

Instructions

Who Must File. A taxpayer must file a Form 941N if:

1. You have an office or conduct business in Nebraska, and pay wages, gambling winnings; or
2. You make payments to nonresidents performing personal services in Nebraska; or
3. You have an office or conduct business in Nebraska and pay pensions or annuities to Nebraska residents who request that you withhold Nebraska income tax from those payments; or
4. You are required to withhold Nebraska income tax from construction contractors.

Prior to filing any deposits or returns:

1. You must apply for a Nebraska income tax withholding number on a [Nebraska Tax Application, Form 20](#); so that
2. An income tax withholding certificate will be issued by the Nebraska Department of Revenue (DOR); and
3. A Form 941N must be e-filed or mailed to the DOR. DOR will not mail the Form 941N to anyone required to pay and file electronically or to anyone who has e-filed Form 941N for a prior quarter. If you have questions about electronic filing or payment options, visit revenue.nebraska.gov.

Even if you temporarily do not have payments or income tax withholding to report, Form 941N must be filed for each reporting period. See the [Nebraska Circular EN](#) for more information.

Cancelling an Account. If you are no longer making payments subject to Nebraska income tax withholding, check the box immediately below your name and location address. A final [Nebraska Reconciliation of Income Tax Withheld, Form W-3N](#), will be mailed to you. The Form W-3N must be filed even if you did not make any payments subject to Nebraska income tax withholding.

Annual Filers. If the Nebraska income tax you withhold is less than \$500 a year, you may be licensed to file on an annual basis. Annual filers may e-file or file the preidentified paper Form 941N. Only lines 1 and 2 must be completed.

Filing and Payment Information. Start with the first calendar quarter or year in which you are required to withhold state income tax. Quarterly returns are due the last day of the month following the close of the quarter.

If the DOR has assigned you an annual filing status, your return is due by January 31 of the following year.

A Form 941N is required even if no payments were made that were subject to income tax withholding. Paper filers should mail this return with payment to the Nebraska Department of Revenue, PO Box 98915, Lincoln, Nebraska 68509-8915.

All taxpayers are encouraged to pay and file electronically the Nebraska income tax they have withheld. See revenue.nebraska.gov for these options. Checks written to the DOR may be presented for payment electronically. Taxpayers may be mandated to pay and file returns electronically. You will be notified in writing if this requirement applies to you.

Preidentified Return. This return is to be used only by the employer or payor whose name is printed on it. If you have not received a return for the tax period, and will be filing a paper return, visit the DOR's website to print a Form 941N. Complete the ID number, tax period, name, and address information. The DOR will not mail Form 941N to anyone required to pay and file returns electronically, or to anyone who has e-filed Form 941N for a prior quarter. Paper filers, review line 12 to determine if a previous balance or credit exists when filing a paper return. When e-filing, check line 6 to determine if a previous balance or credit exists.

Name and/or Address Changes. If the business name, location, or mailing address is not correct, strike through the incorrect information and plainly print the correct information. If you e-file, mailing name and address changes can be made during e-filing. Location name and address changes must be made by completing a [Nebraska Change Request, Form 22](#). Note: If you are licensed for sales tax under this same number, the location address must be the same one used for the sales tax permit (cannot be a PO Box number).

If this is a name change only, and the ownership or FEIN number has not changed, indicate "Name change only." If this is: an ownership transfer or change; a change in legal form; or your Federal ID number has changed – the new owner, partnership, LLC, or corporation must

complete and return a [Nebraska Tax Application, Form 20](#). The former owner, partnership, LLC, or corporation must cancel all permits, licenses, and certificates by filing [Nebraska Change Request, Form 22](#).

Penalty and Interest. There are penalties and interest for failing to timely remit income tax withheld. The penalty is 5% per month or fraction of a month the return is late, up to 25%, of the tax due amount. A \$25 penalty can also be levied for failing to timely file Form 941N. Interest is calculated from the due date to the date the payment is received. Refer to [Revenue Ruling 99-22-1](#) and [Regulation 21-016](#) for applicable interest rates and additional information.

Monthly Deposits, Form 501N. If the Nebraska income tax withheld is more than \$500 for the first or second month in a quarter, you must make a monthly deposit. **If you make the payment electronically, do not file Form 501N.**

If a monthly deposit is required for the first month of a calendar quarter, a deposit for the second month is also required, even if the amount of income tax withheld is not more than \$500.

Line 1. Enter the amount of wages paid this quarter. If a prior period's wages were reported incorrectly, it is not necessary to file an amended Form 941N. Refer to the Form W-3N instructions to report wages paid during the entire tax year. See line 3 instructions if the income tax withholding was reported incorrectly.

Line 2. Enter the total amount of income tax withheld for Nebraska during the tax period.

Line 3. Adjustment of Income Tax Withheld (Quarterly Filers). Use line 3 to correct errors in income tax withheld from payments paid in earlier quarters of the same calendar year. When paper filing, explain by attaching a statement that shows:

1. What the error was;
2. The quarter in which the error was made;
3. The amount of the error for each quarter;
4. The quarter when you found the error; and
5. How you and your payees have settled any overcollection or undercollection. If you are adjusting income tax withholding for a qualified military spouse, see revenue.nebraska.gov. Under "For Businesses," click on "Income Tax Withholding." From this page, click on "Nebraska Income Tax for U.S. Servicemembers, Their Spouses, and Civilians Working with U.S. Forces."

Do not use line 3 to adjust income tax withholding for earlier years.

If you have requested that an overpayment from a previous year's Form W-3N be transferred to this year, do not use the resulting credit until it appears on the previous balance line of Form 941N.

Line 5. This credit is only available to taxpayers under the Nebraska Advantage Act or the Invest Nebraska Act who have completed their qualification audit and have earned compensation or wage benefit credits and taxpayers under the ImagiNE Nebraska Act who have previously filed an ImagiNE Nebraska Act Incentive Computation, Form 1107N showing that they have achieved levels and earned compensation credits. The amount of credits used against income tax withholding cannot exceed the lesser of income tax withholding attributable to new employees at the qualified project or qualified location, or the amount of credit reported on the taxpayer's income tax return and carried forward into the quarter. Attach the [Incentive Withholding Worksheet](#). When e-filing, this credit is shown on line 4 of Form 941N. The DOR will not allow this credit to offset an income tax liability until a 0.5% administrative fee is paid on the amount of credit used. The fee is computed on an [ImagiNE Nebraska Act Payment of Fees for Incentive Credit Use, Form 1107F](#). The Form 1107F must be filed with the DOR and the fee is to be paid separately from the Form 941N.

Line 12. A balance due or credit resulting from a partial payment, math or clerical errors, penalty, or interest on prior returns may be entered in this space by the DOR. The interest shown includes interest on the unpaid income tax withholding calculated through the due date of this return. If the amount owed is paid before the due date, interest will be recomputed and credit will be given on your next return. If the amount entered by the DOR has been satisfied by a prior payment, it should be disregarded when calculating line 13.

Contact the DOR if you have questions regarding a credit or balance due. When e-filing, a previous balance is shown on line 6 of Form 941N.