



# 2012

# Nebraska

## Return of Partnership Income Booklet

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Included in this Booklet are:

Form 1065N;

Schedules A, I, and ELP, II, K-1N,

Form 7004N; and

Use Tax information.

**ELECTRONIC PAYMENT OPTIONS ARE AVAILABLE.**

See [instructions](#).

**Questions?**

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

# 2012 Nebraska Return of Partnership Income

## INSTRUCTIONS

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### What's New

**Electronic Filing.** At this time, the start up for this program has not been determined. Check the Department's [website](#) for updates.

**Apportionment of Services and Intangibles (Laws 2012, LB 872).** Effective for tax years beginning on and after January 1, 2014, apportionment for the sale of intangibles and services will be sourced on a market-based income approach, except for the sale of intangibles or services by a communications company, which will continue to be sourced to the location where the majority of the cost of performance takes place.

**New Markets Job Growth Investment Act.** Pass-through entities, including partnerships, are eligible to earn a nonrefundable, nontransferable credit for an investment in a qualified community development entity. The credit may be distributed to partners to be used against income tax, the premium tax imposed on insurance companies, or the franchise tax imposed on financial institutions.

**Distribution of Form 3800N Credits.** If the partnership is distributing [Form 3800N](#) credits this year, the new box 7 must be checked indicating this distribution.

### Important Information for All Filers

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**Purpose.** The instructions in this booklet provide guidance in completing the most common Nebraska partnership return of income forms and schedules. This booklet is intended to be useful to the greatest number of taxpayers. Nothing in these instructions supersedes, alters, or otherwise changes any provisions of the Nebraska tax code, regulations, rulings, or court decisions.

We encourage the preparer of any Return of Partnership Income, Form 1065N, to review applicable Nebraska law regarding any issue that may have a material effect on this return. Nebraska law and other useful information may be found at [www.revenue.ne.gov](http://www.revenue.ne.gov).

**Enter All Amounts as Whole Dollars.** Do not include cents on the return or schedules. Do not change the pre-printed zeros in the cents column of the [Form 1065N](#) or [schedules](#). Round any amount from 50 cents to 99 cents to the next higher dollar. Round any amount less than 50 cents to the next lower dollar.

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

- ◆ Failure to file a return and pay the tax due on or before the due date;
- ◆ Failure to pay the tax due on or before the due date;
- ◆ Failure to file an amended Nebraska return of income to report changes made to your federal return;
- ◆ Preparing or filing a fraudulent return of income; or
- ◆ Understatement of income on an income tax return.

Filing a false or fraudulent Nebraska return is subject to penalty, even if the amounts reported are taken from your federal return. Unpaid tax is subject to interest at the statutory rate of 3% from the original due date to the date the tax is paid. See [Revenue Ruling 99-12-1](#) for applicable interest rates.

**Reporting Changes or Corrections.** If information on a Nebraska partnership return previously filed is incorrect, a Form 1065N with the "Amended Return" box checked must be filed. When filing an amended return, remember:

- ◆ Changes made by the Internal Revenue Service (IRS) or another state must be reported to the Department within 60 days;
- ◆ [Form 1065N](#) is year-specific. Please be sure to use the correct form for the tax year you are amending;

- ◆ You must attach a copy of the related federal or other state amended return and all related schedules or other documentation to explain the changes shown on the amended Nebraska return; and
- ◆ Show only the corrected figures on the amended return.

When an amended return reflects a reduction in tax due because Nebraska source income for its nonresident individual partners is reduced, the partnership will not receive a refund. Individual partners may file a claim for refund resulting from the reduced Nebraska source income.

**Nebraska Extension of Time.** An extension to file may only be obtained by:

- ◆ Attaching a copy of a timely-filed Application for Automatic Extension of Time to File Certain Business Income Tax, Information, and Other Returns, Federal Form 7004, to the Nebraska return when filed;
- ◆ Attaching a schedule to the Nebraska return listing the federal confirmation number and providing an explanation that the electronic request for automatic federal extension was not denied; or
- ◆ Filing a [Nebraska Application for Extension of Time to File Corporation, Fiduciary, or Partnership Return, Form 7004N](#), on or before the due date of the return, when you need to make a tentative Nebraska payment or when a federal extension is not being requested.

Failure to attach the applicable extension document may result in a late filing penalty. An extension of time only extends the date to file the return. It does not extend the due date to pay the tax. Any tax not paid by the original due date is subject to interest.

**NOTE:** The IRS provides automatic extensions to partnerships for either a five- or six-month period dependent upon the type of federal return being filed (Form 1065 – five months; Form 1065-B – six months). Nebraska follows the IRS regarding the number of months an automatic extension will be granted. **No additional extension of time to file the Nebraska Return of Partnership Income will be provided.**

**Accounting Methods.** The accounting method used for federal income tax purposes must be used for Nebraska income tax purposes. A taxpayer may not change the accounting method used to report income in prior years unless the change is approved by the IRS. A copy of this approval must accompany the first return which shows the change in the method of accounting.

**Federal Return.** A copy of the federal return and supporting schedules, as filed with the IRS, must be attached to this return. If there are more than 50 Federal Schedules K-1, please submit them and any supporting schedules on CD-R media rather than on paper. The preferred format for the Federal Schedules K-1 and supporting schedules is PDF. However, a Word or Excel electronic document is also acceptable.

## NONRESIDENT PARTNERS

Partnerships, except those that are publicly traded, must withhold and remit Nebraska income tax for each nonresident individual partner who does not complete a [Nebraska Nonresident Income Tax Agreement, Form 12N](#). For the purposes of Form 12N and the withholding requirements, an individual includes a nonresident grantor of a grantor trust.

Nonresident partners who sign the Form 12N agree to file a Nebraska income tax return and pay all taxes due directly to the Department. This relieves the partnership from withholding and remitting the tax on the partner's behalf. All completed Forms 12N must be attached to the [Form 1065N](#).

If a Form 12N is not completed for a nonresident individual partner, the amount to be paid is 6.84% of the nonresident partner's share of partnership income from Nebraska sources.

The partnership reports the amount withheld from each nonresident partner on the [Nebraska Partner's Share of Nebraska Income, Deductions, Modifications, and Credits - Schedule K-1N](#). Attach each Nebraska Schedule K-1N to the partnership return. Do not withhold for corporations, estates, or trusts (except grantor trusts) that are partners. Nebraska law does not allow payment of tax by a partnership on behalf of these entities. Instead, these entities are required to file a Nebraska return.

A nonresident individual partner may claim the amount withheld and remitted by the partnership as a credit against his or her Nebraska income tax liability by attaching a copy of the Nebraska Schedule K-1N to the Form 1040N.

**Nonresident individual partners do not have to file a Nebraska individual income tax return if:**

- ◆ Their only connection with the state is the conduct of the business activities of the partnership; and
- ◆ The partnership has withheld and remitted tax from all the Nebraska income attributable to the nonresident's share of the partnership's income.

The full amount of the withholding, at the nonresident partner's option, is retained in lieu of filing an individual income tax return. Any nonresident may still file a Form 1040N, however, and claim a refund if one is due.

**No Composite Filing.** The Department does not allow the filing of "composite" income tax returns. Partnerships with nonresident partners must either:

- ◆ Obtain a Form 12N from the nonresident individual partner; or
- ◆ Withhold and remit Nebraska income tax on the nonresident partner's share of Nebraska income with [Form 1065N](#).

