiple counties), or all qualified locations within the State of Nebraska (statewide).

Application Level Selected. Enter the application level stated in the ImagiNE Nebraska agreement.

Name of Contact Person. Enter the name of the individual authorized to receive and provide information to DOR on the Form 1107N and supporting schedules. Designating a contact person gives that individual a limited power of attorney covering the information on the Form 1107N. The contact person has authority to receive confidential information on behalf of the taxpayer and to provide additional information.

Email Address. Enter the email address of the contact person or opt out of providing information via email. DOR will send all confidential information by secure email or DOR's secure file sharing system. If you do not wish to exchange confidential information by email, check the box labeled "Opt-Out" on the line labeled "email address."

Supplemental Information

The supplemental information is needed to determine whether or not the majority of the employment at the qualified location(s) is involved in a qualified business activity and document, any changes to the agreement that may impact calculations of investment, employment, and benefits. The business activities at each of the locations needs to be evaluated annually to determine if the majority of the business activities at the location still qualifies the location for tax benefits under the ImagiNE Nebraska Act.

Specific Instructions

Lines 1 – 4. Answer the question and supply the information requested in the table. Provide a separate Excel workbook to the DOR by using DOR's secure file sharing system if there are not enough lines to document an answer for every address.

Line 3. If applicable, provide a sales analysis for each location and upload each sales analysis by using DOR's secure file sharing system.

Instructions for Form 1107N, Page 2

General Instructions

The application's investment level, employment level, and utilization of tax credits are summarized on Form 1107N, Page 2. Each year must be reported on a separate Form 1107N. Many of the numbers reported on Page 2 are calculated on a supporting schedule. See the supporting schedule and its instructions for information on how to calculate the required data.

If corrections to a previously filed Form 1107N are needed, complete a revised Form 1107N for one or more years, revise the supporting schedules, and attach to the current income tax return. The attainment or maintenance of levels is based upon the number of new employees on line 7 AND cumulative investment on line 11.

Credits must be applied in the order in which they were first allowable under the Act. When there are credits of the same age in multiple tax incentive programs, the older tax incentive program's credits must be used first.

Specific Instructions

Application Number. Enter the application number stated in the heading of the ImagiNE Nebraska agreement with the director.

Application Level. Enter the application level stated in the ImagiNE Nebraska agreement.

Date of Application. Enter the date of application shown in paragraph 1(a) of the ImagiNE Nebraska agreement.

Nebraska ID Number. Enter the Nebraska ID number assigned by the DOR, or the individual's Social Security number.

Year. Enter the year reported on this Form 1107N.

Section 1 – Reason for Filing

Specific Instructions

Line 1. Check the box to indicate if the Form 1107N being filed is either an original or amended filing.

Line 2. If the Form 1107N is being amended, provide a detailed written explanation of the changes made.

Line 3. List the Schedules and line numbers that were changed and include the amended schedules in your amended Form 1107N filing. In addition, upload any revised Excel workbook that supports any changes to Schedule A, B, C, D, or E.

Section 2 — Analysis of Employment

Specific Instructions

Lines 4 Through 7. The information reported on these lines is limited to activity at the qualified location(s). The information reported is based upon calculations on Schedule B and Schedule C.

Section 3 — Analysis of Investment

Line 8. There are three application levels that can file for a direct refund claim (Quality Jobs Investment 30 FTE/\$5M, Mega Project 250/\$250M and Modernization \$50M). Once the applicant has filed the Form 1107N, Schedules, and provided all detailed employment and investment workbooks documenting that levels were met, the applicant may file a [Tax Incentive Claim for Refund of Sales and Use Taxes, Form 7-I](#), for a direct refund.

The applicant is eligible for a direct refund on qualified property placed in service during each year of the performance period in which the minimum levels of investment and employment were met or maintained. In the first year the application meets or exceeds the minimum levels of investment and employment, the direct refund may include taxes paid on all qualified property since the date of application.

Enter the direct refund amount for the year reported. For any year prior to meeting the minimum levels of investment and employment, enter zero (-0-).

Line 9. Enter the amount of the use tax exempted as reported on [ImagiNE Nebraska Act Payment of Fees for Benefit Use, Form 1107F](#), line 6.

Line 10 and 11. The information reported on these lines is limited to activity at the qualified location(s). The information reported is based upon calculations on Schedule C.

Section 4 — Establishing and Using Tax Credits

Line 12a. Enter the credit balance as reported on the prior year's Form 1107N, line 25.

Line 12b. Any change to the previously reported credit balance due to a change in tax credits claimed or any change in usage must be reported on amended Form 1107N.

Line 12c. Enter an adjustment to the credit balance due to recapture, a DOR audit, or another DOR approved correction. This line cannot be used to report a change in tax credits earned in a previous year, or a change in credit usage of the Form 1107N. Refer to the outline below for information on how to change the credit usages.

- Income tax. File an amended income tax return and Form 1107N. Report the change in income tax usage on Form 1107N, line 22.

- Distribution of tax credits to partners, shareholders, members, patrons, or beneficiaries. File an amended income tax, financial institution, or partnership return, Form 1107N, and a revised Schedule II. Record the additional amount to be distributed on Form 1107N, line 23. The amount of tax credits previously distributed cannot be reduced.
- Transfer of tax credits to an Employee Leasing Company. File an amended income tax, financial institution, or partnership return and Form 1107N. Record the additional amount to be transferred on Form 1107N, line 24. The amount of tax credits previously transferred cannot be reduced.

After all benefits have been processed for the performance period, an agreement that is in recapture must reduce the end of performance period credit balance by an amount dependent on the number of years of recapture. The remaining investment and wage credit must be adjusted proportionally. Contact the DOR for additional information on how to calculate the recapture adjustment.

Line 13. Enter wage credits used in the year to offset income tax withholding on any [Forms 941N](#) or [W-3N](#) approved by the DOR.

Line 14a. Enter tax credits used in the year for sales or use tax refunds on any [Forms 7-I](#) approved by the DOR.

Line 14b. Enter tax credits used for childcare expenses approved by the DED.

Line 14c. Enter the tax credits used for job training expenses approved by the DED.

Line 14d. Enter tax credits used for reimbursement of talent recruitment expenses approved by the DED.

Line 16. This line is only completed for years in the performance period.

If the employment on line 7 and the investment on line 11 show that the taxpayer meets or exceeds the minimum levels, enter the wage credits earned.

If the taxpayer failed to maintain the minimum levels of investment and employment under the Act, no tax credits are earned for the year. In addition, all benefits previously earned will be partially recaptured from either the taxpayer or the owner of the improvement to real estate and any carryover of tax credits will be partially disallowed.

Line 17. This line is only completed for years in the performance period.

If the employment on line 7 and the investment on line 11 show that the taxpayer meets or exceeds the minimum levels, enter the investment credits earned.

If the taxpayer failed to maintain the minimum levels of investment and employment under the Act, no tax credits are earned for the year. In addition, all benefits will be partially recaptured from either the taxpayer or the owner of the improvement to real estate and any carryover of tax credits will be partially disallowed.

Line 18. This line is completed in the last year of the performance period to report the additional credits earned for being a benefit corporation. Enter the amount of tax credits calculated from Form 1107N, Schedule G.

Line 20. If you have an infrastructure loan with the DED, your loan agreement requires that 100% of the amount on line 12d, and 70% of the amount on lines 16, 17, and 18 be applied to your loan payment before using credits in any other way. Enter the loan number and amount of tax credits that will be used to make an infrastructure loan payment. **Note:** Credits will be applied to loan repayments before being applied in any other manner.

Line 21. If you have a workforce training loan with the DED, your loan agreement requires that 100% of the amount on line 12d and 85% of the total of lines 16, 17, and 18 to your loan payment before using credits in any other way. Enter the loan number and amount of tax credits that will be used to make a workforce training loan payment. **Note:** Credits will be applied to loan repayments before being applied in any other manner.

Line 22. Enter the amount of tax credits that will be used in the current year against the taxpayer's income tax liability. For any income tax return that is amended, enter the change in the tax credits used.

Line 23. Enter the total amount of tax credits distributed to partners, shareholders, members, patrons, or beneficiaries of the agreement holder. For any income tax return that is amended, enter the increase in the tax credits used. Any previous distribution of a tax credit to partners, shareholders, members, patrons, or beneficiaries cannot be decreased after the original distribution.

Line 24. Enter the amount of tax credits transferred to an employee leasing company. Provide the name of the employee leasing company and the state ID number. A transfer of tax credits to an employee leasing company cannot be decreased after the original transfer.

Line 25. The ending balance of tax credits calculated on line 25 should be carried forward to the following year's Form 1107N, Page 2, line 12a.

Schedule A — Base Year and Current Year Employment

Name on Return		Application Number	Application Level Selected	Date of Application	Nebraska ID Number	Year
Required Wage Level (Annual)	Salaried: Payroll Frequency and Number Pay Periods	Hourly: Payroll Frequency and Number of Pay Periods	Weeks Paid in the Base Year		Weeks Paid in the Current Year	

Section A — Base-Year Employees: Enter year: _____ Enter base-year hours paid based on employment status in the current year	(A) Hours Paid to Full-Time Employees	Hours Paid to Part-time Employees			(E) Total Hours Column (A) + (D)	(F) FTE [Hours Column (E) (40 x # Weeks Paid in Year)]
		(B) Who are No Longer Employed or are Not Full Time in the Current Year	(C) Who are Part Time in the Base Year and Full Time in the Current Year (Section B, Line 8c)	(D) Total Part Time Hours Column (B) + (C)		
1 Enter the adjusted number of base-year employee hours from prior year's Form 1107N, Schedule A, line 5 in Columns A, D and E. In Columns B and C segregate the hours paid to part-time base-year employees based on their employment status in the current year. Was this base year certified by the DOR? <input type="checkbox"/> Yes <input type="checkbox"/> No If Yes, provide the date certified: ___/___/_____.	1					
Current year addition to base-year hours. Enter the additional base-year hours into the proper columns based on employment status.						
2 Transferred employees: Hours paid in Nebraska in the base year to employees who were transferred to qualified location(s)	2					
3 Moved a Nebraska business to the qualified location(s): Hours paid to the employees of the moved business in the 366 days prior to the date of application	3					
4 Acquired a Nebraska business and added it to the qualified location(s): Hours paid at the acquired business in the 366 days prior to the date of acquisition	4					
5 Adjusted number of base-year employee hours (In the Hours Paid columns, add lines 1, 2, 3, and 4. In the FTE column, divide the number of Hours Paid by the product of 40 multiplied by the number of weeks paid in the year.) Enter the adjusted base-year FTE (column F) on Form 1107N, Page 2, line 4	5					

