

REG-1-071, Credit for Tax Paid to Another State

071.01 If a person brings property or services into Nebraska for storage, use, or other consumption and has properly paid a sales, use, excise, or similar tax to a foreign state or any of its political subdivisions, in connection with the sale of the property or services, then a credit is allowed for the payment of that tax. The credit is applied first against the amount of any use tax due this state. Any unused portion of the credit is then applied against the amount of any use tax due a Nebraska municipality or county that levies a local sales tax.

071.02 If the tax paid to the foreign state and its political subdivisions is less than the use tax imposed by Nebraska and its subdivisions, the difference is due. If the sales, use, excise, or similar tax properly paid to the foreign state or any of its political subdivisions, is equal to or exceeds the use tax imposed by Nebraska and its political subdivisions, use tax is not due Nebraska. Any excess is not refundable nor may it be used as a credit against the use tax due on purchases of any other property or service.

071.03 The credit allowed is limited to a credit for the amount of foreign state or political subdivision tax actually paid, and does not include the amount of any credits allowed in the other state. Use tax due in Nebraska cannot be extinguished through a tax exemption afforded on the same transaction by a foreign state.

071.04 Sales tax is properly paid to a foreign state or its political subdivision if the tax is legally due to the foreign state or its political subdivision.

071.04A Sales tax is NOT considered legally due to the foreign state or its political subdivision if:

071.04A(1) The purchaser is entitled to a refund of the tax paid to the foreign state or its political subdivision for any reason;

071.04A(2) The delivery neither originates nor terminates in the foreign state;

071.04A(3) The property was never stored, used, or consumed in the foreign state; or

071.04A(4) The sale was not properly sourced to the foreign state.

071.04B If the sales tax is not legally due the foreign state, the tax is not considered properly paid and no credit will be allowed in Nebraska.

071.05 Tax paid to the seller of advertising and promotional direct mail based upon the shipping point, or tax paid to the seller of other direct mail based upon the purchaser's address, pursuant to Regulations 1-105.04 and 1-105.05, respectively, does not constitute a properly-paid tax for purposes of allowing credit against the use tax due to the state or locality based upon the delivery address.

(Neb. Rev. Stat. §§ 77-2703.03 and 77-2704.31. June 24, 2017.)