A publicly traded partnership is not required to withhold from its nonresident individual partners who do not submit a Form 12N, provided the partnership identifies each partner with Nebraska income in excess of \$500. For additional information, see the Nebraska Schedule II, Form 1065N, instructions.

**Nonresident Partner – No Withholding Requirement.** The partnership is not required to withhold and remit tax for any nonresident individual partner who completes and submits a Form 12N to the partnership, **before the original filing** of the Form 1065N. For purposes of the Form 12N, an individual includes a nonresident grantor of a grantor trust. A complete Form 12N must:

- ◆ Include all the requested information; and
- ◆ Be signed and dated by the partner or the partner's authorized representative (attach copy of [Power of Attorney, Form 33](#)).

**Any nonresident partner who files Form 12N to avoid withholding, or who receives Nebraska income from a publicly traded partnership, must file a Form 1040N.** Failure to file the required Form 1040N may result in:

- ◆ The issuance of an assessment to the nonresident individual partner based on the information available to the Department; or
- ◆ The loss of use, by the nonresident individual partner, of the current year Nebraska net operating or capital loss distributed from the partnership. A Nebraska net operating or capital loss carryforward will not be allowed to offset Nebraska income until the Nebraska return for the loss year has been filed.

**Partner's Return.** A resident individual partner (except for a resident member of a limited liability company) must include his or her entire share of the partnership income in adjusted gross income. Income should be computed under the applicable provisions of the Internal Revenue Code (IRC). Nonresident or corporate partners, or members of a limited liability company, are subject to the Nebraska income tax on their share of the partnership income derived from sources within Nebraska.

**Reporting Nebraska Source Income to Partners.** A partnership must provide all partners with a [Nebraska Schedule K-1N](#). See the Nebraska Schedule K-1N instructions for additional information.

The amounts reported on the Nebraska Schedule K-1N must be calculated in the same manner as income is distributed.

When partnerships and LLCs taxed as partnerships issue a Nebraska Schedule K-1N to partners, they must complete all distribution schedules such as Forms 775N and 312N, in addition to reporting the distributed credit amount to the partner on line 19 of the Schedule K-1N.

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## CREDITS DISTRIBUTABLE TO PARTNERS

**Withholding on Contractors.** Construction contractors are required to withhold 5% of any payment or payments exceeding \$600 from their construction subcontractors that are not registered on the [Nebraska Department of Labor's Contractor Registration Database](#). A partnership against whom the contractor withholding was applied, must distribute the amount withheld to its partners. The total amount withheld from the partnership must be distributed in the same manner as income. No credit will be allowed on the [Nebraska Return of Partnership Income, Form 1065N](#), for contractor withholding. For additional information, see "[Construction Contractors](#)" section.

**CDA Credit.** The Nebraska Community Development Assistance Act credit (CDA) is allowable for contributions to approved projects of community betterment organizations recognized by the Nebraska Department of Economic Development (DED). Attach the [2012 Nebraska Community Development Assistance Act Credit Computation, Form CDN](#), and the [Form 1065N](#). Each partner is allowed a share of the credit calculated by using the same method used to report income received from the partnership. Partnerships do not need to attach a copy of the Form 1099NTC. The Department will receive the Form 1099NTC information directly from DED.

For more details regarding this credit, contact:

Nebraska Department of Economic Development  
Community and Rural Development Division  
PO Box 94666  
Lincoln, NE 68509-4666  
402-471-3775; or 800-426-6505  
[www.neded.org](http://www.neded.org)

**Beginning Farmer Credit.** This credit is available to owners of agricultural assets which are rented to qualifying beginning farmers or livestock producers. Each partner eligible for the credit will receive a copy of the [Statement of Nebraska Tax Credit, Form 1099BFC](#), from the Nebraska Department of Agriculture. Each partner is allowed a share of the credit calculated by using the same method used to report income received from the partnership. The Form 1099BFC must be filed with the partner's individual income tax return. Form 1099BFC is not filed with Form 1065N.

For more details regarding this credit, contact:

Nebraska Department of Agriculture  
PO Box 94947  
Lincoln, NE 68509-4947  
402-471-6890; or 800-446-4071  
[www.agr.ne.gov](http://www.agr.ne.gov)

**Form 3800N Credits.** Nebraska provides several tax incentive credits that may be earned by entities conducting business in this state.

Partnerships must file tax incentive credit distribution forms including Forms 775N and 312N before credit can be allowed to individual partners. Attach a distribution schedule for [Form 775N, Schedule II](#) or for [Form 312N, Schedule II](#) (that lists each partner, the partner's tax ID number, the income percentage, and each partner's distributed credits). The total amount distributed by the partnership must be distributed in the same manner as ordinary income.

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## USE TAX

A partnership may be subject to use tax. A partnership owes use tax when the proper sales tax has not been paid on purchases delivered into Nebraska. This often occurs when purchases are made from out-of-state, mail order, or Internet sellers. Use tax is also due when items purchased for resale are withdrawn from inventory for business or personal use.

### EXAMPLE 1.

The partnership purchased a computer from a seller in South Dakota over the Internet for \$1,570 plus \$30 shipping and handling charges. Both charges are taxable. The computer is shipped to the partnership in Scottsbluff, Nebraska and no tax is charged or collected by the seller. The state tax is \$88 (\$1,600 X 5.5%) and the local tax is \$24 (\$1,600 X 1.5%). The total use tax owed is \$112 (\$88 + \$24 = \$112).

### EXAMPLE 2.

A repair shop in Scottsbluff, Nebraska provides motor vehicle repair service. The repair shop also owns a tow truck used for towing customer motor vehicles needing repair. The shop purchases oil and oil filters, tax exempt, for resale using the [Nebraska Resale or Exempt Sale Certificate, Form 13](#). When oil and oil filters are removed from sales tax exempt inventory and used to change the oil in the business-owned tow truck, state and local use tax is due on the cost of the oil and oil filters.

For additional information, see the [Nebraska Consumer's Use Tax Information Guide](#).

## PURPOSE OF FORM

The [Nebraska Return of Partnership Income, Form 1065N](#), is not simply an informational return. The Form 1065N and schedules are necessary to:

- ◆ Calculate the income, deductions, and credits that will be passed through to the partners;
- ◆ Calculate and pay tax on behalf of nonresident individual partners; and
- ◆ Report and pay any recapture of tax incentive credits. This includes the economic development distribution schedules such as Forms 775N and 312N.

## Terms

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**Partner.** For purposes of these instructions, “partner” includes a partner of a partnership, or a member of an LLC.

**Partnership.** The term “partnership” includes:

- ◆ Limited partnership;
- ◆ Electing large partnership (ELP);
- ◆ Limited liability company (LLC);
- ◆ Syndicate;
- ◆ Group;
- ◆ Pool;
- ◆ Joint venture; or
- ◆ Other unincorporated organization, that is not filing with the IRS as a corporation, trust, estate, or sole proprietorship.

