

Electing Small Business Trust (ESBT) Tax Calculation Worksheet

Name of Trust

Nebraska ID Number

1 Total federal income	1		00
2 Federal taxable income	2		00
ADJUSTMENTS			
3 Income from U.S. government bonds or other U.S. obligations	3		00
4 Income from non-Nebraska state and local bond interest and other Nebraska adjustments increasing federal taxable income. List types and amounts _____ _____	4		00
5 Bonus depreciation subtraction (attach schedule) (see instructions)	5		00
6 Nebraska adjustments decreasing federal taxable income. List types and amounts _____ _____	6		00
7 Nebraska taxable income (line 2 plus line 4) minus (lines 3, 5, and 6)	7		00
• Nonresident ESBTs should not make entries on lines 8, 9, or 10. Nonresident ESBTs must complete the Computation of Nebraska Tax for Nonresident ESBT (below) to determine their Nebraska tax.			
8 Nebraska income tax on line 7 amount (use the tax rate schedule on page 7 of the Form 1041N instructions)	8		00
9 Nebraska minimum or other tax (Federal Form 1041, Schedule I; and Federal Form 4972)	9		00
10 Total Nebraska tax (line 8 plus line 9). Enter here and on Form 1041N, page 1, line 9	10		00
COMPUTATION OF NEBRASKA TAX FOR NONRESIDENT ESBT			
11 Nebraska taxable income (from line 7 above)	11		00
12 Nebraska income tax on line 11 amount (use the tax rate schedule on page 7 of the Form 1041N instructions)	12		00
13 Nebraska minimum or other tax (Federal Form 1041, Schedule I; and Federal Form 4972)	13		00
14 Total Nebraska tax (line 12 plus line 13)	14		00
15 Income derived from Nebraska sources, except capital and ordinary gain (loss)	15		00
16 Nebraska capital and ordinary gain (loss)	16		00
17 Adjustments as applied to Nebraska income, if any. List: _____	17		00
18 Nebraska adjusted gross income (line 15 plus or minus lines 16 and 17)	18		00
19 Nebraska share of line 14. Compute below, and enter result on line 9, Form 1041N. Calculate the ratio to five decimal places and round to four. $\frac{\text{Line 18}}{(\text{Line 1} + \text{Line 4}) - (\text{Lines 3, 5, and 6})} = . \boxed{} \boxed{} \boxed{} \boxed{} \times \frac{}{(\text{Line 14})} = $	19		00

INSTRUCTIONS

WHO MUST FILE. This worksheet must be filed by an Electing Small Business Trust (ESBT) which receives income from an S corporation doing business in Nebraska and which is taxed under Internal Revenue Code (IRC) §641(c).

WHEN AND WHERE TO FILE. This worksheet must be completed and attached to the Nebraska Fiduciary Income Tax Return, [Form 1041N](#).

SPECIFIC INSTRUCTIONS. Under IRC § 641(c), an ESBT receiving income from an S corporation is required to calculate its tax liability as a separate trust. Nebraska also requires an ESBT to calculate its Nebraska tax on the S corporation income as a separate trust. All amounts entered on this Worksheet must be related to the amounts **received from the S corporation** and used to calculate the separate federal tax. If the separate federal tax was based on distributions received from more than one S corporation, this worksheet should include the aggregate amounts received.

Reminder: ESBTs receiving income or losses from S corporations doing business in more than one state must adjust their federal taxable income as indicated in the instructions for line 4 and line 6 on this worksheet.

LINE 1. Enter the ESBT's share of the total federal income received from the S corporation.

LINE 2. Enter the ESBT's federal taxable income. This amount should be included in the supplemental information of the ESBT's federal income tax return.

LINE 3. U.S. government bond interest is subtracted from federal taxable income. U.S. government interest or dividend income includes, but is not limited to U.S. Savings Bonds and U.S. Treasury Bills. See [Regulation 23-004](#) for a listing of U.S. government interest or dividend income deductible for Nebraska income tax purposes. Interest income received from repurchase agreements involving U.S. government obligations is **not** deductible as U.S. government interest.

LINE 4. State and local bond interest exempt from federal tax is added to federal taxable income. Interest from Nebraska source bonds is not added back.

A loss from the S corporation that is not related to Nebraska sources is added to federal taxable income.

LINE 5. An ESBT is allowed to deduct 20% of the bonus depreciation previously added back on its 2003 through 2005 tax year returns.

LINE 6. The net income received from an S corporation that is not related to Nebraska sources is deducted from federal taxable income. For information on other deductions, see [Nebraska Fiduciary Income Tax Regulation 23-004](#).

LINE 8. A resident ESBT will compute and report its tax liability on lines 8 and 9 of the Worksheet and enter the total on line 10 of the Worksheet and on line 9 of Form 1041N.

A nonresident ESBT will not use lines 8, 9, or 10 of the Worksheet. A nonresident ESBT must complete lines 11 through 19 of the Worksheet to determine its Nebraska tax liability.

Calculate the tax using the rate schedule for the appropriate tax year. These rates may be found in the appropriate Form 1041N booklet and on the Department's website.

LINE 13. Use the worksheet in the Form 1041N booklet to calculate the Nebraska minimum tax.

LINE 15. Enter the entire net income or loss distributed from the S corporation to the ESBT.

If the S corporation has business activity in more than one state, only a portion of the income is included on line 15. The portion included will be based on the S corporation's Nebraska apportionment factor.

LINE 16. Enter the taxable amount of Nebraska capital and ordinary gain and loss distributed from the S corporation.

Line 17. The adjustments must relate to Nebraska income amounts reported on lines 15 and 16. Include a schedule specifically identifying the adjustments claimed.

An ESBT is allowed to deduct 20% of the bonus depreciation previously added back on its 2003 through 2005 tax year returns.

Line 19. The factor used in the division calculation of this line must be computed to five decimal places and rounded to four.