Section B — Compensation and Hours Excluded from Current Year at the Qualified Location(s)		(A) Total Compensation Paid	(B) Total Hours Paid	
6 Nebraska hours and compensation excluded from current year calculation. Only list an employee on one of the lines in Section B.				
a Employees at non-qualified locations included in Nebraska income tax withholding return	6a			
b New (non-base year) employees or rehired base-year employees who were not timely E-Verified	6b			
c Employees who did not work more than 50% of total hours at a qualified location(s)	6c			
d Nebraska compensation for employees with compensation but no current year hours	6d			
e Total (add lines 6a through 6d)	6e			
Section C — Current Year Compensation and Hours at the Qualified Location(s)		(A) Total Compensation Paid	(B) Total Hours Paid	(C) FTE [Hours/ (40 x # Weeks Paid in Year)]
7 Current year compensation and hours paid to base-year employees and new employees who are not eligible due to part-time status, wage rate, or health care and benefits.				
a Base-year employees with current year hours who worked full time in the base year and included in Section A calculation	7a			
b Base-year employees with current year hours who worked part time in the base year, were included in Section A calculation and worked part time in the current year	7b			
c New (non-base year) employees who worked part time in the current year	7c			
d New (non-base year) employees who did not earn the required rate of pay for the year	7d			
e New (non-base year) employees who were not offered required health care coverage	7e			
f New (non-base year) employees who were not offered sufficient benefit package	7f			
g Total (add lines 7a through 7f)	7g			
8 Current year compensation and hours paid to employees, who earned the required rate of pay, were offered required healthcare coverage, and a sufficient benefit package, but excluding employees who were full-time in the base year. (Method 2)				
a New (non-base year) employees who worked full time. In the FTE column, divide the number in the Hours Paid column by the product of 40 multiplied by the number of weeks paid in the year.	8a			
b Employer's cost of health coverage provided to employees included on line 8a	8b			
c Base-year employees who were part time in the base year and full time in the current year	8c			
d Base-year hours for employees on line 8c (Sch A, line 5 column C).	8d			
e In the Total Hours column, subtract line 8d from line 8c. Divide the number in the Hours Paid column by the product of 40 multiplied by the number of weeks paid in the current year and enter in the FTE column.	8e			
f New employee compensation in excess of \$1 million (included in line 8a or 8c)	8f			
g In the Total Compensation column (A), add line 8a and 8c and subtract line 8f. In the Total Hours column (B), add line 8a and 8c. In the FTE column (C), divide the number in the Total Hours Paid column by the product of 40 multiplied by the number of weeks paid in the year	8g			
9 Total compensation and hours paid included in FTE calculation for the current year. (In the Total Compensation and Hours Paid columns, add lines 7g and 8g. In the FTE column (C), divide the number in the Hours column by 40 multiplied by the number of weeks paid in the year.)	9			
10 Total Nebraska compensation and total hours. In the Total Compensation column, add lines 6e, 8f, and 9. In the Total Hours column, add lines 6e and 9	10			

Schedule B — FTE and Wage Credit Calculation

Name on Return	Application Number	Application Level Selected	Date of Application	Nebraska ID Number	Year
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Section A — FTE Calculation		FTE
1 Method 1: Overall Growth (Schedule A, FTE column, line 9 minus FTE column, line 5)	1	
2 Method 2a: Increase in New Employees who Earned the Required Wage (Schedule A, FTE column, line 8a)	2	
3 Method 2b: Increase due to Part-time base-year employees that are full-time in current year (Schedule A, FTE column, line 8e).	3	
4 Method 2: Increase in New Employees and employees who converted to full-time (Add lines 2 and 3)	4	
5 FTE Growth: Lesser of lines 1 and 4. (Enter the lesser of line 1 and 4 here and on Form 1107N, Page 2, line 7).	5	
a <i>Manufacturing Growth and Expansion – Rural</i> applicants, multiply line 5 by 2 to determine if employment level has been attained.	5a	

Section B — Wage Credit Calculation	
6 Average compensation (Schedule A, Compensation column, line 8g divided by FTE column, line 8g) Enter here and on Form 1107N, Page 2, line 5a.	6
7 Computed annual compensation of new employees (line 5 multiplied by line 6).	7
8 Wage credit percentage based on average compensation computed on line 7. See instructions.	8
9 Wage credit (multiply line 7 by line 8)	9
10 Wage Credit - Extremely Blighted (multiply Schedule D, line 15 by line 6 multiply the result by 1%)	10
11 Total Wage Credit (Add line 9 and 10) (Enter here and on Form 1107N, Page 2, line 16)	11

Section C — Withholding Ratio	
12 Income tax withholding ratio (line 7 divided by Schedule A, Compensation Column, line 10) (Enter here and on Form 1107N, Page 2, line 6)	12
13 Nebraska compensation subject to income tax withholding included on the Nebraska withholding return	13

For information on application levels, required levels, benefits, and defined terms refer to the instructions for Form 1107N, page 1 and Page 2.

Filing Requirements for Schedule A and Schedule B

Schedule A and Schedule B must be completed and filed as part of the Form 1107N each year through the expiration of all tax incentives for, all application levels other than Modernization. An agreement with Modernization selected as the application level must complete Schedule F – Modernization Average Wage Calculation instead.

A taxpayer with one or more qualified locations within an extremely blighted area will need to complete Schedule D – Extremely Blighted Area Employment to calculate the additional wage credit for employment growth at the qualified location(s) within the extremely blighted area. If an agreement includes any qualified location(s) within an extremely blighted area complete: 1) Schedule A including all qualified locations, and 2) Schedule D for only the qualified location(s) in an extremely blighted area.

A workbook detailing the employment information necessary to calculate the schedules is available on the [ImagiNE Nebraska page](#) of the Nebraska Department of Revenue (DOR) website. The completed workbook must be uploaded by using DOR's secure file sharing system when filing Form 1107N.

Instructions for Boxes in the Heading

Application Number. Enter the application number stated in the heading of the ImagiNE Nebraska agreement with the director.

Agreement Type. Enter the agreement type stated in the first paragraph of the agreement.

Application Level Selected. Enter the application level stated in the ImagiNE Nebraska agreement.

Date of Application. Enter the date of application shown in paragraph 1(a) of the ImagiNE Nebraska agreement.

Nebraska ID Number. Enter the Nebraska ID number assigned by the DOR, or the individual's Social Security number.

Year. Enter the year reported on this Form 1107N.

Required Rate of Pay. Enter the required annual rate of pay. This is equal to the hourly amount stated in the agreement times 2080 hours.

Salaried and Hourly. Payroll Frequency and Number of Pay Periods.

1. Enter the payroll frequency, such as weekly, biweekly, semimonthly, or monthly.
2. Enter the total number of pay dates in the year being reported. Count every pay date even if a payment was not issued on that date.

The following factors may affect the number of pay dates:

- If employees are paid on the same day of the week, it may result in an extra pay date in the year;
- If the taxpayer or its predecessor was in existence prior to hiring the first employee; or
- If the taxpayer and its predecessor was not in existence for the entire year.

Weeks Paid in the Base Year. Enter the number of weeks paid in the base year.

Weeks Paid in the Current Year. Enter the number of weeks paid in the year reported.

General Instructions Schedule A and Schedule B

Schedule A and Schedule B are used to calculate the employment growth at the qualified location(s), the wage credit earned, and the income tax withholding ratio used for retaining or refunding of Nebraska income tax withholding.

The employment growth equals the lesser of the overall employment growth at the qualified location(s) (Method 1), or the growth in new employees hired after the base year and earning the required rate of pay plus the employment growth due to employees that were part time in the base year and are full time in the current year (Method 2). Employees must be offered health care benefits and a sufficient benefit package. See Page 1 and page 2 definitions for more information

Method 1 and Method 2 utilize a full-time equivalent (FTE) calculation based on an increase in hours paid at the qualified location(s)

- Hours included in the FTE employee calculation are hours paid in the year for time worked and for leave time used instead of work (for example, hours recorded for regular, overtime at straight time, vacation, holiday, jury, funeral, sick, and COVID 19 leave).
- Hours recorded in the payroll system to generate additional compensation cannot be included in the FTE

employee calculation (for example, vacation pay upon termination, hours recorded to generate a bonus or severance payment, or to generate overtime pay differential, and hours recorded to pay disability).

- Hours included in the calculation of Schedule A and Schedule B are limited to hours paid to employees of the taxpayer at the qualified location(s) or teleworkers who work at a qualified location and from their residence in Nebraska. All independent contractors and leased employees are excluded unless the employment situation meets the requirements of a qualified employee leasing company.
- A salaried employee who receives a predetermined amount of compensation each pay period is considered to have worked forty hours per week. All hours paid to a salaried, non-exempt employee who works more than 40 hours in a week will be included only if the amount paid for the period is increased proportionally to the additional hours paid. If an employee is paid solely on commission and is eligible for the same benefits as a salaried employee, include hours for this employee as if the employee is a salaried employee. An employee that is not offered paid time off must receive four of the benefits listed in [DED's Guidance document on sufficient benefits](#).

The FTE column is calculated by: 1) multiplying 40 times the number of weeks paid in the current year; and 2) dividing the Hours Paid column amount by this number. Count every pay date even if a payment was not issued on that date. The number of weeks paid in a year may vary due to the pay date and payroll frequency of the applicant, or if the taxpayer or its predecessor was not in existence for the entire year.

Examples:

- If the payroll frequency is weekly and there are 53 pay dates in the year, the number of weeks paid in the year is 53.
- If the payroll frequency is monthly and the year has 365 days, the number of weeks paid in the year is 52.14 (365 days divided by 7 days in a week).
- If the taxpayer or its predecessor existed for a portion of the year, and had only three pay dates for biweekly pay periods during the year, the number of weeks paid in the year is six.