## Who Must File?

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The [Form 1065N](#), must be completed by:

- ◆ Every partnership listed above, unless all partners are residents of Nebraska and all income is derived from Nebraska sources;
- ◆ A limited liability company (LLC) which has elected to be treated as a partnership for federal income tax purposes and which derives income from Nebraska sources. Form 1065N must be completed by every LLC, unless all of the LLC’s members are residents of Nebraska and all of its income is derived from Nebraska sources; and
- ◆ Every partnership and LLC treated as a partnership that will distribute Nebraska incentive credits to their partners or members. The Form 1065N must be filed regardless of where the partnership income is earned or the residence of the partners or members.

A limited partnership conducting business entirely outside this state which has Nebraska resident partners, none of whom are general partners charged with the management responsibility of the partnership, is not required to file Form 1065N.

Only one return is required to be filed for each partnership. If copies of the form are furnished to each partner, they should be clearly identified as “Duplicate” or “Copy.”



# When and Where to File

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

Mail the Form 1065N to:

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

[www.revenue.ne.gov](http://www.revenue.ne.gov)

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

## How to Complete Form 1065N

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**Tax Period.** A 2012 [Form 1065N](#) must be used to file for the calendar year 2012, or a fiscal year beginning in 2012. Space is provided at the top of the return to enter the beginning and ending dates for short-period or fiscal-year filers. The taxable year for Nebraska must be the same as the taxable year used for the federal income tax return.

If the partnership changes its federal taxable year, it must also change its Nebraska taxable year. A copy of the approval from the IRS to change accounting periods must accompany the first return that shows the change.

**Business Classification Code.** Enter the six-digit code that best describes the partnership's principal business activity in Nebraska. Carefully review the [business classification codes](#) before you select one.

**Principal Business Activity in Nebraska.** Enter the principal business activity of the partnership from the Business Classification Code listing.

**Federal ID Number.** Enter the Federal ID number assigned to the partnership by the IRS.

**Nebraska ID Number.** Enter the Nebraska ID number assigned to the partnership by the Department. If the partnership has not been assigned a Nebraska ID number, leave this field blank. A Nebraska ID number will be assigned when the return is received. The Department will mail notification of the assigned Nebraska ID number to the address shown on the return.

**Final Return.** Check the "Final Return" box at the top of the return if the partnership ceased to exist during the 2012 tax year.

**Distributed Form 3800N Credit.** Check the "Distributed Form 3800N Credit" box if the partnership is distributing tax credits in this tax year. Include a distribution schedule in addition to recording the amount of the distributed credit on the Schedule K-1N

<b>LINE 1</b>	<b>Ordinary Business Income.</b> Enter the ordinary business income or loss as shown on line 22 of Federal Form 1065. ELPs will enter zero on lines 1 through 3, and complete Nebraska Schedule ELP.
<b>LINE 2</b>	<b>Nebraska Adjustments Increasing Ordinary Business Income.</b> Enter the amount from line 8 of <a href="#">Nebraska Schedule A</a> . See the Schedule A instructions for additional information.
<b>LINE 3</b>	<b>Nebraska Adjustments Decreasing Ordinary Business Income.</b> Enter the amount from line 18 of Nebraska Schedule A. See the Schedule A instructions for additional information.
<b>LINE 4</b>	<b>Nebraska Adjusted Income.</b> If the partnership does not have adjustments to ordinary business income, enter the line 1 amount on line 4. If the partnership has adjustments to ordinary business income, line 4 equals line 1 plus line 2 minus line 3. ELPs must enter line 11 of <a href="#">Nebraska Schedule ELP</a> .
<b>LINE 5</b>	<b>Income Reported to Nebraska.</b> If all of the income earned by the partnership is derived from Nebraska sources, enter the line 4 amount on line 5. If the partnership earned income from both within and without Nebraska, enter the amount from line 3 of <a href="#">Nebraska Schedule I</a> . See the Nebraska Schedule I instructions for additional information.

<b>LINE 6</b>	<b>Percent of Ownership by Nonresident Individual Partners.</b> Enter the “TOTAL” percentage from column (B) of <a href="#">Nebraska Schedule II</a> . See the Schedule II instructions for additional information. Lines 6 through 10 do not need to be completed by publicly traded partnerships, provided Nebraska Schedule II [columns (A) through (C) and column (E)] is completed for those partners who received more than \$500 of Nebraska income.
<b>LINE 7</b>	<b>Percent of Ownership By Nonresident Individual Partners For Whom Nebraska Nonresident Income Tax Agreements, <a href="#">Forms 12N</a>, are Attached.</b> Enter the total ownership percentage for those individuals for whom a properly completed Form 12N is attached. See the Form 12N instructions for completion requirements.
<b>LINE 8</b>	<b>Percent of Income Subject to Withholding.</b> If the partnership does not have nonresident individual partners, enter zero. Otherwise, line 8 equals line 6 minus line 7.
<b>LINE 9</b>	<b>Income Reported to Nebraska Subject to Withholding.</b> Multiply line 5 by the line 8 percentage and enter the result on line 9.
<b>LINE 10</b>	<b>Nebraska Income Tax Withheld for Nonresident Individual Partners.</b> Line 10 equals line 9 multiplied by .0684 (Nebraska’s highest individual income tax rate).
<b>LINE 11</b>	<b>Form 3800N Credit and Recapture.</b> Enter the net amount of any refundable credits and any recapture of credits reported on the <a href="#">Nebraska Incentives Credit Computation, Form 3800N</a> . If the credits are larger than the recapture, enter as a negative number.
<b>LINE 12</b>	<b>Tax Deposited with Form 7004N and 2012 Estimated Tax Payments.</b> Add the total amount paid as estimated payments and any amount paid with the Nebraska extension request, <a href="#">Form 7004N</a> . Enter the total on line 12.
<b>LINE 13</b>	<p><b>Tax Due.</b> If line 10 plus line 11 minus line 12 is greater than zero, enter the result on line 13.</p> <p><b>Check or Money Order.</b> Include a check or money order payable to the Nebraska Department of Revenue with your return. Checks written to the Department may be presented for payment electronically.</p> <p>At this time, the Department does not offer credit card or electronic payment options for partnership returns.</p>
<b>LINE 14</b>	<p><b>Overpayment to be Refunded.</b> If line 10 plus line 11 minus line 12 is less than zero, enter the result on line 14.</p> <p><b>NOTE:</b> A partnership filing an amended return will not receive a refund of any tax due with its original return when the Nebraska source income for its nonresident individual partners is reduced. Instead, the partners may file a claim for refund resulting from the reduced Nebraska source income.</p>
<b>SIGNATURE</b>	<p><b>Sign and Date the Tax Return.</b> This return must be signed by a partner. Include a daytime phone number and email address in case the Department needs to contact you about your account. By including your email address, you are agreeing that the Department may use it to transmit confidential information through a secure website.</p> <p>If a partner authorizes another person to sign the return, there must be a <a href="#">Power of Attorney, Form 33</a>, on file with the Department or attached to the return.</p> <p><b>Paid Preparer’s Use Only.</b> Any person who is paid for preparing a taxpayer’s return must sign the return as preparer. Additionally, the preparer must enter their Preparer Tax Identification Number (PTIN), their firm’s name, and Federal Employer Identification Number (EIN).</p>



# Nebraska Schedule A Instructions

## Adjustments to Ordinary Business Income

**Purpose.** The Nebraska Schedule A is used to adjust the partnership's ordinary business income for items of income and deduction that are required under the IRC to be reported to the partners separately. The ordinary business income, plus or minus these adjustments, will estimate the income that was distributed to the partners, and become part of the partners' federal adjusted gross income. These adjustments to ordinary business income are necessary to calculate any required tax withholding on [Nebraska Schedule II – Nonresident or Corporate Partner's Share of Nebraska Income](#).

