

Instructions

Who Must File. A Corporation Underpayment of Estimated Income Tax, Form 2220N, must be filed by the corporate taxpayer when line 3 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 Nebraska tax after nonrefundable credits amount from line 18 of the 2023 Form 1120N on line 1 of this form.

Line 4. 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 17 minus lines 18, 21, 23, and 24 from the 2022 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 3 amount on line 5.

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 7 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 7 on this form.

Line 6. Paper filers enter the installment due dates in a MMDDCCYY format. For example, April 15, 2023 should be entered as 04152023.

Line 8. 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 2022 income tax overpayment that was credited to its 2023 estimated income tax payments;
2. Any estimated income tax payments for the 2023 tax year that were made by the date on line 6, Column (A); and
3. Any Nebraska income tax withheld from the corporation by the date on line 6, Column (A).

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

1. Any estimated income tax payments for the 2023 tax year that were made by the date on line 6 for that column and after the date on line 6 of the preceding column; and
2. Any Nebraska income tax withheld from the corporation by the date on line 6 for that column and after the date on line 6 of the preceding column.

Line 14. Underpayment. When an underpayment is reported on this line, complete Part II, lines 16 through 20, to determine the penalty amount for each underpayment of an installment.

Line 15. Overpayment. Any overpayment of an installment on line 15 in excess of all prior underpayments should be applied as a credit on line 9 against the next installment.

Part II—Calculate the Penalty

Line 17. 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 17, use the date of the payment that was applied against the underpayment of income tax on line 16, the due date of the next payment (line 6 of the next column), or the original due date of the Form 1120N, whichever is earliest. Paper filers enter the payment date or next due date in a MMDDCCYY format. For example, April 15, 2023 should be entered as 04152023.

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 19. The penalty is calculated at five percent per year for any days in 2023 or 2024. Multiply line 16 by the applicable interest rate for the number of days on line 18 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 19.