If salaried and hourly employees were not paid on the same payroll frequency, calculate Section B and Section C for the salaried employees and the hourly employees separately, and add the resulting FTE numbers.

Compute the FTE employees to 3 decimals and round to 2 decimals. For example, 687.565 becomes 687.57 and 687.564 becomes 687.56.

Schedule A, Section A – Base-Year Employees

General Instructions

Section A calculates the number of equivalent base-year employees and separates the base-year hours for full-time and part-time employees.

Base-year employees include individuals who were employed in Nebraska and subject to the Nebraska income tax on compensation received from:

- The taxpayer or its predecessors during the base year;
- An acquired business during the 366 days preceding the date of acquisition, if the acquisition occurred after the date of application; and
- The taxpayer or predecessor during the 366 days prior to the date of application for a move of business activities to the Agreement from another Nebraska location.

The number of base-year employees will not decrease, but can increase. However, employees will not be considered base-year employees for more than one agreement of the taxpayer with the same base year. In this situation, these employees should be counted in the base year of the taxpayer's agreement at which they were last employed. There is no adjustment for an individual who is no longer employed at the qualified location(s).

The hours paid to base-year employees must be identified as hours worked by full-time or part-time employees. The part-time employees in the base year must be reviewed each year to determine whether the person is a full-time employee in the current year. The hours for a person that was a full-time employee for any pay period with wages paid in the base year should be recorded in Column A. The current year addition of hours for an acquisition of a business or the movement of a business to the qualified location(s) must be identified as hours worked by full-time or part-time employees.

The hours for a person who was a part-time employee throughout the base year will be recorded in Columns B or C in the current year, based on whether the person was a full-time employee at any qualified location(s) in the current year. The hours for a base-year employee who was part time in the base year and is no longer employed or is not full-time at any time at a qualified location in the current year should be recorded in Column B. The hours for a base-year employee that was part time in the base year and employed full time in the current year are recorded in Column C.

Specific Line Instructions

Line 1. Any year other than the year of Application. Enter the adjusted base-year employee hours reported on Schedule A, line 5, of the prior year for Columns A, D and E. The part-time hours reported on Schedule A, line 5, Column D of the prior year must be segregated in Columns B and C for the current year based on whether the employee is full-time in the current year.

There is no adjustment for an individual who is no longer employed at the qualified location(s).

The Application Year. The DOR certified the base year. If the taxpayer has filed [Nebraska Act Base Year Employment Certification, Form 1107B](#) and a base year certification has been completed by the DOR, enter the certified numbers on line 1, Columns A, D, and E. The part-time hours reported in Columns B and C must be segregated based on whether the employee is full-time in the current year.

There is no adjustment for an individual who is no longer employed at the qualified location(s). Enter the base year hours paid in Column B

The DOR did not conduct a base year certification. If a base-year certification has not been completed by the DOR, in Column A, B and C report the total hours paid in Nebraska to employees who worked at a qualified location at any time in the base year. Include ALL hours paid to an employee for work in Nebraska, even if employees only worked at the qualified location(s) for a portion of the base year or did not work more than 50% of their hours at the qualified location(s).

In Column A, enter the hours paid in the base year to employees who were full-time for any portion of the base year. The hours paid in the base year to part-time employees must be reported in Columns B or C based on whether the employee is full-time in the current year.

There is no adjustment for an individual who is no longer employed at the qualified location(s). Enter the base year hours in Column B.

Line 2. If any employees worked for the taxpayer at a non-qualified location in Nebraska in the base year and then worked at a qualified location at any time after the base year, enter ALL the hours paid to those employees in the base year. In Column A, enter the hours paid in the base year to employees who were full-time for any portion of the base year. The hours paid in the base year to part-time employees must be reported in Columns B or C based on whether the employee is full-time in the current year.

There is no adjustment for an individual who is no longer employed at the qualified location(s). Enter the base year hours in Column B.

Line 3. If the taxpayer operated a business in Nebraska in the 366 days prior to the application date and the business was moved to a qualified location during the current year, enter the hours paid at the original business location in the 366 days prior to the date of application. In Column A, enter the hours paid in the 366 days prior to the date of application to employees who were full-time for any portion of the period. The hours paid in the 366 days prior to the date of application to part-time employees must be reported in Columns B or C based on whether the employee is full-time in the current year.

Include hours paid to all individuals employed at the original business location during this time period even though some individuals did not move to a qualified location.

Line 4. If the taxpayer acquired a business whose business activity was added to the Agreement, and the business operated in Nebraska in the 366 days prior to the acquisition date, enter the addition to the calculated base-year hours.

- If the date of acquisition is after the application date, enter the hours paid to all employees of the newly added business in the 366 days prior to the date of acquisition.
- If the date of acquisition occurred prior to the application date, but after the base year, include all hours paid at the acquired business during the base year.
- If the acquisition occurred during the base year, include all hours paid at the acquired business during the entire base year by the taxpayer and the predecessor.

In Column A, enter the hours paid in the 366 days prior to the date of acquisition to employees who were full-time for any portion of the period. The hours paid in the base year to part-time employees must be reported in Columns B or C based on whether the employee is full-time in the current year.

Include hours paid to all individuals employed at the acquired business during the 366 days prior to the acquisition, even though some individuals were no longer employed at the time of the acquisition.

Line 5. In Columns A through E, add lines 1, 2, 3, and 4. To calculate the adjusted FTE number of base-year employees in Column F: 1) multiply 40 times the number of weeks paid in the base year; and 2) divide the Hours Paid in Column D by this number. If the number of weeks paid in the base year, the 366 days prior to application, or the 366 days prior to an acquisition are not all the same; calculate Column F for each line and add the resulting FTE numbers.

Schedule A: Section B and Section C – Current Year Analysis

General Instructions

Section B and Section C categorize the compensation and hours paid by the taxpayer for work in Nebraska in the current year. Report the compensation subject to Medicare tax and the related hours paid in either Section B or C, as appropriate. After determining the appropriate line of Section B or Section C for an employee's hours, report the compensation subject to Medicare tax in the Total Compensation column for this line. Report all hours paid in the year in the Hours Paid column, even though some of the hours were worked in the prior year.

Section B. Report in Section B the compensation and the number of hours excluded from the Method 1 and Method 2 calculations. The compensation and hours paid to excluded employees is categorized based on whether the employee:

- Worked at a non-qualified location(s) for the entire year;
- Did not work more than 50% of their hours at a qualified location; or
- Is non-qualified.

Non-qualified employees are:

- Employees whose work eligibility status was not timely verified using E-Verify; or
- Employees who had compensation but no hours paid for work at the qualified location(s).

The compensation and hours for an employee who is non-qualified for more than one reason should only be listed on one line in Section B.

Section C. Report in Section C the compensation and the number of hours included in the Method 1 and Method 2 calculations. The compensation and hours paid to qualified employees is categorized based on whether the employees are base-year employees or new employees, full-time or part-time employees, and on their rate of pay.

- Base-year employees are those individuals with hours included in the calculation of Section A in any year of the Agreement.
- New employees are those individuals who are not base-year employees.
- A part-time employee is an individual who does not meet the definition of a full-time employee under IRC 4980H at any time in the year. The employee who works an average of 30 hours per week with respect to any month would be full-time per IRC 4980H.
- The required rate of pay varies by the year of application. The required annual rate of pay is expressed as an hourly amount in the footnote to paragraph 5(a) of the agreement.

Specific Line Instructions – Section B

The compensation and hours paid to an employee should not be reported on more than one line of Section B.

Line 6a. Enter the compensation and number of hours paid in the current year for all employees reported in the Nebraska income tax withholding return who did not work at a qualified location(s) in the current year.

Line 6b. Enter the compensation and number of hours paid to an employee who was not eligible to work in Nebraska according to electronic verification, or an employee whose work eligibility status was not electronically verified within 90 days after the date of hire or rehire. These employees must be excluded for the life of the Agreement and reported on line 6b.

Line 6c. Enter the compensation and the number of hours paid in the current year to an employee that works less than fifty percent of the time at a qualified location in the current year. Examples include hours worked at a non-qualified location, at a customer's location, or for the transportation of property. The fifty percent calculation applies when an employee's work schedule includes time at a qualified and a non-qualified location within the same pay period(s).

For example, an employee's regular schedule includes 30% of the time in each pay period at a qualified location and 70% of the time at a non-qualified location. Report on this line all compensation and hours paid in the current year even though the employee worked at a qualified location for a portion of each pay period.

Line 6d. Enter the compensation paid in the current year to an employee with compensation for a qualified location but no current year hours.

Specific Line Instructions - Section C

The compensation and the hours paid to employees who worked at a qualified location(s) in the current year and who are not recorded in Section B are to be reported on one of the lines in Section C.

For any employee who was added to the base year in Section A, determine if the employee worked full time or part time. Refer to Section A, General Instructions, for a detailed description of who are base-year employees.

Line 7a. Enter the compensation and the number of hours paid in the current year to employees who have hours included in any year of the Agreement in Section A, column A, Base-Year Employees and were full-time at a qualified location in the base year. Base-year employees that were full-time at any time in the base year are reported on this line.

Line 7b. Enter the compensation and the number of hours paid in the current year to employees who worked part

time in the current year and part time in the base year, and have hours included in Section A, column B, Base-Year Employees.

Line 7c. Enter the current year compensation and number of hours paid to employees who worked part time in the current year and did not have hours included in any year of the Agreement in Section A, Base-Year Employees.

Line 7d. Enter the current year compensation and number of hours paid to employees who were not paid the required rate of pay for the current year and did not have hours included in any year of the Agreement in Section A, Base-Year Employees.

Line 7e. Enter the current year compensation and number of hours paid to employees who were not offered the required health care coverage and who did not have hours included in any year of the Agreement in Section A, Base-Year Employees.

Line 7f. Enter the current year compensation and number of hours paid to employees who were not offered sufficient benefits and did not have hours included in any year of the Agreement in Section A, Base-Year Employees.

Line 8. Include current year compensation and hours paid to employees working at qualified location(s) who:

- earned the required rate of pay;
- were offered the required health insurance;
- were offered sufficient benefits; and
- had work eligibility timely confirmed by E-Verify.

Line 8a. Enter the current year compensation and number of hours paid to employees described in instruction for line 8 who did not have hours included in any year of the Agreement in Section A, Base-Year Employees, and were employed full-time at any time in the current year.