## Adjustments Increasing Ordinary Business Income

<b>LINES 1-5</b>	The amounts on each of these lines come directly from Federal Form 1065, Schedule K.
<b>LINE 6</b>	<b>State and Local Bond Interest and Dividend Income.</b> Enter all state and local bond interest or dividends which are exempt from federal income tax and not issued by Nebraska state and local government subdivisions.
<b>LINE 7</b>	<b>Other Income.</b> Enter any other additions to income for the partnership that are includible in the partners' federal income but are not reflected in lines 1 through 6 above (attach schedule).
<b>LINE 8</b>	<b>TOTAL Adjustments Increasing Ordinary Business Income.</b> Enter the total of lines 1 through 7 here and on line 2 of <a href="#">Form 1065N</a> .

## Adjustments Decreasing Ordinary Business Income

<b>LINE 9</b>	<b>Qualified U.S. Government Interest Deduction.</b> Enter the amount of interest and dividend income from U.S. government obligations exempt from state taxation. <a href="#">Individual Income Tax Regulation 22-002, Computing the Nebraska Individual Income Tax</a> and <a href="#">Corporate Income Tax Regulation 24-048, Income from United States Government Obligations</a> , list U.S. interest and dividend income which can be included on line 9, Nebraska Schedule A. Interest income from repurchase agreements involving U.S. government obligations <b>is not</b> considered U.S. government interest. Gains or losses from the sale or other disposition of federal securities are taxable for state income tax purposes and should not be included on line 9.
<b>LINES 10-16</b>	The amounts on each of these lines come directly from Federal Form 1065, Schedule K.
<b>LINE 17</b>	<b>Other Deductions.</b> Enter any other deductions to income for the partnership that are deductible in the partners' federal income, but are not reflected in lines 9 through 16 above (attach schedule).
<b>LINE 18</b>	<b>TOTAL Adjustments Decreasing Ordinary Business Income.</b> Enter the total of lines 9 through 17 here and on line 3 of Form 1065N.

# Nebraska Schedule I Instructions

## Apportionment for Multistate Business

**Purpose.** The Nebraska Schedule I is used to determine the amount of Nebraska source income ([Form 1065N](#), line 5, Income Reported to Nebraska) received by a partnership or LLC deriving income from both within and without Nebraska. This schedule must be completed by:

- ◆ Partnerships that have at least one nonresident individual or corporate partner; and
- ◆ All LLCs electing to file as a partnership, regardless of the residence of their members.

Nebraska source income is determined by apportioning the partnership or LLC income using a single, sales only (gross receipts) factor. Apportionment refers to the division of business income between states by the use of a formula containing one or more apportionment factors.

**Sales Factor.** The sales factor is a fraction. The numerator is the total sales of the partnership in Nebraska during the taxable year. The denominator is the total sales of the partnership everywhere during the taxable year. Total sales includes gross sales of real and tangible personal property less returns and allowances, and all other items of gross receipts. The sales factor on this schedule is rounded to six decimal places. It is entered as a percentage.

A partnership using an alternative method of apportionment must attach a copy of the Tax Commissioner's prior written approval of the alternative method. The alternative apportionment factor computation must be included. Enter the factor on line 2, Nebraska Schedule I.

**NOTE: Approval of an alternative method of apportionment is rare.**

A partnership that operates a trucking business and has income from both within and without this state, must compute its sales factor in accordance with [Corporate Income Tax Regulation 24-059, Special Rules: Trucking Companies](#).

The method of computing the sales factor must be consistent with prior tax years and with the partnership's filings in other states. If the partnership modifies the basis for including or excluding gross receipts in the sales factor used in returns for prior years, the 2012 return must disclose the nature of and extent of the modification.

If the returns filed with all states to which the partnership reports are not uniform in the inclusion or exclusion of gross receipts, the [Form 1065N](#) filed with the Department must disclose the nature and extent of the variance.

## Computation of Nebraska Source Income

<b>LINE 1</b>	<b>Nebraska Adjusted Income.</b> Enter the amount from line 4 of Form 1065N.
<b>LINE 2</b>	<b>Nebraska Apportionment Factor.</b> Enter the amount from line 15, Nebraska Schedule I, Form 1065N.
<b>LINE 3</b>	<b>Income Apportioned To Nebraska.</b> Enter in line 3 the result of line 1 multiplied by line 2. Also enter this amount on line 5, Form 1065N.

## Nebraska Apportionment Factor – Sales or Gross Receipts

Nebraska sales include all items of income received by the partnership from Nebraska sources. The following types of sales are from Nebraska sources:

- ◆ Sales of tangible personal property delivered in this state;
- ◆ Sales of tangible personal property shipped from this state to the U.S. government;
- ◆ Sales of other than tangible personal property if —
  - ✓ The income-producing activity is performed in Nebraska; or
  - ✓ The income-producing activity is performed both within and without Nebraska and a greater proportion of the income-producing activity is performed in Nebraska than in any other state, based on cost of performance;
- ◆ Gross receipts from the sale, rental, or lease of real property if the real property is located in Nebraska;
- ◆ Gross receipts from the rental, lease, or licensing of tangible personal property if the property is in Nebraska. If the property was both within and without Nebraska during the taxable year, then the gross receipts attributable to the period, or the percentage of time the property was used in Nebraska, are considered in Nebraska;
- ◆ Gross receipts from the performance of personal services if the personal services are performed in Nebraska. When the personal services are performed partly within and partly without Nebraska, a portion of the gross receipts from performance of the personal services must be attributed to Nebraska. This is based on the ratio of time spent in performing personal services in this state to the total time spent in performing personal services everywhere; and
- ◆ Gross receipts from interest or service charges arising from the sale of tangible personal property if the sale is attributed to Nebraska.

<b>LINE 4</b>	<b>Sales or Gross Receipts Less Returns and Allowances.</b> Enter the gross receipts, less any returns and allowances reported on the Federal Form 1065.
<b>LINE 5</b>	<b>Sales Delivered or Shipped to Purchasers in Nebraska: Shipped From Outside Nebraska.</b> Delivery in Nebraska is determined without regard to the F.O.B. point or other conditions of the sale. The amount entered on this line should not include sales to the U.S. government.
<b>LINE 6</b>	<b>Sales Delivered or Shipped to Purchasers in Nebraska: Shipped From Within Nebraska.</b> Delivery in Nebraska is determined without regard to the F.O.B. point or other conditions of the sale. The amount entered on this line should not include sales to the U.S. government.
<b>LINE 7</b>	<b>Sales Shipped From Nebraska to the U.S. Government.</b> The U.S. government is the purchaser when it makes direct payment to the seller. The amount entered on this line includes all sales of tangible personal property to the U.S. government that are shipped from an office, store, warehouse, factory, or other place of business in this state. For other sales made to the U.S. government, use the rules for sales other than tangible personal property. For additional information see <a href="#">Corporate Income Tax Regulation 24-040, Sales Factor: Sales Other Than Sales of Tangible Personal Property in This State</a> .
<b>LINE 8</b>	<b>Interest on Sales of Tangible Personal Property.</b> In the TOTAL column, enter all interest or service charges received from the sale of tangible personal property.  In the NEBRASKA column, enter all the interest or service charges related to the sale of tangible personal property delivered in Nebraska and from sales to the U.S. government shipped from Nebraska.
<b>LINE 9</b>	<b>Interest, Dividends, and Royalties From Intangible Property.</b> In the TOTAL column, enter all of the interest, dividend, and royalty income from intangible property received by the partnership.  In the NEBRASKA column, the amount entered is determined based on cost of performance. In general, partnerships organized and operating primarily in Nebraska will enter all of the interest, dividend, and royalty income received on intangible property because the greatest cost of performance is in this state. In general, partnerships organized and operating primarily outside Nebraska will not include any interest, dividend, or royalty income on intangible property. Their

greatest cost of performance is outside this state. For additional information, see [Corporation Income Tax Regulation 24-040, Sales Factor: Sales Other Than Sales of Tangible Personal Property in This State](#).

