**Nebraska Payroll Taxes**

**NE State Income Tax Withholding**

Download current Nebraska Income Tax Withholding guides and instructions from the Nebraska Income Tax Withholding website: <https://revenue.nebraska.gov/businesses/nebraska-income-tax-withholding>.

**Who Must Withhold NE State Income Taxes**

An employer that pays wages or other compensation to employees for services performed within Nebraska State must establish an income tax withholding account. Employers may register for a Nebraska tax ID number and income tax withholding certificate online at <https://revenue.nebraska.gov/businesses/register-your-new-business-online>.

All amounts determined to be wages and subject to federal income tax withholding are also wages for Nebraska purposes. They are subject to Nebraska income tax withholding if the wages were paid for services performed in this state. The payroll period for Nebraska purposes is the same period used for federal income tax withholding.

Monthly Deposits

The amount of income taxes withheld determines the frequency of deposits.

Deposit for the first month of the quarter

An employer must make a deposit if more than $500 was withheld in this period.

Deposit for the second month of the quarter

An employer must make a deposit if more than $500 was withheld in either this period or in the first month of the quarter.

Deposits are required to be made on or before the 15th day of the month following the calendar month the income taxes were withheld.

Monthly Deposit Filing

Nebraska Department of Revenue (DOR) no longer mails Nebraska Monthly Income Tax Withholding Deposit, Forms 501N, to employers. Most taxpayers required to make monthly withholding deposits have been mandated to submit their payments via EFT. Form 501N is a transmittal document used for making a withholding deposit by check in the first and second months of a quarter and should not be used when making deposits electronically. Payments can be made using DOR’s e-pay system, or by using Tele-pay. Payment options and descriptions are available on the DOR’s website, NebFile for Business, at: <https://ndr-efs.ne.gov/revefs/allPages/login.faces>. If you are not mandated to make payments electronically, Form 501N can be printed from the DOR’s website at [revenue.nebraska.gov](https://revenue.nebraska.gov/).

Every employer maintaining an office or transacting business in Nebraska, and making payments to employees, is required to file the quarterly [Nebraska Income Tax Withholding Return, Form 941N](https://revenue.nebraska.gov/files/doc/tax-forms/f_941n.pdf), unless licensed as an annual filer. Form 941N is filed whether or not there were payments made during the quarter that were subject to Nebraska income tax withholding. Form 941N is due on or before the last day of the month following the end of the quarter. Form 941N may be e-filed using the DOR’s free Form 941N filing program, NebFile for Business, at: <https://ndr-efs.ne.gov/revefs/allPages/login.faces>.

A [Nebraska Reconciliation of Income Tax Withheld, Form W-3N](https://revenue.nebraska.gov/files/doc/tax-forms/f_w-3n.pdf), is due on or before January 31 of the following year. It is filed separately from Form 941N. The Form W-3N may be e-filed using the DOR’s Form W-3N free filing program, NebFile for Business, at: <https://ndr-efs.ne.gov/revefs/allPages/login.faces>.

**NE W-4 Requirements**

Employees must submit a Nebraska Withholding Allowance Certificate (Form W-4N) to be used by their employer to determine the correct Nebraska income tax withholding. Download the current Form W-4N from the Nebraska Department of Revenue website: <https://revenue.nebraska.gov/about/forms/income-tax-withholding-forms>.

**NE State Unemployment Insurance**

In general, workers are covered by the unemployment law of the state in which the work is performed. Every employer who begins operations in Nebraska and employs a person or persons is required to file an Application for an Unemployment Insurance Account Number (UI Form 1). Upon receipt of the completed form, a determination of the employer’s liability is made. Employers can apply for an unemployment insurance account number online at [NEworks.nebraska.gov](https://neworks.nebraska.gov/vosnet/default.aspx). Questions about this process can be directed to 402-471-9898.