Line 8b. Enter the employer's cost of health coverage for employees included in line 8a. To calculate, use the average cost per employee multiplied by the FTEs calculated on line 8a.

Line 8c. Enter the compensation and the hours paid to employees that are full-time in the current year and who were not full-time employees at any time in the base year.

Line 8d. Enter the hours paid in the base year to employees reported on line 8c. Use hours reported in Schedule A, line 5, Column C.

Line 8e. Subtract line 8d from line 8c and enter the result. If the number of weeks paid is not the same for the base year and the current year, calculate the FTE column for line 8c and 8d, subtract the FTE calculated for line 8d from the FTE calculated for line 8c, and enter the resulting FTE employee number.

Line 8f. Calculate the compensation for each employee included in line 8a or 8c that is in excess of \$1 million in the current year. Enter the sum of these calculations.

Line 8g. FTE for average wage calculation. In the Total Compensation column, add line 8a and 8c and subtract line 8f. In the Total Hours column, add line 8a and 8c. In the FTE column, calculate the FTE by: 1) multiplying 40 times the number of weeks paid in the current year; and 2) dividing the Hours Paid column amount by this number.

Line 9. Add lines 7g and 8g of the Compensation column and the Hours Paid column. In the FTE column, calculate the FTE by: 1) multiplying 40 times the number of weeks paid in the current year; and 2) dividing the Hours Paid column amount by this number.

Line 10. In the Total Compensation column, add lines 6e, 8f, and 9. In the Total Hours column, add lines 6e and 9. The Total Compensation column total should equal the taxpayer's wages subject to Medicare tax (reported in Box 5 of the employees' Wage and Tax Statements, Forms W-2) for all employees reported in the Nebraska payroll documents for the current year.

Schedule B – FTE and Wage Credit Calculation

The FTE growth is the lesser of Method 1, which is the overall employment growth at the qualified location(s), or Method 2, which is the sum of a) eligible new full-time equivalent employees hired after the base year and b) part-time base-year employees who converted to a full-time employee in the current year.

The taxpayer must attain the minimum level of employment at the qualified location(s) without any benefit from mathematical rounding or truncation.

Section A – Number of Full-Time Equivalents

Line 1, Method 1. Enter the overall growth in FTE (Schedule A: Section B FTE Column, line 9 minus Section A FTE column, line 5).

Line 2, Method 2a. Enter the FTE number of new full-time employees at the qualified location(s). (Schedule A, Section B FTE column, line 8a)

Line 3, Method 2b. Enter the FTE number of employees who were not full-time at any time in the base year at the qualified location(s) and are full-time employees in the current year at the qualified location(s) (Schedule A, Section B FTE column, line 8e)

Line 4, Method 2. Enter Total Method 2 FTE number. Add Line 2 and Line 3.

Line 5. Enter the lesser of lines 1 or 4 here and on Form 1107N, Page 2, line 7. If the agreement is for a Manufacturing Growth and Expansion - Rural application level, multiply the lesser of lines 1 and 4 by 2. Enter on line 5a and Form 1107N, Page 2, line 7.

Section B – Wage Credit

Line 6. Divide Schedule A, Compensation column line 8g by Schedule A, FTE column, line 8g to compute the average compensation of new full-time employees and part-time employees in the base year that are full-time in the current year. Enter here and on Form 1107N, Page 2, line 5.

Line 8. Enter the wage credit percentage that applies to the average compensation computed on line 7. See the [Summary of Application Levels, Minimum Requirements of Investment and Employment, and Tax Credits Available](#) on the DOR website.

Line 9. If the taxpayer has met or exceeded the minimum levels of investment (Schedule C, line 12) and employment (Schedule B, line 5) at the qualified location(s), and the current year is in the performance period, multiply line 7 by line 8 and enter the wage credit for the year here. Round this amount to a whole number.

Line 10. If one or more of the qualified locations is in an extremely blighted area, multiply the extremely blighted area FTE growth (Schedule D, Section D, line 15) by the average compensation on Schedule B, line 6 and multiply that result by 1%.

Line 11. Add lines 9 and 10 to arrive at the total wage credit earned for the year. Enter here and on Form 1107N, page 2, line 16.

Section C – Income Tax Withholding Ratio

Section C calculates the portion of the Nebraska income tax withholding payments for which the wage credits can be used. The income tax withholding ratio calculated for a given year is used in the following year. If there are new entities or activities added to the income tax withholding return in the following year, the income tax withholding ratio should be recalculated to include the compensation paid to employees of the new entity or activity added to the withholding return. The Form 1107N Schedule A and Schedule B must be calculated for the prior year as if the new entity or activity had existed in the prior year. The new withholding ratio calculation determines the allowable credit and must be filed with the Nebraska Income Tax Withholding Return, Form 941N or the Nebraska Reconciliation of Income Tax Withheld, Form W-3N when claiming the credit.

Line 12. Divide line 7 by Schedule A, Compensation Column, line 10 and enter the income tax withholding ratio. Enter here and on Form 1107N, Page 2, line 6.

Calculate this number to 5 decimal places and round to 4 decimal places. For example, .11237 becomes .1124, or 11.24% of the amount withheld.

Line 13. Enter the total payments subject to Nebraska income tax withholding for ALL activities included in the Nebraska income tax withholding returns filed for the current year.

Name on Return	Application Number	Application Level Selected	Date of Application	Nebraska ID Number	Year
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Section A — Current Year Investment at the Qualified Location(s)	Value of Qualified Property
1 Owned property	1
2 Property leased from an unrelated person	2
3 Property leased from a related person	3
4 Current year total (add lines 1, 2, and 3)	4
5 Unpaid portion of cancelled leases from unrelated person previously claimed as investment	5
6 Current year investment amount (line 4 minus line 5). Enter here and on Form 1107N, Page 2, line 10	6

Section B — Cumulative Investment at the Qualified Location(s)	Value of Qualified Property
7 Prior year cumulative investment (prior year Form 1107N Schedule C, line 12)	7
Current year retirements, completed leases, and cancelled leases of property included in lines 6 or 7:	
8 Owned property or property leased from a related person. Enter the original cost of retired, qualified property placed in service on or after date of application and retired in the current year	8
9 Property leased from an unrelated person. Enter the total value of completed leases previously claimed as investment	9
10 Property leased from an unrelated person. Enter the paid portion of cancelled leases previously claimed as investment	10
11 Total (add lines 8, 9, and 10).	11
12 Cumulative net investment (line 6 plus line 7 minus line 11). Enter here and on Form 1107N, Page 2, line 11.	12

Section C — Investment Credit	Value of Qualified Property
13 Investment	
a Ramp-up Year 1: _____	13a
b Ramp-up Year 2: _____	13b
c Ramp-up Year 3: _____	13c
d Ramp-up Year 4: _____	13d
14 Total Investment subject to credit. See instructions.	14
15 Investment credit percentage. See instructions.	15
16 Current year investment credit (multiply line 14 by line 15).	16
17 <i>Manufacturing Growth and Expansion (Urban and Rural)</i> applicants enter the investment subject to the additional credit percentage. See instructions	17
18 Additional Investment Credit – <i>Manufacturing Growth and Expansion (Urban and Rural)</i> applicants. Multiply line 17 by 3%	18
19 Investment Credit – Extremely Blighted. Enter from Form 1107N, Schedule E, line 10	19
20 Total Investment credit. Add lines 16, 18, and 19. Enter here and on Form 1107N, Page 2, line 17.	20

Instructions for Boxes in the Heading

Application Number. Enter the application number stated in the heading of the ImagiNE Nebraska agreement with the director.

Application Level Selected. Enter the application level stated in the ImagiNE Nebraska agreement.

Date of Application. Enter the date of application shown in paragraph 1 of the ImagiNE Nebraska agreement.

Nebraska ID Number. Enter the Nebraska ID number assigned by the DOR, or the individual applicant's Social Security number.

Year. Enter the year reported on this Form 1107N.

Instructions for Schedule C

When to File. Schedule C is used to calculate the investment, cumulative investment, and investment credit. Schedule C must be completed and filed as part of the Form 1107N for each year of the ramp-up, performance, and carryover periods, through the expiration of all tax incentives. If there is an early cancellation of a lease previously claimed as investment, Schedule C must be completed to report a reduction to investment credit in the year of the cancellation, even if this occurs after the performance period. Use the investment workbook, as provided on the [ImagiNE Nebraska Act](#) page on the DOR's website, to assist with the completion of the Schedule C. The completed investment workbook must also be uploaded by using DOR's secure file sharing system.

Investment Credit and Direct Refund. The [Quality Jobs Investment](#) and [Mega Project](#) applications earn the investment credit and may file for a direct refund of sales and use taxes paid on investment for each year of the performance period that the applicant meets or exceeds the minimum levels of investment AND employment. Claims for refund of sales and use taxes under the Act are filed on [Tax Incentive Claim for Refund of Sales and Use Taxes, Form 7-I](#).

- **Year Levels First Met (first year of performance period).** In the year the applicant first meets or exceeds the minimum levels of investment and employment, the applicant earns the investment credit on qualified property placed in service from the date of application through the end of the year the applicant first meets or exceeds the minimum levels of investment and employment, net of the unpaid portion of a cancelled lease. The applicant may file for a direct refund of any sales and use taxes paid on investment, as long as the refund claim is filed within the time period allowed by the statute of limitations (generally, within three calendar years from the end of the year the applicant first met or exceeded the minimum levels of investment AND employment).
- **Year 2 of the performance period and the remaining years of the performance period.** The investment credit is earned on qualified property placed in service during the year, net of the unpaid portion of a cancelled lease. The applicant may file a direct refund claim for sales and use taxes paid on investment in the performance period as long as the refund claim is filed within the time period allowed by the statute of limitations (generally, within three years after the required filing date for the period that includes the date placed in service).

Direct Refund Only. The [Modernization](#) application does not earn the investment credit but may file for a direct refund of sales and use taxes paid on investment for each year of the performance period that (1) the applicant meets or exceeds the minimum level of investment, net of the unpaid portion of a cancelled lease (2) the average compensation at the qualified location(s) equals at least 150% of the statewide average based on the year of application, and (3) the applicant provides a sufficient benefit package and meets the health coverage requirement. Claims for refund of sales and use taxes under the Act are filed on [Tax Incentive Claim for Refund of Sales and Use Taxes, Form 7-I](#).