**LINE 10** **Gross Rents.** In the TOTAL column, enter all receipts from the rental or lease of real or tangible personal property.

In the NEBRASKA column, enter all receipts for the rental or lease of real or tangible personal property located in Nebraska. If the tangible personal property rented or leased is located or used both inside and outside this state, the Nebraska receipts are determined based on the ratio of time the tangible personal property was physically present or used in Nebraska over the total time or use of the tangible personal property everywhere.

**LINE 11** **Net Gain on Sales of Intangible Property.** In the TOTAL column, enter the net gain on the sale of all intangible property made during the tax year.

In the NEBRASKA column, the amount entered is based on the cost of performance. See the instructions for line 9, Nebraska column, above.

**NOTE:** A net loss on the sale of intangible property is not included in the calculation of the Nebraska sales factor.

**LINE 12** **Gross Receipts From Sales of Tangible Personal Property and Real Property Not Included Above.** In the TOTAL column, enter all receipts from sales of tangible personal property and real property not included above.

In the NEBRASKA column, enter the gross receipts from the sale of real property located in Nebraska. Also enter the gross receipts from tangible personal property delivered in this state or delivered to the U.S. government from a location in this state.

**LINE 13** **Other Income.** In the TOTAL column, enter any other income not reported above that was received by the partnership and is included in the amount reported on line 4, Form 1065N.

In the NEBRASKA column, enter any other income not reported above that was derived from Nebraska sources.

The amounts entered on this line include, but are not limited to, net farm income (loss) and the ordinary business income (loss) from other partnerships. For partnerships that would be considered unitary if they were corporations, enter the distributive share of the partnership's gross receipts.

For partnerships that would not be considered unitary if they were corporations, enter the distributive share of the income received from the other partnerships. See [Corporate Income Tax Regulation 24-056, Corporation as Partner in a Partnership or Joint Venture](#), for additional information regarding the apportionment of income received from another partnership.

**LINE 14** **TOTAL Sales or Gross Receipts.** In the TOTAL column, add lines 4 and 8 through 13. Enter the total on line 14.

In the NEBRASKA column, add lines 5 through 13 and enter the total on line 14.

**LINE 15** **Nebraska Apportionment Factor.** Compute the Nebraska apportionment factor by dividing line 14, NEBRASKA column, by line 14, TOTAL column; calculate to six decimal places and enter as a percent.

**EXAMPLE:**

$$\frac{\text{Line 14 Nebraska Column } 120,599}{\text{Line 14 Total Column } 559,873} = .215404$$

Enter 21.5404 % on line 15.

# Nebraska Schedule ELP Instructions

## Income Reported to Partners by Electing Large Partnership

	<b>Purpose.</b> The <a href="#">Nebraska Schedule ELP</a> is used by electing large partnerships to compute the amount reported on line 4, Form 1065N, Nebraska Adjusted Income.
<b>LINES 1-7</b>	The amounts placed on these lines come directly from Schedule K of the U.S. Return for Electing Large Partnerships, Form 1065-B.
<b>LINE 8</b>	<b>ADD: State and Local Bond Interest and Dividend Income.</b> Enter all state and local bond interest or dividends which are exempt from federal income tax and not issued by Nebraska state and local government subdivisions.
<b>LINE 9</b>	<b>SUBTRACT: Qualified U.S. Government Interest.</b> Enter the amount of interest and dividend income from U.S. government obligations exempt from state taxation. See line 9, Nebraska Schedule A instructions, for more information.
<b>LINE 10</b>	<b>Other Adjustments.</b> Enter any other income or deduction distributed by the partnership, not included above. Attach a schedule listing the type and amount of each adjustment included on this line.
<b>LINE 11</b>	<b>TOTAL.</b> Enter the total of lines 1 through 10 here and on line 4 of Form 1065N.

## Nebraska Schedule II Instructions

### Nonresident or Corporate Partner's Share of Nebraska Income

**Purpose.** The [Schedule II](#) is completed to identify the nonresident individual and corporate partners and to calculate withholding tax for the nonresident individual partners. No tax is withheld when the nonresident individual partner has completed a [Form 12N](#). Tax is never withheld for a **corporate** partner. This schedule is not necessary when the partnership has a loss or when all of the partners are Nebraska resident individuals.

**Part A.** Enter the name and address of each nonresident or corporate partner. If additional space is needed, attach a schedule using the same format as Nebraska Schedule II.

**Part B.** Complete for nonresident **individual** partners only. Publicly traded partnerships should only complete columns (A) through (C) and (E) for nonresident individual partners who received more than \$500 of Nebraska income. Partnerships should not complete Part B for nonresident partners when all income is portfolio income; instead check the box. Generally, portfolio income includes all gross income (other than income derived in the ordinary course of a trade or business) that is attributable to:

- ◆ Interest;
- ◆ Dividends; and
- ◆ Royalties.

For additional items considered to be portfolio income, see the instructions for Federal Form 1065, Schedule K.

**Column (A).** Enter the Social Security number for each nonresident individual partner or nonresident grantor of a grantor trust in the same order they are identified in Part A.

**Column (B).** Determine the individual partner's share of income by adding any guaranteed payments received by the partner to the partner's share of other income. Divide the result by the amount on line 5 of Form 1065N, and enter as a percent in column (B).

**Column (C).** Enter the amount from line 5, Form 1065N.

**Column (D).** Place a check mark in this column if a properly completed and signed 2012 Nebraska Nonresident Income Tax Agreement, Form 12N, is attached. Do not complete columns (E) and (G) when this box is checked.

**Column (E).** Enter the nonresident individual partner's share of Nebraska income reported by the partnership. This amount is determined by multiplying the column (C) amount by the column (B) percentage.

**Column (G).** Multiply the amount in column (E) by .0684 and enter the result in column (G). This is the amount of Nebraska income tax to be withheld for each nonresident individual partner who did not complete a [Form 12N](#). Report the amount withheld from each nonresident individual partner on a [Partner's Share of Nebraska Income, Deductions, Modifications, and Credits - Nebraska Schedule K-1N](#). The total of column (G) must equal the amount entered on line 10, [Form 1065N](#).

## Nebraska Schedule K-1N Instructions

### Partner's Share of Income, Deductions, Modifications, and Credits

---

**Purpose.** The Nebraska Schedule K-1N is used by the partnership to report each partner's share of the entity's Nebraska income, deductions, modifications, and credits. The Nebraska Schedule K-1N is also used by each partner to complete their Nebraska tax return.

