

Corporation Underpayment of Estimated Income Tax

• Read the instructions on the reverse side.

Check the appropriate boxes:

- Adjusted Seasonal Installment Method Annualized Income Installment Method Large Corporation

Name on Form 1120N	Taxable Year	Nebraska ID Number
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Part I—Calculate the Underpayment

1 Nebraska income tax before credits (line 11, 2015 Form 1120N) (see instructions)	1			
2 Premium tax credit (line 12, Form 1120N)	2			
3 Community Development Assistance Act credit (line 13, Form 1120N)	3			
4 Form 3800N nonrefundable credit (line 14, Form 1120N)	4			
5 Form 3800N refundable credit (line 17, Form 1120N)	5			
6 Beginning Farmer credit (line 20, Form 1120N) (see instructions)	6			
7 Total credits (total of lines 2 through 6)	7			
8 Subtract line 7 from line 1. If the result is less than \$400, do not complete the rest of the form. No penalty is owed	8			
9 Enter 100% of line 8	9			
10 Enter 2014 income tax (see instructions) Caution: If the tax is zero or the tax year was for less than 12 months, skip this line and enter the amount from line 9 on line 11	10			
11 Enter the lesser of line 9 or line 10	11			

	(A)	(B)	(C)	(D)
12 Enter in Columns (A) through (D) the installment due dates (the 15th day of the 4th, 6th, 9th, and 12th months of your tax year)	12			
13 Enter 25% of line 11 in Columns (A) through (D)	13			

• Complete lines 14 through 21 for one column before completing the next column.

14 Amount paid or credited for each period	14								
15 Enter amount, if any, from line 21 of previous column	15								
16 Add lines 14 and 15	16								
17 Add amounts on lines 19 and 20 of the previous column and enter result	17								
18 Line 16 minus line 17. If less than zero, enter -0- (In Column [A] only, enter amount from line 14)	18								
19 Remaining underpayment from previous period. If the amount on line 18 is zero, subtract line 16 from line 17 and enter the result; otherwise, enter -0-	19								
20 Underpayment. If line 18 is less than or equal to line 13, subtract line 18 from line 13 and enter the result. Then go to the next column; otherwise, go to line 21	20								
21 Overpayment. If line 13 is less than line 18, subtract line 13 from line 18 and enter the result. Then go to the next column	21								

Part II—Calculate the Penalty

22 Amount of underpayment (line 19 plus line 20)	22								
23 Date of payment or next due date (from line 12), whichever is earlier	23								
24 Number of days from due date of installment to date shown on line 23	24								
25 Underpayment penalty (see instructions for applicable interest rates)	25								
26 Total of amounts on line 25. Enter this amount on line 24, Form 1120N	26								

Instructions

Who Must File. A Corporation Underpayment of Estimated Income Tax, Form 2220N, must be filed by the corporate taxpayer when line 8 is \$400 or greater.

A corporate taxpayer includes all entities taxed as corporations under the Internal Revenue Code, except S corporations and financial institutions defined in [Neb. Rev. Stat. § 77-3801](#).

When and Where to File. This form must be attached to the [Nebraska Corporation Income Tax Return, Form 1120N](#), and filed with that return.

Part I—Calculate the Underpayment

Check the appropriate boxes. Check one or more boxes if the corporation uses the adjusted seasonal installment method, the annualized income installment method, or if the corporation is a large corporation.

Line 1. Enter the tax amount from line 11 of the 2015 Form 1120N on line 1 of this form.

Line 6. The amount entered on this line should only include the Beginning Farmer credit. Any amount claimed for Nebraska income tax withheld on line 21 of Form 1120N must be included on line 14 of Form 2220N.

Line 10. The entry on this line allows corporations to use the income tax reported on their prior year's return less the prior year's allowable credits to determine whether an underpayment exists. Enter line 16 minus lines 17 and 20 from the 2014 Form 1120N. "Large corporations," except as noted, cannot use this calculation. The prior year's Nebraska return must cover a period of 12 months and show an income tax liability. If this calculation does not apply, enter the line 9 amount on line 11.

Large Corporations. A "large corporation" is one which had, or its predecessor had, federal taxable income of at least \$1 million for any of the three taxable years immediately preceding the tax year involved. In applying the "\$1 million test," taxable income is computed without regard to net operating loss and capital loss carrybacks and carryovers.

A **large corporation** is prohibited from using its prior year's tax liability, except in determining the first installment of its tax year. Any reduction in a large corporation's first installment as a result of using the prior year's tax must be recaptured in the corporation's second installment.

Large corporations compute line 13 amounts by using the same procedures that result in the comparable entry on the Federal Form 2220.

Methods to Reduce or Avoid Penalty. A corporation may reduce or eliminate the penalty by using the annualized income or adjusted seasonal installment method. To use one or both of these methods to compute one or more required installments, recalculate (and attach) the Adjusted Seasonal Installment Method and Annualized Income Installment Method, Federal Schedule A, using Nebraska income and other Nebraska amounts. Also, check the appropriate boxes at the top of this form.

Enter the corresponding amount from the recalculated Federal Schedule A in each column of line 13 on this form.

Line 12. Enter the installment due dates in a MMDDCCYY format. For example, April 15, 2015 should be entered as 04152015.

Line 14. Enter the income tax payments made by the corporation and any credit for Nebraska income tax withheld from the corporation as indicated below.

In Column (A), enter the total of:

1. The corporation's 2014 income tax overpayment that was credited to its 2015 estimated income tax payments;
2. Any estimated income tax payments made for the 2015 tax year by the date on line 12, Column (A); and
3. Any Nebraska income tax withheld from the corporation by the date on line 12, Column (A).

In Columns (B), (C), and (D), enter the total of:

1. Any estimated income tax payments made for the 2015 tax year by the date on line 12 for that column and after the date on line 12 of the preceding column; and
2. Any Nebraska income tax withheld from the corporation by the date on line 12 for that column and after the date on line 12 of the preceding column.

Line 20. Underpayment. When an underpayment is reported on this line, complete Part II, lines 22 through 26, to determine the penalty amount for each underpayment of an installment.

Line 21. Overpayment. Any overpayment of an installment on line 21 in excess of all prior underpayments should be applied as a credit on line 15 against the next installment.

Part II—Calculate the Penalty

Line 23. A payment of estimated income tax is applied against underpayments of required installments in the order that installments are required to be paid, regardless of the installment to which the payment pertains.

In determining the date of payment on line 23, use the date of the payment which was applied against the underpayment of income tax on line 22, the due date of the next payment (line 12 of the next column), or the 15th day of the 3rd month following the close of the taxable year, whichever is earliest. Enter the payment date or next due date in a MMDDCCYY format. For example, April 15, 2015 should be entered as 04152015.

Example. A corporation has an underpayment for the April 15 installment of \$1,000. The June 15 installment requires a payment of \$2,000. On June 15, the corporation deposits \$2,500 for its June 15 installment. However, \$1,000 of this payment is considered to be for the April 15 installment. The penalty for the April 15 installment is calculated on \$1,000 to June 15 (61 days). The remaining amount of the June 15 payment (\$1,500) must be applied to the June 15 installment.

Line 25. The penalty is calculated at three percent per year for any days in 2015 and 2016. Multiply line 22 by the applicable interest rate for the number of days on line 24 divided by 365.

If the corporation has made more than one payment for a required installment, make separate penalty calculations through the date of payment and for the remaining underpayment through the date it is paid, then add the results together and enter on line 25.