- **Year Levels First Met (first year of performance period).** In the year the applicant first meets or exceeds the minimum levels of investment, the applicant may file for a direct refund of any sales and use taxes paid on investment placed in service from the date of application through the end of the year the application met the minimum required levels, as long as the refund claim is filed within the time period allowed by the statute of limitations (generally, within three calendar years from the end of the year the applicant first meets or exceeds the minimum levels of investment).
- **Year 2 of the performance period and the remaining years of the performance period.** The applicant may file a direct refund claim for sales and use taxes paid on investment in the performance period as long as the refund claim is filed within the time period allowed by the statute of limitations (generally, within three years after the required filing date for the period that includes the date placed in service).

Investment Credit Only. The [Growth and Expansion, Manufacturing Growth and Expansion \(Rural and Urban\)](#), and [Economic Redevelopment Area](#) applications earn the investment credit for each year of the performance period that the applicant meets or exceeds the minimum levels of investment AND employment. A direct refund is not available to these applicants.

- **Year Levels First Met (first year of performance period).** In the year the applicant first meets or exceeds the minimum levels of investment and employment, the applicant earns the investment credit on qualified property placed in service from the date of application through the end of the year the applicant first meets or exceeds the minimum levels of investment and employment, net of the unpaid portion of a cancelled lease.
- **Year 2 of the performance period and the remaining years of the performance period.** The investment credit is

earned on qualified property placed in service during the year, net of the unpaid portion of a cancelled lease.

Section A – Current Year at the Qualified Location(s)

The investment at the qualified location(s) may be owned, leased from a related person, or leased from an unrelated person. The valuation of investment and the calculation of the associated sales and use taxes vary by ownership method and type of property.

No investment credit will be allowed for sales and use taxes that are eligible to be refunded. Sales and use taxes must be removed from investment for the [Quality Jobs Investment](#), [Mega Project](#), and [Modernization](#) application levels. All of the other application levels can include sales and use tax in their investment calculations.

Lines 1 and 3. Investment Calculated for Owned Property and Property Leased from a Related Person. For the types of applications levels listed above, the amount of sales or use tax to be removed from investment is computed it in one of three ways:

1. **Tax paid.** The amount of tax to be removed from investment is the sales tax paid to the vendor or use tax reported by the applicant or a related person. If the sales tax was paid in error, it should be excluded from the investment calculation and should be included on a [Claim for Refund of Sales and Use Tax, Form 7](#). Sales tax refunded on Form 7 is not subject to recapture under the Act.

All capital leases should be included in the line 1 total, at the cost of the equipment, not a calculated lease value.

2. **Contractor’s calculation using 50%.** The amount of tax to be removed from investment is the sales and use taxes paid on (1) building materials incorporated into real estate and (2) building materials for a single contract where property is both incorporated into real estate and annexed, but not incorporated into real estate calculated as follows:

- Use the statutory presumption that 50% of the labor and materials contract is the cost of materials, including sales or use taxes.
- The contractor must provide a [Tax Incentive Purchasing Agent Appointment and Certification](#) that states the taxed percentage, which is the percentage of building materials upon which Nebraska and local sales and use taxes were paid.

$$\frac{(\text{Contract price} \times 50\%)}{1 + \text{Tax Rate}} \times \text{Tax Rate} \times \text{Taxed Percentage}$$

3. **Contractor’s calculation using materials percentage.** The amount of tax to be removed from investment is the sales and use taxes paid on materials using the general contractor’s certification of the percentage of materials annexed, but not incorporated into real estate (annexed) calculated as follows:

- Use the general contractor’s certification of the percentage of the contract price that is for building materials or annexed property to determine the cost of materials, including sales or use tax.
- The contractor must provide a Tax Incentive Purchasing Agent Appointment and Certification that states the taxed percentage, which is the percentage of building materials upon which sales and use taxes were paid.

$$\frac{(\text{Contract price} \times \text{Materials percentage})}{1 + \text{Tax Rate}} \times \text{Tax Rate} \times \text{Taxed Percentage}$$

The table below summarizes the calculation methods for various types of property acquired by the applicant from a contractor.

Contractor’s Calculation Guide

Property Type	Computation Method
Incorporated into real estate	Contractor’s calculation using 50%
Annexed, but not incorporated into real estate	Contractor’s calculation using materials percentage
Single contract including both property incorporated into real estate and property annexed, but not incorporated into real estate	Contractor’s calculation using 50%

Line 2. Investment Calculated for Property Leased from an Unrelated Person. For qualified property leased from an unrelated person, compute the lease value by multiplying the average net annual rent times the number of years originally bound by the lease, not to exceed 10 years. The average net annual rent for real estate may include an amount paid to the lessor for the cost of the real estate, real estate property taxes, and real property insurance. Common area maintenance costs are not allowed as investment and cannot be included in the average net annual rent.

For all leases other than real estate, including leases of machinery and office equipment, compute the lease value by multiplying the monthly lease amount by the number of months for which the property was leased. For the types of application levels for which tax should be removed because the tax is refundable, the value of the monthly lease should be the net of tax. The sales and use taxes on a lease must be deducted for the lease's entire original term but, the applicant can only file for a refund of taxes paid through the end of the current year.

Line 5. Enter the value of the remaining, unpaid payments for a cancelled lease from an unrelated person which was previously claimed as investment at the qualified location(s). The unpaid lease payments cannot be reduced for penalties incurred for early cancellation.

Line 6. Enter here and on current year investment on Form 1107N, Page 2, line 10. Round this amount to a whole number.

Section B — Cumulative Investment at the Qualified Location(s)

Line 7. Enter the prior year's cumulative investment from the prior year's Form 1107N, Schedule C, line 12.

Line 8. Enter the original cost of any qualified property owned by the applicant or leased from a related person that was claimed as investment at the qualified location(s) and has been retired in this year or is no longer in use.

Line 9. In the year the applicant completes a lease from an unrelated person originally included in the calculation of investment for the qualified location(s), enter the original investment value. The lease is considered to be complete the day after the final period covered by the lease.

Line 10. If a lease from an unrelated person was included in the calculation of investment for the qualified location(s) and is terminated prior to the completion date, enter the value of the paid portion of the cancelled lease.

Line 12. Enter the net cumulative investment amount on Form 1107N, Page 2, line 11. Round this amount to a whole number.

Section C — Investment Credit

Section C records the current investment for each year. The applicant does not earn any investment credit until the cumulative investment computed on **Schedule C, line 12**, AND the employment level computed on **Schedule B, line 5**, meet or exceed the minimum levels of investment and employment for the application level. If the applicant does not meet the minimum levels of investment and employment for the application level by the end of the ramp-up period, no investment credits are earned on any property placed in service at the qualified location(s).

Line 13. For the ramp-up period through the first year of the performance period, enter the current year investment from the prior year(s) Form 1107N Schedule C, line 6. For the second year and all remaining years of the performance period, leave these lines blank.

Line 14. If the application levels were not met or maintained, enter zero. For the qualification year, enter the sum of line 6 and the prior year(s) on lines 13a through 13d.

For the second year and all remaining years of the performance period, enter the amount from line 6.

Line 15. If the application levels were not met or maintained, enter zero.

If the taxpayer meets or exceeds the minimum levels of investment as computed on Schedule C, line 12, AND employment as computed on Schedule B, line 15, enter the minimum investment percentage amount from the [Summary of Application Levels](#). See line 17 instructions if the application level is Manufacturing Growth and Expansion Project (Urban and Rural). If the cumulative investment exceeds \$10 million in the year qualification levels are met, enter 7% for the investment credit percentage on Line 15 and leave lines 17 and 18 blank.

Line 17. Manufacturing Growth and Expansion (Urban and Rural) applicants. This line will only be used for the year in which the cumulative investment has exceeded \$10 million and only if the \$10 million was not reached in the year of qualification but is attained within the ramp-up period. In the first year of the ramp-up period that the applicant has met the employment requirement and the cumulative investment exceeds \$10 million, the applicant may be eligible for an additional 3% on prior year investment.

If the total investment was less than \$10 million in the year qualification levels were met, but the application exceeds the employment requirement and the cumulative investment exceeds \$10 million in a later year of the ramp-up period, then the following calculation will be completed to calculate the additional 3% investment credit for the year in which the \$10 cumulative investment was reached. Enter the total amount of prior year investment by summing each of the prior year's Schedule C, line 6 amounts to determine the amount that is entered on line 17.

Line 18. Multiply the amount on line 17 by 3%. If the percentage in line 15 is zero, enter zero.

Line 19. If the percentage in line 15 is zero, enter zero.

Line 20. If the percentage in line 15 is zero, enter zero.

Enter the total investment credit calculated on Form 1107N, Page 2, line 17. Round this amount to a whole number.