The partnership must provide a Nebraska Schedule K-1N to each partner. A copy of every Nebraska Schedule K-1N must be submitted with the [Form 1065N](#). If there are more than 50 Nebraska Schedules K-1N, please submit them and any supporting schedules on CD-R media rather than on paper. The preferred format for the Nebraska Schedules K-1N and supporting schedules is PDF. However, a Microsoft Word or Excel electronic document is also acceptable.

Enter the partner's share of the distributed [Form 3800N](#) credits. When partnerships and LLCs taxed as partnerships issue Nebraska Schedules K-1N to partners, they must also: complete distribution schedules such as Forms 775N and 312N; and report the distributed credit amount to the partners on line 19 of the Schedule K-1N.

### Partnership and Partner Information

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**Nebraska ID Number.** Enter the Nebraska ID number assigned to the partnership by the Department. If the partnership has not been assigned a Nebraska ID number, leave this field blank. A Nebraska ID number will be assigned when the return is received. The Department will mail notification of the assigned Nebraska ID number to the address shown on the return.

**Federal ID Number.** Enter the Federal ID numbers assigned by the IRS to both the partnership and the partner. If the partner is an individual, enter the individual's Social Security number.

**Taxable Year of Organization.** Partnerships filing on a fiscal year basis or filing a short period return must enter the date the tax year began and the date the tax year ended. Calendar-year filers may leave this blank.

**Partnership's Nebraska Apportionment Factor.** Enter the partnership's Nebraska apportionment factor from the Nebraska Return of Partnership Income, Form 1065N, Schedule I, line 15.

**Nebraska Receipts.** Enter the partnership's Nebraska receipts from Form 1065N, Schedule I, line 14 of the Nebraska column.

**Total Receipts.** Enter the partnership's total receipts from Form 1065N, Schedule I, line 14 of the Total column.

**Partner's Share of Income Percentage.** Enter the partner's share of income percent from Form 1065N, Schedule II, Part B, column (B).



## Part A – Partner’s Share of Income and Deductions

---

Complete Part A to report the partner’s share of the partnership’s income (loss) and deductions from Nebraska sources. Nebraska does not have a separate Schedule K-1N for Electing Large Partnerships (ELPs). When filling out the Nebraska Schedule K-1N, an ELP must enter amounts on the lines that best represent the ELP income, loss, or deduction.

### **LINE 1-14**

For partnerships that are only subject to tax in Nebraska, the amounts entered on lines 1-14 will come directly from the partner’s Federal Schedule K-1.

For partnerships that are subject to tax in another state, the amounts entered on lines 1-14 will be the result of the Federal Schedule K-1 amounts multiplied by the partnership’s Nebraska apportionment factor.

## Part B – Partner’s Share of Modifications

---

Complete Part B to report the partner’s share of the income distributed by the partnership that modifies the federal adjusted gross income or federal taxable income of the partner. For partnerships that are only subject to tax in Nebraska, the amounts entered on lines 15 and 16 will be the same as the amounts reported to the IRS.

For partnerships that are subject to tax in another state, the amounts entered on lines 15 and 16 will be the result of the federal amounts multiplied by the partnership’s Nebraska apportionment factor.

### **LINE 15**

**Qualified U.S. Government Interest Deduction.** Enter the partner’s share of all interest and dividend income from U.S. government obligations exempt from state taxation. [Individual Income Tax Regulation 22-002](#), [Computing the Nebraska Individual Income Tax](#), and [Corporate Income Tax Regulation 24-048, Income from United States Government Obligations](#), list U.S. interest and dividend income which can be included on line 15, Nebraska Schedule K-1N. Interest income from repurchase agreements involving U.S. government obligations **is not** exempt U.S. government interest. Gains or losses from the sale or other disposition of federal securities are taxable for state income tax purposes and should not be included on line 15.

### **LINE 16**

**State and Local Bond Interest and Dividend Income.** Enter the partner’s share of all state and local bond interest or dividends which are exempt from federal income tax and not issued by Nebraska state and local government subdivisions.

### **LINE 17**

**Income (Loss) from Non-Nebraska Sources.** This line must be left blank by all partnerships that are not LLCs. The partner’s share of the non-Nebraska income or (loss) is equal to the partner’s share of Form 1065N, line 4 minus the partner’s share of Form 1065N, line 5.

## Part C – Partner’s Share of Credits

Complete Part C to report the credits that were earned by the partnership and distributed to the partners.

<b>LINE 18</b>	<b>CDAA Credit.</b> Enter the partner’s share of the Community Development Assistance Act (CDAA) credit reported on the Nebraska Community Development Assistance Act Credit Computation, <a href="#">Form CDN</a> , Part C.
<b>LINE 19</b>	<b>Form 3800N Credit.</b> Enter the partner’s share of the distributed <a href="#">Form 3800N</a> credits. When partnerships and LLCs issue Nebraska Schedules K-1N to partners or members, they must also: complete distribution schedules such as Forms 775N and 312N; and report the distributed credit amount to the partners or members on line 19 of the Schedule K-1N.
<b>LINE 20</b>	<b>Contractor Withholding.</b> A partnership that was subjected to the mandatory 5% contractor withholding must distribute the amount withheld to its partners. The amount entered on line 20 is the total amount of Nebraska withholding reported on the Form 1099-MISC issued to the partnership, multiplied by the partner’s share of income percentage. For additional information, see “Withholding on Contractors” found on <a href="#">page 5</a> of the Form 1065N instructions.
<b>LINE 21</b>	<b>Nebraska Income Tax Withheld.</b> Enter the amount from Form 1065N, Schedule II, Part B, column (G) that reflects the income tax withheld and remitted by the entity on behalf of the partner. For an amended Schedule K-1N, enter the larger of the amount calculated on either the original or the amended Form 1065N, Schedule II, Part B, column (G).



# Nebraska Return of Partnership Income

for the calendar year January 1, 2012 through December 31, 2012 or other taxable year  
beginning , and ending ,

FORM 1065N

**2012**

Please Type or Print

Name Doing Business As (dba)			PLEASE DO NOT WRITE IN THIS SPACE	
Legal Name				
Street or Other Mailing Address				
City	State	Zip Code	Business Class. Code (See Instr.)	Date Business Began in Nebraska
Principal Business Activity in Nebraska	Federal ID Number	Nebraska ID Number 25—	Does the partnership have nonresident individual partners? <input type="checkbox"/> YES (Complete Schedule II) <input type="checkbox"/> NO	

Type of Organization

☐ Partnership ☐ Limited Liability Company ☐ Electing Large Partnership ☐ Publicly Traded Partnership ☐ Other (describe) \_\_\_\_\_

Check applicable box(es):

- (1) ☐ Initial Nebraska Return (3) ☐ Change in Address (5) ☐ Form 7004 Attached (7) ☐ Distributed Form 3800N Credit  
(2) ☐ Final Return (4) ☐ Amended Return (6) ☐ Form 3800N Attached

1 Ordinary business income (line 22, Federal Form 1065) .....	1		00
2 Nebraska adjustments increasing ordinary business income (line 8, Schedule A) .....	2		00
3 Nebraska adjustments decreasing ordinary business income (line 18, Schedule A) .....	3		00
4 Nebraska adjusted income (line 1 plus line 2 minus line 3; Electing Large Partnerships enter amount from line 11, Nebraska Schedule ELP) .....	4		00
5 Income reported to Nebraska (enter line 4 above or line 3, Schedule I, if applicable) .....	5		00

