

Nebraska Schedule K-1N Instructions

Beneficiary's Share of Income, Deductions, Modifications, and Credits

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

The estate or trust must provide a Nebraska Schedule K-1N to each beneficiary to whom the estate or trust is required to issue a Federal Schedule K-1. A copy of every Nebraska Schedule K-1N must be submitted with the [Form 1041N](#). If there are more than 50 Nebraska Schedules K-1N, please submit them and any supporting schedules on CD-R media or a flash drive 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 beneficiary's share of the distributed [Form 3800N](#) credits. When estates or trusts issue Nebraska Schedules K-1N to beneficiaries, they must also: complete distribution schedules such as [Forms 775N](#) and [312N](#); and report the distributed credit amount to the beneficiaries on line 19 of the Schedule K-1N.

Estate or Trust and Beneficiary Information

Nebraska ID Number. Enter the Nebraska ID number assigned to the estate or trust by the Department. If the estate or trust 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 estate or trust and the beneficiary. If the beneficiary is an individual, enter the individual's Social Security number.

Taxable Year of Organization. Estates and trusts 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.

Part A – Beneficiary's Share of Income and Deductions

Complete Part A to report the beneficiary's share of the estate or trust's income (loss) and deductions from Nebraska sources.

Lines 1-10

Resident Individuals. The share of the income and deductions for a beneficiary who is a resident individual of Nebraska comes directly from the Federal Schedule K-1. A beneficiary who is a Nebraska resident will be taxed by Nebraska on all of his or her income from the estate or trust.

Nonresident Individuals. The share of income and deductions from Nebraska sources for a beneficiary who is a nonresident individual is determined under [Neb. Rev. Stat. § 77-2733](#). Income from Nebraska sources for a nonresident individual beneficiary includes, but is not limited to:

1. Income from the ownership or disposition of real or tangible personal property in Nebraska;
2. Income earned from a business carried on in Nebraska;
3. Income from intangible personal property including annuities, dividends, interest, and gains from the disposition of intangible personal property to the extent that the income is from a business carried on in Nebraska; and
4. Deductions for capital losses, net long term capital gains, and net operating losses that are based solely on income and deductions derived from or connected with Nebraska.

Part B – Beneficiary’s Share of Modifications

Purpose. Complete Part B to report the beneficiary’s share of the income distributed by the estate or trust that modifies the federal adjusted gross income or federal taxable income of the beneficiary.

Line 11

Qualified U.S. Government Interest Deduction. Enter the beneficiary’s share of all interest and dividend income from U.S. government obligations exempt from state taxation. The [Taxability of Interest and Dividend Income From State, Local, and U.S. Government Obligations Information Guide](#) lists U.S. interest and dividend income that can be included on line 11, 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 11.

Line 12

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

Part C – Beneficiary’s Share of Credits

Complete Part C to report the credits that were earned by the estate or trust and distributed to the beneficiaries.

Line 13

Community Development Assistance Act (CDAA) Credit. Enter the beneficiary’s share of the distributed CDAA credit reported on the Nebraska Community Development Assistance Act Credit Computation, [Form CDN](#), Part C.

Line 14

Form 3800N Credit. Enter the beneficiary’s share of the distributed [Form 3800N](#) credits. When estates or trusts issue [Nebraska Schedules K-1N](#) to beneficiaries, they must also: complete distribution schedules such as the Forms [775N](#) and [312N](#); and report the distributed credit amount to the beneficiary on line 14 of the Schedule K-1N. An amount entered for the Nebraska Historic Tax Credit on line 14f does not entitle the beneficiary to claim the credit. Rather, the beneficiary must be issued a NHTC certificate by the Department before any credit will be allowed. For additional information, see our [website](#).

Line 15

Angel Investment Tax Credit. Enter the beneficiary’s share of the distributed credit.

Line 16

Nebraska Income Tax Withheld. Enter the amount from column (G), [Schedule II, Form 1041N](#) that reflects the income tax withheld from and remitted by the entity on behalf of the beneficiary. For an amended Schedule K-1N, enter the larger of the amount calculated on either the original or the amended column (G), Schedule II, Form 1041N.