Schedule D — Extremely Blighted Area Employment

Name on Return		Application Number	Application Level Selected	Date of Application	Nebraska ID Number	Year
Required Wage Level (Annual)	Salaried: Payroll Frequency and Number Pay Periods	Hourly: Payroll Frequency and Number of Pay Periods	Weeks Paid in the Base Year		Weeks Paid in the Current Year	

Section A — Base-Year Employees in Extremely Blighted Area: Enter Year _____ Enter base-year hours paid based on employment status in the current year	(A) Hours Paid to Full-Time Employees	Hours Paid to Part-time Employees			(E) Total Hours Column (A) + (D)	(F) FTE [Hours Column (E) (40 x # Weeks Paid in Year)]
		(B) Who are No Longer Employed or are Not Full Time in the Current Year	(C) Who are Part-Time in the Base Year and Full-Time in the Current Year (Section B, Line 8c)	(D) Total Part-Time Hours Column (B) + (C)		
1 Enter the adjusted number of full-time base-year employee hours from prior year's Form 1107N, Schedule A, line 5 in Columns A, D and E. In Columns B and C, segregate the hours paid to part-time base-year employees based on their employment status in the current year. Was this base year certified by the DOR? <input type="checkbox"/> Yes <input type="checkbox"/> No Date Certified: ____/____/____	1					
Current year addition to base-year hours. Enter the additional base-year hours into the proper columns based on employment status.						
2 Transferred employees: Hours paid in Nebraska in the base year to employees who were transferred to the extremely blighted area.	2					
3 Moved a Nebraska business to the extremely blighted area: Hours paid to the employees of the moved business in the 366 days prior to the date of application	3					
4 Acquired a Nebraska business and added to qualified location(s) in extremely blighted area: Hours paid at the acquired business in the 366 days prior to the date of acquisition	4					
5 Adjusted number of base-year employee hours (In the Hours Paid column, add lines 1, 2, 3, and 4. In the FTE column, divide the number of Hours Paid by the product of 40 multiplied by the number of weeks paid in the year.)	5					

Section B — Compensation and Hours Excluded from Current Year at the Qualified Location(s) in Extremely Blighted Area	(A) Total Compensation Paid	(B) Total Hours Paid	
6 Nebraska hours and compensation excluded from current year calculation. Only list an employee on one line of Section B.			
a All employees at location(s) that are outside of the extremely blighted area which are included in Nebraska income tax withholding return	6a		
b New (non-base year employees) or rehired base-year employees at the extremely blighted area who were not timely E-Verified.	6b		
c Employees who did not work more than 50% of total hours at a qualified location(s) in an extremely blighted area	6c		
d Nebraska compensation for employees at the extremely blighted area with compensation but no current year hours	6d		
e Total (add lines 6a through 6d)	6e		
Section C — Current Year Compensation and Hours Paid at the Qualified Location(s) in an Extremely Blighted Area	(A) Total Compensation Paid	(B) Total Hours Paid	(C) FTE [Hours/ (40 x # Weeks Paid in Year)]
7 Current year compensation and hours paid to base-year employees and new employees who are not eligible due to part-time status, wage rate, or health care and benefits.			
a Base-year employees with current year hours who worked full time in the base year and included in Section A, lines 1 through 5.	7a		
b Base-year employees who worked part time in the base year and are included in Section A, lines 1 through 5 and worked part time in the current year	7b		
c New (non-base year) employees who worked part time in the current year.	7c		
d New (non-base year) employees who did not earn the required rate of pay for the year	7d		
e New (non-base year) employees who were not offered required health care coverage.	7e		
f New (non-base year) employees who were not offered sufficient benefit package	7f		
g Total (add lines 7a through 7f)	7g		
8 Current year compensation and hours paid to new employees at qualified location(s) in extremely blighted areas who earned the required rate of pay.			
a New (non-base year) employees who worked full time. In the FTE column (C), divide the number in the Hours Paid column by the product of 40 multiplied by the number of weeks paid in the year	8a		
b Base-year employees who were part time in the base year and full time in the current year	8b		
c Base-year hours for employees on line 8b (Schedule D line 5 column C)	8c		
d In the Total Hours column (B), subtract line 8c from line 8b. Divide the number in the Hours Paid column (B) by the product of 40 multiplied by the number of weeks paid in the year and enter in the FTE column (C)	8d		
9 Total of compensation hours paid, and FTE at qualified location(s) in an extremely blighted area. (In the Compensation Column add line 7g, 8a, and 8b. In the Hours Paid columns, add lines 7g, 8a, and 8d. In the FTE column, divide the number in the Hours column by 40 multiplied by the number of weeks paid in the year.)	9		
10 Total Nebraska compensation and total hours at qualified location(s) in extremely blighted area (Add lines 6e, and 9).	10		

Section D — Number of Full-Time Equivalent (FTE) in Blighted Areas		Blighted FTE
11 Method 1: Overall Growth in blighted areas (Schedule D, line 9 FTE column minus Section A line 5 FTE column)	11	
12 Method 2A: Increase in New Employees in blighted area who Earned the Required Wage (Schedule D, line 8a FTE column)	12	
13 Method 2B: Increase in Part-time base-year employees in blighted area that are full-time in current year (Section C line 8d FTE column).....	13	
14 Method 2: Increase in New Employees and employees who converted to full time in blighted area. Add line 12 and 13.	14	
15 FTE Growth in blighted areas: Enter the lesser of lines 11 and 14 here. If the result is a negative number, enter 0. Use the resulting FTE number on line 15 in computing Schedule B, line 10.	15	

**For information on application levels, required levels, benefits,
and defined terms refer to the instructions for Form 1107N, page 1 and Page 2.**

Filing Requirements for Schedule D

A taxpayer with a qualified location within an extremely blighted area will need to complete Schedule D – Extremely Blighted Area Employment to calculate the additional wage credit for employment growth at the qualified location within the extremely blighted area. If an agreement includes a qualified location(s) within an extremely blighted area complete: 1) a Schedule A for all qualified location(s), and 2) a Schedule D for only the extremely blighted qualified location(s).

The required Schedules A, B and D must be completed and filed as part of the Form 1107N each year through the expiration of all tax incentives for an agreement.

Instructions for Boxes in the Heading

Application Number. Enter the application number stated in the heading of the ImagiNE Nebraska agreement with the director.

Application Level Selected. Enter the application level stated in the ImagiNE Nebraska agreement.

Date of Application. Enter the date of application shown in paragraph 1 of the ImagiNE Nebraska agreement.

Nebraska ID Number. Enter the Nebraska ID number assigned by the DOR, or the individual applicant's Social Security number.

Year. Enter the year reported on this Form 1107N.

General Instructions Schedule D

The compensation and hours paid for employees working at a qualified location(s) in an extremely blighted area are calculated on Schedule D.

Schedule D instructions for the completion of the boxes in the heading, Section A, Section B, and Section C are the same as the instructions for these sections on Schedule A. Refer to the Schedule A instructions for all lines other than the lines listed below.

Specific Line Instructions

Line 6a. For all employees reported in the Nebraska income tax withholding return who did not work at a qualified location(s) in the current year or worked at a qualified location which was not in an extremely blighted area, enter the compensation and number of hours paid in the current year.

Line 8b. Enter the compensation and the hours paid to employees that are full-time in the current year and who were not full-time employees at any time in the base year.

Line 8c. Enter the hours paid in the base year to employees reported on line 8b. Use hours reported in Schedule A, line 5, Column C.

Line 8d. Subtract line 8c from line 8b and enter the result. If the number of weeks paid is not the same for the base year and the current year, calculate the FTE column for line 8b and 8c, subtract the FTE calculated for line 8c from the FTE calculated for line 8b, and enter the resulting FTE employee number.

Line 9. Add lines 7g, 8a, and 8b of the Compensation column. In Hours Paid column, add lines 7g, 8a, and 8d. In the FTE column, calculate the FTE by: 1) multiplying 40 times the number of weeks paid in the current year; and 2) dividing the Hours Paid column amount by this number.

Line 10. In the Total Compensation column, add lines 6e, 7g, and 9. In the Total Hours column, add lines 6e and 9.

Line 11, Method 1. Enter the overall growth in FTE at the extremely blighted location(s). (Section C, FTE column, line 9 minus Section A, FTE column, line 5).

Line 12, Method 2a. Enter the number of new FTE employees at the qualified location(s) in the extremely blighted area. (Section C, FTE column, line 8a).

Line 13, Method 2b. Enter the FTE number at the qualified location(s) in the extremely blighted area for employees who were not full-time at any time in the base year and are full-time employee in the current year. (Section C, FTE

**Schedule E — ImagiNE Nebraska Act
 Extremely Blighted Area Investment**

Name on Return	Application Number	Application Level Selected	Date of Application	Nebraska ID Number	Year
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Section A — Current Year Investment at the Extremely Blighted Area				Value of Qualified Property	
1	Owned property in Extremely Blighted areas			1	
2	Property in Extremely Blighted areas leased from an unrelated person			2	
3	Property in Extremely Blighted areas leased from a related person			3	
4	Current year total (add lines 1, 2, and 3)			4	
5	Unpaid portion of cancelled leases in Extremely Blighted areas from unrelated persons, previously claimed as investment			5	
6	Current year investment in Extremely Blighted areas (line 4 minus line 5)			6	
7	Blighted Investment subject to credit for ramp-up period (complete only through the qualification year)				
	a Ramp-up Year 1: _____	7a			
	b Ramp-up Year 2: _____	7b			
	c Ramp-up Year 3: _____	7c			
	d Ramp-up Year 4: _____	7d			
8	Total Blighted Investment subject to credit. See instructions			8	
9	Additional credit percentage for investment in Extremely Blighted areas (not applicable to Economic Redevelopment Area applications)			9	1%
10	Investment Credit – Extremely Blighted. Multiply line 8 by line 9. Enter on Schedule C, line 19			10	

Instructions for Boxes in the Heading

Application Number. Enter the application number stated in the heading of the ImagiNE Nebraska agreement with the director.

Date of Application. Enter the date of application shown in paragraph 1(a) of the ImagiNE Nebraska agreement.

Nebraska ID Number. Enter the Nebraska ID number assigned by the DOR, or the individual applicant's Social Security number.

Year. Enter the year reported on this Form 1107N.

Instructions for Schedule E

When to File. Schedule E must be completed and filed as part of the Form 1107N for each year of the ramp-up, performance, and carryover periods, through the expiration of all tax incentives if the applicant has investment in an extremely blighted area. No investment credit will be allowed for any sales or use taxes that are eligible to be refunded. If there is an early cancellation of a lease previously claimed as investment, Schedule E must be completed to report a reduction to investment credit in the year of the cancellation, even if this occurs after the performance period.

Line 1. Enter the amount of owned property included in Form 1107N, Schedule C located in the extremely blighted area.

Line 2. Enter the amount of property leased from an unrelated person included in Form 1107N, Schedule C located in the extremely blighted area.

Line 3. Enter the property leased from related person included in Form 1107N, Schedule C located in the extremely blighted area.

Line 5. Enter the value of the remaining, unpaid payments for a cancelled lease from an unrelated person which was claimed as investment in the extremely blighted area. The unpaid lease payments should not be reduced for penalties incurred for early cancellation.

Line 7. During the ramp-up period through the first year of the performance period, enter the sum of the prior year(s) Form 1107N, Schedule E, line 6. For the second year and the remainder of the performance period, leave these lines blank.

Line 8. If the application has not attained or maintained the minimum required levels of investment and employment, enter zero. In the qualification year, enter the sum line 6 and the prior year(s) lines 7a through 7d.