**If line 5 shows a loss, skip lines 6 through 10 and go to line 11.**

6 Percent of ownership by nonresident individual partners .....	6		%
7 Percent of ownership by nonresident individual partners for whom Nebraska Nonresident Income Tax Agreements, Forms 12N, are attached .....	7		%
8 Percent of income subject to withholding (line 6 minus line 7) .....	8		%
9 Income reported to Nebraska subject to withholding (line 5 multiplied by line 8) .....	9		00
10 Nebraska income tax withheld for nonresident individual partners (line 9 multiplied by .0684) ....	10		00
11 Form 3800N credit and recapture .....	11		00
12 Tax deposited with Form 7004N and 2012 estimated tax payments .....	12		00
13 TAX DUE if line 10 plus line 11 minus line 12 is greater than zero .....	13		00
14 Overpayment to be REFUNDED if line 10 plus line 11 minus line 12 is less than zero .....	14		00

Under penalties of perjury, I declare that as taxpayer or preparer, I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is correct and complete.

**sign here**

Signature of Partner or Member

Date

Email Address

( )

Title

Phone Number

**paid preparer's use only**

Preparer's Signature

Date

Preparer's PTIN

( )

Print Firm's Name (or yours if self-employed), Address and Zip Code

EIN

Daytime Phone

**A COPY OF THE FEDERAL RETURN AND SUPPORTING SCHEDULES MUST BE ATTACHED TO THIS RETURN.**

**IF MORE THAN 50 FEDERAL K-1s, SUBMIT COPIES AND SUPPORTING SCHEDULES ON CD-R MEDIA ONLY.**

Mail this return and payment to: **NEBRASKA DEPARTMENT OF REVENUE, PO BOX 94818, LINCOLN, NEBRASKA 68509-4818.**



**PARTNERSHIP WITH OTHER INCOME AND DEDUCTIONS**  
**NEBRASKA SCHEDULE A—Adjustments to Ordinary Business Income**  
• Enter amounts for lines 1 through 5 from Schedule K, Federal Form 1065.

**FORM 1065N**  
**Schedule A**  
**2012**

Name on Form 1065N

Nebraska ID Number  
25—

ADJUSTMENTS INCREASING ORDINARY BUSINESS INCOME		TOTALS	
1 Net income from rental real estate activities .....	1		00
2 Net income from other rental activities.....	2		00
3 Portfolio income:			
a Interest income .....	3a		00
b Dividend income .....	3b		00
c Royalty income .....	3c		00
d Net short-term capital gain .....	3d		00
e Total net long-term capital gain.....	3e		00
f Other portfolio income .....	3f		00
4 Guaranteed payments to partners .....	4		00
5 Net gain under IRC Section 1231 (other than casualty or theft) .....	5		00
6 State and local bond interest and dividend income (see instructions) .....	6		00
7 Other income (attach schedule).....	7		00
8 TOTAL adjustments increasing ordinary business income (total of lines 1 through 7). Enter here and on line 2, Form 1065N .....	8		00
<b>ADJUSTMENTS DECREASING ORDINARY BUSINESS INCOME</b> • Enter amounts for lines 10 through 16 from Schedule K, Federal Form 1065.		<b>TOTALS</b>	
9 Qualified U.S. government interest deduction (see instructions).....	9		00
10 Net loss from rental real estate activities .....	10		00
11 Net loss from other rental activities .....	11		00
12 Portfolio loss:			
a Net short-term capital loss.....	12a		00
b Net long-term capital loss .....	12b		00
c Other portfolio loss.....	12c		00
13 Net loss under IRC Section 1231 .....	13		00
14 Other loss not included in lines 10 through 13.....	14		00
15 Charitable contributions .....	15		00
16 Section 179 expense deduction .....	16		00
17 Other deductions (attach schedule) .....	17		00
18 TOTAL adjustments decreasing ordinary business income (total of lines 9 through 17). Enter here and on line 3, Form 1065N .....	18		00





**NEBRASKA SCHEDULE II —**  
**Nonresident or Corporate Partner's Share of Nebraska Income**  
• If you use this schedule, read the instructions and attach this page to Form 1065N.

**FORM 1065N**  
**Schedule II**  
**2012**

Name on Form 1065N

Nebraska ID Number  
25—

**PART A — NAME AND ADDRESS OF EACH NONRESIDENT OR CORPORATE PARTNER**

Name	Street or Other Mailing Address	City	State	Zip Code
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				

**PART B — COMPLETE FOR NONRESIDENT INDIVIDUAL PARTNERS ONLY**

• Do not include corporations, trusts, partnerships, or limited liability companies.

NOTE: A partnership with out-of-state partners and with ONLY portfolio income, need not complete this section. Instead, check this box. ☐

(A) Social Security Number	(B) Share of Income (%)	(C) Nebraska Income Reported by Partnership (Line 5, Form 1065N)	(D) Check if Form 12N Attached	COMPUTATION OF NEBRASKA TAX WITHHELD			
				(E) Column (B) Times Column (C)	(F) Rate	(G) Tax Withheld [Col. (E) times Col. (F)] (Enter on Nebr. Sch. K-1N)	
1			00		00	.0684	00
2			00		00	.0684	00
3			00		00	.0684	00
4			00		00	.0684	00
5			00		00	.0684	00
6			00		00	.0684	00
7			00		00	.0684	00
8			00		00	.0684	00
9			00		00	.0684	00
10			00		00	.0684	00
TOTALS					00		00



**NEBRASKA SCHEDULE K-1N —**  
**Partner's Share of Income, Deductions, Modifications, and Credits**

<b>PARTNERSHIP'S NAME AND MAILING ADDRESS</b>			<b>PARTNER'S NAME AND MAILING ADDRESS</b>		
Name Doing Business As (dba)			Name		
Legal Name					
Street or Other Mailing Address			Street or Other Mailing Address		
City	State	Zip Code	City	State	Zip Code
Check One: <input type="checkbox"/> Partnership <input type="checkbox"/> LLC			Nebraska ID Number		Federal ID Number
Nebraska ID Number		Federal ID Number	Social Security Number		Spouse's Social Security Number
Taxable Year of Organization Beginning _____, 20____ and Ending _____, 20____			Check One: <input type="checkbox"/> Resident Individual <input type="checkbox"/> Nonresident Individual <input type="checkbox"/> Estate or Trust <input type="checkbox"/> Other (describe) _____		
Partnership's Nebraska Apportionment Factor	Nebraska Receipts	Total Receipts	Partner's Share of Income Percentage	If applicable, check the appropriate box: <input type="checkbox"/> Final <input type="checkbox"/> Amended	

**PART A**  
**Partner's Share of Income and Deductions**

1	Ordinary business income (loss) . . . . .	1	
2	Net income (loss) from rental real estate activities . . . . .	2	
3	Net income (loss) from other rental activities . . . . .	3	
4	Guaranteed payments . . . . .	4	
5	Interest income . . . . .	5	
6	Dividend income . . . . .	6	
7	Royalty income . . . . .	7	
8	Net short-term capital gain (loss) . . . . .	8	
9	Net long-term capital gain (loss) . . . . .	9	
10	Net Section 1231 gain (loss) . . . . .	10	
11	Other income . . . . .	11	
12	Charitable contributions . . . . .	12	
13	Section 179 expense deduction . . . . .	13	
14	Other deductions and losses . . . . .	14	