Employers with employees working in Nebraska must complete a new employer registration to create an on‐line account and gain access to tax functionality. When an employer registers and creates an account, the system allows multiple user logins to use the same account. This eliminates the need for an employer to have multiple accounts in the system. Each user can be assigned different functions based on privileges granted by the primary contact. The system also allows multiple work locations and addresses, with the flexibility of assigning multiple contacts to each location.

NE allows governmental entities and nonprofit organizations with a 501 (c)(3) exempt status to elect to self-pay via the reimbursing employer option. Such an employer is required to reimburse the agency for its share of unemployment benefits paid to former employees.

Quarterly unemployment insurance wage reports are required from all types of employing entities including the private sector, nonprofit and governmental entities. [NEworks](https://neworks.nebraska.gov/vosnet/default.aspx) allows employers to file and pay their quarterly unemployment insurance tax and wage reports online. The wage report includes three required items and two optional items:

1. Social Security Number

2. Last name followed by first and middle initials

3. Total gross wages paid during the quarter

4. Hours paid in quarter (optional)

5. Primary job title (optional)



NE has adopted the Interstate Reciprocal Coverage Arrangement for unemployment insurance. Under this arrangement, if an employee works in more than one state, an employer may elect to cover all the services of such a worker in any state in which: (1) any part of the worker's service is performed, (2) the worker has his or her residence, or (3) the employer maintains a place of business. The agreement should be initiated through the state where the employer wants to report the payroll. A Washington employer may request to elect reciprocal coverage with another state by following the filing process outlined by Washington Administrative Code 192-300-150: <https://app.leg.wa.gov/wac/default.aspx?cite=192-300-150>.

**NE State Workers’ Compensation**

Most Nebraska employers are required to have workers’ compensation insurance to make sure coverage is in place if employees are injured while working. The Nebraska Workers’ Compensation Act applies to every nonresident employer performing work in the state, for any length of time, who employs one or more employees in the regular trade, business, profession, or vocation of the employer. Workers’ compensation coverage must be obtained from an insurance company licensed to provide workers’ compensation coverage in Nebraska, unless the employer is authorized to self-insure workers’ compensation liability under Nebraska law.

Washington State Department of Enterprise Services (DES) administers a [Workers' Compensation Insurance program](https://des.wa.gov/sites/default/files/2023-08/Out-Of-State-Workers-Compensation-FAQs.pdf) for state workers. If your employee works outside of Washington in a single other state for more than 30 days (240 hours) per year, **your agency must work with DES** to insure your out-of-state employee. For more information, contact Kimberly Haggard kimberly.haggard@des.wa.gov at DES Risk Management.

**NE State Paid Family / Medical Leave**

Nebraska does not have a paid family and medical leave program as of 09/06/2024.

Washington Paid Family & Medical Leave (PFML) and Washington Cares benefits are not available to employees who are physically working in Nebraska. If agencies have policy questions they are asked to email Washington Employment Security Department at esddlpfmlpolicy@esd.wa.gov.

**Helpful resources for Nebraska**

NE Income Tax Withholding FAQs: <https://revenue.nebraska.gov/about/frequently-asked-questions/income-tax-withholding-faqs>

NE Unemployment Insurance for Employers website: <https://designegov.nebraska.gov/employment/for-employers/>

NE Employer Guide to Unemployment Insurance: <https://dol.nebraska.gov/webdocs/Resources/Items/Employer%20Guide%20to%20Unemployment%20Insurance_Rebrand.pdf>

NE Unemployment Tax Account Instructions: <https://dol.nebraska.gov/webdocs/Resources/Items/1_UI%20Tax%20Account%20Instruction%20guide.pdf>

NE Workers’ Compensation Court website: <https://www.newcc.gov/>

For ctcLink vendor setup, the NE employer withholding tax mailing address is:

Nebraska Department of Revenue

PO Box 98915

Lincoln, NE 68509-8915

For ctcLink vendor setup, the NE unemployment insurance tax mailing address is:

State of Nebraska

Department of Labor

Unemployment Insurance

PO Box 94600

Lincoln, NE 68509-4600