For the second year and all remaining years of the performance period, enter the amount from line 6.

Line 10. If the percentage on Form 1107N, Schedule C, line 15 is zero, enter zero.

Multiply the investment on line 8 by 1%. Enter credit amount on Form 1107N, Schedule C, line 19.

Schedule F — Modernization Average Wage Calculation

Name on Return		Application Number	Date of Application	Nebraska ID Number	Year
Required Wage Level (Annual)	Salaried: Payroll Frequency and Number of Pay Periods	Hourly: Payroll Frequency and Number of Pay Periods		Weeks Paid in the Current Year	

Section A — Eligibility Questions

- Were all full-time employees at the qualified location(s) offered the opportunity to enroll in minimum essential coverage under an eligible employer-sponsored plan? Yes No
- Were all full-time employees at the qualified location(s) offered a sufficient benefit package? Yes No

If the response to question 1 or 2 is No, do not complete the rest of Schedule E. The agreement did not attain or maintain the minimum required levels for the year.

Section B — Compensation and Hours Excluded from the Current Year		(A) Total Compensation	(B) Total Hours
3 Nebraska hours and compensation excluded from current year calculation. Only include an employee on one line of Section B.			
a All employees at non-qualified location(s) which are included in Nebraska income tax withholding return	3a		
b New (non-base year employees) or rehired base-year employees at the qualified location(s) who were not timely E-Verified	3b		
c Employees who did not work more than 50% of total hours at a qualified location.	3c		
d Nebraska compensation for employees with compensation at qualified location(s) but no current year hours	3d		
e Total (add lines 3a through 3d)	3e		

Section C — Nebraska hours and compensation included in current year at the qualified location(s)		(A) Total Compensation	(B) Total Hours Paid
4 Enter the current year compensation and hours paid to employees at qualified location(s), excluding employees reported in Section B.			
a Value of health coverage provided to employees included on line 4.	4a		
5 New employee compensation in excess of \$1 million included in line 4.	5		
6 Total compensation and hours in the current year at qualified location(s). In the Total Compensation column subtract line 5 from line 4. In the Total Hours Paid column, enter amount on line 4.	6		
7 Total Nebraska compensation and total hours. In the Total Compensation column add lines 3e, 5, and 6. In the Total Hours Paid column, add lines 3e and 6.	7		
8 Nebraska compensation subject to income tax withholding included on Nebraska withholding return.	8		

Section D — Average compensation for current year employment		(A) Total Compensation	(B) Total Hours Paid	(C) FTE [Hours/ (40 x # weeks paid in yr)]	(D) Average Compensation
9 Average Compensation paid to employees included in Section C. Enter the Total Compensation and Total Hours Paid from line 6. In the FTE column, divide the number in the Hours column by 40 multiplied by the number of weeks paid in the year. In the Average Compensation Column, divide the Total Compensation column by the FTE column.					
10 Average compensation paid to all employees at the qualified location(s). In the Total Compensation column enter the sum of lines 3b and 6. In the Total Hours Paid column add lines 3b and 6. In the FTE column, divide the number in the Hours column by 40 multiplied by the number of weeks paid in the year. In the Average Compensation Column, divide the Total Compensation column by the FTE column.					
11 Enter the lesser of the Average Compensation in Column D line 9 or 10 and on Form 1120N, Page 2, Line 5b	11				
12 Is the Average Compensation on line 11 at least 150% of the Nebraska statewide average wage for the year of application? If no, the applicant is not eligible for a direct refund for the current year and the year is in recapture.	12				<input type="checkbox"/> Yes <input type="checkbox"/> No

Filing Requirements for Schedule F

Schedule F – Modernization Average Wage must be completed and filed as part of the Form 1107N each year through the end of the performance period for all agreements with Modernization selected as the application level. Applicants required to complete Schedule F are not required to complete Schedules A, B, or D.

Instructions for Boxes in the Heading

Application Number. Enter the application number stated in the heading of the ImagiNE Nebraska agreement with the director.

Agreement Type. Enter whether the application is defined as a single qualified location (single location), all qualified locations within a single county (single county), all qualified locations within more than one county (multiple counties), or all qualified locations within the State of Nebraska (statewide).

Date of Application. Enter the date of application shown in paragraph 1(a) of the ImagiNE Nebraska agreement.

Nebraska ID Number. Enter the Nebraska ID number assigned by the DOR, or the individual's Social Security number.

Year. Enter the year reported on this Form 1107N, Schedule F.

Required Wage. Enter 150% of the Nebraska statewide average annual wage for the year of application.

Salaried and Hourly. Payroll Frequency and Number of Pay Periods.

1. Enter the payroll frequency, such as weekly, biweekly, semimonthly, or monthly.
2. Enter the total number of pay **dates** in the year being reported. Count every pay date even if a payment was not issued on that date.

The following factors may affect the number of pay dates:

- If employees are paid on the same day of the week, it may result in an extra pay date in the year;
- If the taxpayer or its predecessor was in existence prior to hiring the first employee; or
- If the taxpayer and its predecessor was not in existence for the entire year.

Weeks Paid in the Current Year. Enter the number of weeks paid in the year reported.

General Instructions Schedule F

Schedule F is used to calculate the average compensation of employees at the qualified location(s).

If the average compensation is less than 150% of the Nebraska statewide average wage for the year of application, there is no sales and use tax benefit for the current year. In addition, the applicant did not maintain the minimum required levels for the year and there is recapture owed on other benefits received. Contact the DOR about the method for paying the recapture amount owed.

The average compensation is computed by dividing the compensation paid in the year at the qualified location(s) by the number of full-time equivalents (FTE) at the qualified location(s). All employees working at all qualified locations are combined in one average wage calculation which is, the lesser of 1) Average compensation paid to employees at the qualified location(s) that were E-Verified timely and 2) the average compensation paid to all employees.

The FTE column is calculated by: 1) multiplying 40 times the number of weeks paid in the current year; and 2) dividing the Hours Paid column amount by this number. Count every pay date even if a payment was not issued on that date. The number of weeks paid in a year may vary due to the pay date and payroll frequency of the applicant, or if the taxpayer or its predecessor was not in existence for the entire year.

Examples:

- If the payroll frequency is weekly and there are 53 pay dates in the year, the number of weeks paid in the year is 53.
- If the payroll frequency is monthly and the year has 365 days, the number of weeks paid in the year is 52.14 (365 days divided by 7 days in a week).
- If the taxpayer or its predecessor existed for a portion of the year, and had only three pay dates for biweekly pay periods during the year, the number of weeks paid in the year is six.

If salaried and hourly employees were not paid on the same payroll frequency, calculate Section B and C for the salaried employees and the hourly employees separately, and add the resulting FTE numbers.

Compute the FTE employees to 3 decimals and round to 2 decimals. For example, 687.565 becomes 687.57 and

687.564 becomes 687.56.

Schedule F: Section A – Eligibility Questions

Section A requires confirmation of whether full-time employees at the qualified location(s) were offered the required health coverage and sufficient package of benefits for eligibility for benefits under the Act.

Line 1. Provide a response about whether the full-time employees were offered required health care coverage.

Line 2. Provide a response about whether the full-time employees were offered a sufficient benefit package. See the DED Memo 20-01 for guidance about sufficient benefits.

If the response on lines 1 or 2 is No, do not complete the rest of Schedule E. The company did not attain or maintain the minimum required levels for the year and is not eligible for a direct refund.

Schedule F: Section B and Section C – Current Year Analysis

General Instructions

Section B and Section C categorize the compensation and hours paid by the taxpayer for work in Nebraska in the current year. Report the compensation subject to Medicare tax and the related hours paid in either Section B or C, as appropriate, but not both. After determining the appropriate line of Section B or Section C for an employee's hours, report the compensation subject to Medicare tax in the Total Compensation column for this line. Report all hours paid in the year in the Hours Paid column, even though some of the hours were worked in the prior year.

Section B. Report in Section B the compensation and the number of hours paid to excluded employees. The compensation and hours are categorized based on whether the employee:

- Worked at a non-qualified location(s) for the entire year;
- Did not work more than 50% of their hours at a qualified location; or

Non-qualified employees are:

- Employees whose work eligibility status was not timely verified using E-Verify; or
- Employees who had compensation but no hours paid for work at the qualified location(s).

The compensation and hours for an employee who is non-qualified for more than one reason should only be listed on one line in Section B.

Section C. Report in Section C the compensation and the number of hours paid to employees who worked at a qualified location(s) in the current year and who are not recorded in Section B. Section C includes current year compensation and hours paid to employees working at a qualified location(s) who:

- were offered the required health insurance;
- were offered sufficient benefits; and
- had work eligibility timely confirmed by E-Verify.

Specific Line Instructions – Section B

Line 3a. Enter the compensation and number of hours paid in the current year for all employees reported in the Nebraska income tax withholding return who did not work at a qualified location(s) in the current year.

Line 3b. Enter the compensation and number of hours paid to an employee who was not eligible to work in Nebraska according to electronic verification, or an employee whose work eligibility status was not electronically verified within 90 days after the date of hire or rehire. Electronic verification is required for employees hired after the date of application.

Line 3c. Enter the compensation and the number of hours paid in the current year to an employee that works less than fifty percent of the time at a qualified location in the current year. Examples include hours worked at a non-qualified location, hours worked at an employee's residence, at a taxpayer's location that is not a qualified location, at a customer's location, or for the transportation of property. The fifty percent calculation applies when an employee's work schedule includes time at a qualified and a non-qualified location within the same pay period(s).

For example, an employee's regular schedule includes 30% of the time in each pay period at a qualified location and 70% of the time at a non-qualified location. Report on line 3c all compensation and hours paid in the current year even though the employee worked at a qualified location for a portion of each pay period.

Line 3d. Enter the compensation paid in the current year to an employee with compensation for a qualified location but no current year hours.

Specific Line Instructions – Section C

The compensation and the hours paid to employees who worked at a qualified location(s) in the current year and who are not recorded in Section B are to be reported in Section C.

Line 4. Enter the compensation and number of hours paid in the current year to all employees who were paid for

hours worked at a qualified location(s) in the current year and are not listed in Section B.

Line 4a. Enter the employer's cost of health coverage for employees included in line 4.