**PART B**  
**Partner's Share of Modifications**

15	Qualified U.S. government interest deduction . . . . .	15	
16	State and local bond interest and dividend income . . . . .	16	
17	Income (loss) from non-Nebraska sources . . . . .	17	

**PART C**  
**Partner's Share of Credits**

18	CDAA credit . . . . .	18	
19	Form 3800N credit (see instructions) . . . . .	19	
20	Contractor withholding (see instructions) . . . . .	20	
21	Nebraska income tax withheld (see instructions) . . . . .	21	



**Application for Automatic Extension of Time  
to File Nebraska Corporation, Fiduciary, or Partnership Return**  
Taxable year beginning \_\_\_\_\_, \_\_\_\_\_ and ending \_\_\_\_\_, \_\_\_\_\_

**FORM  
7004N**

Name Doing Business As (dba)			
Legal Name			
Street or Other Mailing Address			
City	State	Zip Code	Federal ID Number
			Nebraska ID Number

**AUTOMATIC 5-MONTH EXTENSION**

• Check one of the boxes below if filing Federal Forms 1041 (except bankruptcy estates) or 1065.

- ☐ Nebraska Fiduciary Income Tax Return, Form 1041N      ☐ Nebraska Return of Partnership Income, Form 1065N

**AUTOMATIC 6-MONTH EXTENSION**

• Check one of the boxes below if filing Federal Forms 1041 (bankruptcy estate only), 1041-QFT, 1041-N, or 1065-B.

- ☐ Nebraska Fiduciary Income Tax Return, Form 1041N      ☐ Nebraska Return of Partnership Income, Form 1065N

**AUTOMATIC 7-MONTH EXTENSION**

• Check all appropriate boxes if filing Nebraska Form 1120N or 1120-SN.

- ☐ Automatic seven-month filing extension from the original due date.      ☐ Extension in addition to the federal extension up to a maximum of seven months from the original due date. Attach a copy of the Federal Form 7004, filed with the Internal Revenue Service.

Is the corporation organized as an exempt organization?      ☐ YES      ☐ NO

Is the corporation a cooperative?      ☐ YES      ☐ NO

If Yes, enter the original due date of the cooperative's federal return \_\_\_\_\_.

**TENTATIVE TAX PAYMENT CALCULATION**

• Entities filing a fiduciary or partnership return need not complete lines 1 through 10 below. A fiduciary or partnership must complete line 11.

1	Tentative income tax liability for taxable period before any applicable credits . . . . .	1		
2	Premium tax credit . . . . .	2		
3	Community Development Assistance Act credit . . . . .	3		
4	Form 3800N nonrefundable credits . . . . .	4		
5	Total nonrefundable credits (total of lines 2 through 4) . . . . .	5		
6	Subtract line 5 from line 1 (if the line 5 amount is more than the line 1 amount, enter -0-) . . . . .	6		
7	Form 3800N refundable credits . . . . .	7		
8	Estimated tax payments . . . . .	8		
9	Other payments or credits, including any Beginning Farmer credit . . . . .	9		
10	Total prior payments and credits (total of lines 7 through 9) . . . . .	10		
11	Tentative tax payment (line 6 minus line 10) . . . . .	11		

Check this box if your payment is being made by electronic funds transfer (EFT). ☐

If the corporation is a member of a unitary group of corporations filing a combined return, complete the following section.

Name and Address of Each Member of the Unitary Group	ID NUMBERS	
	Nebraska	Federal

Under penalties of perjury, I declare that I have been authorized to make this application, and that to the best of my knowledge and belief, the statements made above are correct and complete.

**sign  
here**

Authorized Signature

Date

Email Address

Title

(      )

Daytime Phone Number

Mail this application and remit payment (EFT, if required) to:

**NEBRASKA DEPARTMENT OF REVENUE, PO BOX 94818, LINCOLN, NE 68509-4818**

**www.revenue.ne.gov, 800-742-7474 (NE and IA), 402-471-5729**

## INSTRUCTIONS

**WHO MAY FILE.** A corporation (C corporation and subchapter S corporation), fiduciary, partnership, or limited liability company making a tentative tax payment, and/or wanting more time to file a Nebraska tax return, must file a Nebraska Application for Extension of Time, Form 7004N. The 7004N must be filed even if a tentative tax payment is made by electronic funds transfer (EFT).

If you have filed for a federal extension and are not making a tentative payment to Nebraska, you do not need to complete this application. When your Nebraska income tax return is filed, you must attach a copy of the Federal Form 7004 filed with the Internal Revenue Service (IRS), or a copy of the approved federal extension. If a federal extension of time has been granted, the filing date for Forms 1120N, 1120-SN, 1041N, and 1065N is automatically extended for the same period.

**CORPORATIONS.** When a federal extension of time has been granted and additional time is necessary to file a Nebraska corporate income tax return, file Form 7004N on or before the date the federal extension expires. Attach a copy of the Federal Form 7004 filed with the IRS, or a copy of the approved federal extension. A maximum of a seven-month extension beyond the original due date of the corporate income tax return is allowed for Nebraska.

**PARTNERSHIPS, ESTATES, AND TRUSTS.** Nebraska will only allow extensions of time up to the maximum number of months provided by the IRS. No additional Nebraska extension will be granted.

**WHEN TO FILE.** Form 7004N must be filed on or before the due date of the original return. Corporations may also file Form 7004N on or before the date that a federal extension expires.

**WHERE TO FILE.** Mail Form 7004N with remittance, to the Nebraska Department of Revenue, PO Box 94818, Lincoln, Nebraska 68509-4818.

**AMOUNT OF PAYMENT.** Payment of the amount shown on line 11 must be remitted with this form. Payment can be made by [EFT or by credit card](#). Payment may also be made by check or money order.

For some corporations, EFT is mandatory for all corporate payments. If your corporation has an EFT mandate from the Nebraska Department of Revenue (Department), your corporate payments **must** be made electronically. Any portion of the tax liability not paid by the original due date of the return will accrue interest at the statutory rate from the original due date of the return to the date of full payment of the liability. Interest due on the underpayment of the liability must be paid when the return is filed.

**CORPORATE UNITARY GROUP.** Members of a unitary group filing a single return using the combined income approach should only request one extension for the entire group. The name, address, Federal ID number, and Nebraska ID number of each corporation included in the combined return must be listed on Form 7004N.

**TERMINATION OF EXTENSION.** The Department may, at any time, terminate a C corporation's extension of time by mailing the taxpayer a notice of this termination, allowing ten days from the date of the termination notice to file the Nebraska corporate return.

**TAXPAYER NOTIFICATION.** The Department will notify the applicant if this request for extension is denied. The notice will be sent to the address entered on Form 7004N. **No notice will be sent with respect to approved applications for an extension of time to file a return.**

**SIGNATURES.** This application must be signed by a corporate officer, fiduciary, partner, member, a person currently enrolled to practice before the IRS, or an attorney or certified public accountant qualified to practice before the IRS. If the taxpayer authorizes any other person to sign this application, there must be a [power of attorney](#) on file with the Department.