

**Column (D).** For each partner who is an individual or grantor trust, enter a “Y” if the partner is a Nebraska resident or an “N” if the partner is not a Nebraska resident.

Do not complete columns (E), (F), and (G) when either of the following applies:

1. A loss is reported on line 5, Form 1065N; or
2. The box at the top of the Nebraska Schedule II is checked indicating that the partnership is publicly traded or the partnership only received portfolio income.

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, or royalties.

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

**Column (E).** Place a check mark in this column if a properly completed and signed [Form 12N](#) is attached. Do not complete columns (F) and (G) when this box is checked.

**Column (F).** Enter the nonresident individual partner’s share of Nebraska income reported by the partnership. This amount is determined by multiplying the line 5, Form 1065N amount, by the column (C), Nebraska Schedule II percentage. Enter the column (F) total on line 6, Form 1065N.

**Column (G).** Multiply the amount in column (F) 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 of income tax withheld from each nonresident individual partner on a [Partner’s Share of Nebraska Income, Deductions, Modifications, and Credits - Nebraska Schedule K-1N](#). Enter the total of column (G) on line 7, Form 1065N.

## Nebraska Schedule K-1N Instructions

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

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**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.

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, it must apply for one using a [Nebraska Tax Application, Form 20](#).

**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 line 15 of [Schedule I, Form 1065N](#).

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

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

**Partner's Share of Income Percentage.** Enter the partner's share of income percent from column (C), Schedule II, Form 1065N. Convert the decimal shown on the Schedule II to a percentage before entering on the K-1N.

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

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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 deductions.

### Lines 1-14

For partnerships that are only subject to income 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 income 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

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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 income 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 income 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. 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 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 that 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 line 4, [Form 1065N](#), minus the partner's share of line 5, Form 1065N.

## Part C – Partner’s Share of Credits

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

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- Line 18**                    **Community Development Assistance Act (CDAA) Credit.** Enter the partner’s share of the distributed CDAA credit reported on the Nebraska Community Development Assistance Act Credit Computation, [Form CDN](#), Part C.
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- Line 19**                    **Form 3800N Credit.** Enter the partner’s share of the distributed [Form 3800N](#) 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. An amount entered for the Nebraska Historic Tax Credit on line 19f does not entitle the partner to claim the credit. Rather, the partner must be issued a NHTC certificate by the Department before any credit will be allowed. For additional information, see our [website](#).
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- Line 20**                    **Contractor Income Tax Withholding.** A partnership that was subjected to the mandatory 5% contractor income tax 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 “Income Tax Withholding on Contractors” found on [page 5](#) of the Form 1065N instructions.
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- Line 21**                    **Nebraska Income Tax Withheld.** Enter the amount from column (G), [Schedule II, Form 1065N](#), 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 column (G), [Schedule II, Form 1065N](#).