Line 5. Calculate the compensation for each employee included in Line 4 that is in excess of \$1 million in the current year. Enter the sum of these calculations.

Line 6. Total Compensation column: subtract line 5 from line 4 and enter the result. In the Total Hours Paid column, enter the amount on line 4.

Line 7. In the Total Compensation column, enter the sum of lines 3e, 5 and 6. In the Total Hours Paid column, enter the sum of lines 3e and 6. The line 7 amount in the Total Compensation column should equal the taxpayer's wages subject to Medicare tax (reported in Box 5 of the employees' Wage and Tax Statements, Forms W-2) for all employees reported in the Nebraska payroll documents for the current year.

Line 8. Enter the total payments subject to Nebraska income tax withholding for all activities included in the Nebraska income tax withholding returns filed for the current year.

Schedule F: Section D – Average Compensation

General Instructions

Section F computes the average compensation for the qualified locations. The average compensation is one of the requirements for meeting and maintaining the required levels for a Modernization agreement.

Line 9. Enter the Total Compensation and Total Hours Paid from line 6. In the FTE column, calculate the FTE by: 1) multiplying 40 times the number of weeks paid in the current year; and 2) dividing the Hours Paid column amount by this number. In the Average Wage column, divide the Total Compensation column by the FTE column.

Line 10. In the Total Compensation and Total Paid Hours columns enter the sum of lines 3b and 6. In the FTE column, calculate the FTE by: 1) multiplying 40 times the number of weeks paid in the current year; and 2) dividing the Hours Paid column amount by this number. In the Average Wage column, divide the Total Compensation column by the FTE column.

Line 11. Enter the lesser of the Average Compensation in Column D line 9 or 10. Enter on Form 1120N, Page 2, line 5b.

Line 12. Answer whether the average compensation is at least [150% of the Nebraska statewide average for the year of application](#). If not, the applicant is not eligible for a direct refund for the year and is in recapture.

Schedule G — Benefit Corporation Credit Calculation

Name on Return		Application Number	Date of Application	Nebraska ID Number	Year
1	Performance Period	Year	Investment Credit Earned	Wage Credit Earned	
a	Year 1 of performance period (qualification year)	1a			
b	Year 2 of performance period	1b			
c	Year 3 of performance period	1c			
d	Year 4 of performance period	1d			
e	Year 5 of performance period	1e			
f	Year 6 of performance period	1f			
g	Year 7 of performance period	1g			
2	Total (lines 1a through 1g)	2			
3	Additional 1% for Benefit Corporation (Multiply line 2 by 1%. Enter on Form 1107N Page 2 line 18).	3			

Filing Requirements for Schedule G

Schedule G must be completed in the last year of the performance period to report the additional credits earned by a benefit corporation.

Application Number. Enter the application number stated in the heading of the ImagiNE Nebraska agreement with the director.

Date of Application. Enter the date of application shown in paragraph 1(a) of the ImagiNE Nebraska agreement.

Nebraska ID Number. Enter the Nebraska ID number assigned by the DOR, or the individual’s Social Security number.

Year. Enter the year reported on this Form 1107N.

Line 1. Enter the investment credit earned and the wage credit earned in each year of the performance period. Enter zero for the investment credit earned and the employment credit earned if the application did not maintain the minimum required levels of investment and employment for that year of the performance period.

Line 2. Total all investment credits earned and all wage credits earned.

Line 3. Multiply line 2 by 1%. Enter the amount of each credit type earned on Form 1107N, Page 2, line 18.

Schedule I — ImagiNE Nebraska Act
Estimated Investment, Employment, and Sales/Use Tax Refunds

Name on Return	Application Number	Application Level Selected	Date of Application	Year
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Estimated Year of Qualification	Nebraska ID Number
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	A Year	B Annual New Investment	C Cumulative Investment	D Annual New Employment	E Cumulative New Employment	F Average Wage of New Employees	G Direct Refund	H Credit Refund
1								
2								
3								
4								
5								
6								

Instructions for Boxes in the Heading

Application Number. Enter the application number stated in the heading of the ImagiNE Nebraska agreement with the director.

Application Level Selected. Enter the application level stated in the ImagiNE Nebraska agreement.

Date of Application. Enter the date of application shown in paragraph 1(a) of the ImagiNE Nebraska agreement.

Year. Enter the calendar year reported on this Form 1107N.

Estimated Year of Qualification. Enter the year the applicant is expected to meet the minimum levels of investment and employment.

Nebraska ID Number. Enter the Nebraska ID number assigned by the DOR, or the individual’s Social Security number.

General Instructions

This Form 1107N, Schedule I (Schedule I) is required by [Neb. Rev. Stat. § 77-6828](#) and used by the DED and the DOR for state tax revenue forecasting and budgetary purposes. The taxpayer is required to update Schedule I annually. The refund estimates provided in Schedule I must be based on when the refund will be issued, not when the applicant paid the taxes.

Who Must File. All applicants under the Act must file the Schedule I beginning with the year of application through the performance period and until all credits have been used or expired.

Specific Instructions

Column A. Enter the next six calendar years immediately following the year of the Form 1107N that includes this Schedule I.

Column B. Enter the estimated new investment for the year. If the year is during the carryover period, enter zero.

Column C. Enter the estimated cumulative investment at the end of the year. If the year is during the carryover period, enter zero.

Column D. Enter the full-time equivalent (FTE) increase in new employment for the year. If the year is during the carryover period, enter zero.

Column E. Enter the estimated cumulative new employment for the year. If the year is during the carryover period, enter zero.

Column F. Enter the average wage of new employees. If the year is during the carryover period, enter zero.

Column G. This column is to be completed by those with Quality Jobs Investment, Mega-Project, and Modernization agreements. Estimate the expected direct refunds of Nebraska and local sales and use taxes on purchases of qualified property for use at the qualified location(s), or on aircraft for use in connection with the qualified location(s). The direct refunds cannot be claimed or paid until after the year the minimum levels of investment and employment have been completed and are reported. For instance, if a taxpayer meets levels in 2022 the earliest time to claim refunds would be in 2023.

Column H. Estimate the expected refunds of Nebraska and local sales and use taxes using tax credits earned. Investment and Wage Credits are earned as of the end of the year and can only be used to claim a refund of sales and use taxes paid on transactions in a following year. Modernization applicants should enter zero.

**Schedule II –
 Imagine Nebraska Act Distribution of Tax Credits**

Name on Return	Application Number	Date of Application	Nebraska ID Number	Year
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Distribution Type <input type="checkbox"/> Distribution of Tax Credits by Agreement Holder <input type="checkbox"/> Redistribution of Tax Credit Received from:	Agreement Holder
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1 Total distribution of tax credits to partners, shareholders, members, patrons, or beneficiaries..... **1**

	A Name of Partner, Shareholder, Member, Patron, or Beneficiary	B Social Security Number or FEIN	C Nebraska ID Number	D Percentage Share of Ordinary Income	E Amount of Tax Credit (Column D x line 1)
2a*					
b					
c					
d					
e					
f					
g					
h					
i					
j					
k					
l					
m					
n					
o					
p					
q					

3 In Column E, total the tax credits on lines 2a through 2q	100%
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* If tax credits were distributed, notify each recipient (listed on line 2) of their distributed share of the tax credit, the agreement holder's name, the application number, the year of distribution, and the end of the carryover period. Also send each recipient a completed Nebraska Schedule K-1N. This information will allow the recipient to complete Nebraska Incentives Credit Computation, Form 3800N.

Instructions

Who Must Complete. A taxpayer who is a partnership, S corporation, limited liability company which has elected to be taxed as a partnership or S corporation, cooperative, limited cooperative association, estate, or trust must file this Form 1107N, Schedule II (Schedule II) and complete the distribution of tax credits information for every year the taxpayer elects to make a distribution to its owners.

A recipient of tax credits that is also one of the entity types listed above must file this Schedule II and complete the distribution of tax credits information for every year the recipient elects to further distribute the tax credits to its owners.

Distributing wage credits to an employee leasing company is not reported on this Schedule II. Report on Page 2, line 24.

Instructions for Boxes in the Heading

Application Number. Enter the application number stated in the heading of the ImagiNE Nebraska agreement with the director.

Date of Application. Enter the date of application shown in paragraph 1(a) of the ImagiNE Nebraska agreement.

Nebraska ID Number. Enter the Nebraska ID number assigned by the DOR, or the individual's Social Security number.

Year. Enter the year reported on this Form 1107N.

Distribution Type. Check whether this is a distribution of tax credits by the agreement holder, or a redistribution of tax credits received by another entity. Enter the name of the entity redistributing the tax credits.

Agreement Holder. Enter the name of the entity that is the agreement holder in the year reported on this Form 1107N. The agreement holder is the parent company of the taxpayer who applied. If the agreement is transferred, the agreement holder is the parent company of the taxpayer to whom the agreement is transferred in its entirety.

General Instructions

Distribution of Tax Credits. A taxpayer or recipient of tax credits that is a partnership; S corporation; limited liability company that has elected to be taxed as a partnership or S Corporation; cooperative; estate; or trust, may elect to distribute all or part of the tax credits to its owners. The tax credits **must** be distributed to all partners, members, shareholders, patrons, or beneficiaries in the **same manner as ordinary income** is distributed. The tax credits can be used by the recipient for their tax year that includes the tax year end of the distributing entity or any later year until the end of the carryover period. The tax credits may be used to offset the recipient's Nebraska income tax liability and are not refundable.

The distribution of tax credits is considered a use of the tax credits and cannot be reduced at a later time. Recapture, if applicable, will be based on the amount of tax credits distributed. It will not be based on the amount of tax credits actually used by the recipients.

Specific Instructions

Line 1. Enter the total tax credits distributed to partners, shareholders, members, patrons, or beneficiaries. If this is a distribution by the agreement holder, enter the amount on Form 1107N, Page 2, line 20.

Line 2. Enter each partner's, shareholder's, member's, patron's, or beneficiary's name, Social Security number or federal identification number, Nebraska ID number, percentage share of ordinary income, and distributed share of the tax credits reported.

Line 3, Column D. The total of all the percentages must be 100%, other than for rounding differences.

Line 3, Column E. Total all the tax credits distributed on line 2 (a-q). The total must equal the amount of distributed tax credits on line 1, other than rounding differences.