



NEBRASKA EMPLOYMENT AND INVESTMENT GROWTH ACT CREDIT COMPUTATION

for use with Forms 1120N, 1065N, 1120-SN, 1120NF, 1041N, and 1040N
• Schedule I is required for all projects with applications filed after April 30, 1996

FORM 775N

Taxable year beginning _____ and ending _____

Name as Shown on Return	Social Security or Nebraska I.D. No.	Federal Identification Number	Type of Return <input type="checkbox"/> 1120N <input type="checkbox"/> 1065N <input type="checkbox"/> 1120NF <input type="checkbox"/> 1120-SN <input type="checkbox"/> 1041N <input type="checkbox"/> 1040N
Project Name	Year of Application		Option Chosen in Employment and Investment Growth Act Agreement <input type="checkbox"/> \$3,000,000 investment and 30 new employees <input type="checkbox"/> \$20,000,000 investment <input type="checkbox"/> \$10,000,000 investment and 100 new employees
Project Location			

QUALIFICATION LEVELS

	First Year _____ <input type="checkbox"/> Corrected (If corrected, attach explanation)	Second Year _____ <input type="checkbox"/> Corrected (If corrected, attach explanation)	Third Year _____ <input type="checkbox"/> Corrected (If corrected, attach explanation)	Fourth Year _____ <input type="checkbox"/> Corrected (If corrected, attach explanation)
1 For First Year Only (check appropriate box) <input type="checkbox"/> Application <input type="checkbox"/> Entitlement <input type="checkbox"/> Carryover Taxable year ending (see instructions)	1			
2 Total cumulative net investment in the project at taxable year end. (Qualified property placed in service on or after the date of application, net of: sales tax, retirements of qualified property, and expired or cancelled qualified leases)	2	\$	\$	\$
3 Current year investment of qualified property (net of sales tax paid) (line 5 from Worksheet C-2 in instructions) (for 1987 applications, use Worksheet C-1)	3			
4 Number of new employees at taxable year end (see Worksheet A-2 in instructions) (for 1987 applications, use Worksheet A-1)	4			
5 Total refundable sales and use tax paid at the project at year end (cumulative) ..	5	\$	\$	\$

EMPLOYEE AND WAGE INFORMATION

	(A)	(B)	(C)	(D)	(E)
6 Enter in column A the last day of the calendar quarter prior to the application date and in columns B through E the last day of each subsequent tax year	6				
7 Total number of actual employees in Nebraska at each date (see instructions)	7				
8 Average annual wage per employee for jobs created in Nebraska after the application date	8	\$	\$	\$	\$

APPLICATION OF CREDITS

9 Allowable compensation credit of current taxable year (see Worksheet B-2 in instructions) (for 1987 applications, use Worksheet B-1)	9	\$	\$	\$	\$
10 Allowable investment credit of current taxable year (see Worksheet C-2 in instructions) (for 1987 applications, use Worksheet C-1)	10				
11 Total allowable credit of current taxable year (total of lines 9 and 10)	11	\$	\$	\$	\$
12 Amount of credit carried forward from previous year	12				
13 Amount of distributed credit received during the current year	13				
14 Total available credit in current year (total of lines 11, 12, and 13)	14	\$	\$	\$	\$
15 Amount of credit taken in current year against income tax liability (enter amount here and on appropriate line of Form 3800N)	15				
16 Amount of credit used to receive sales and use tax refunds on other property used at the project (see instructions)	16				
17 Amount of credit distributed to partners, S corporation shareholders, or certain fiduciary beneficiaries (line 2 on Schedule II)	17				
18 Ending balance of total credit to be carried forward to following year's line 12 (line 14 minus lines 15, 16, and 17)	18	\$	\$	\$	\$

NEBRASKA EMPLOYMENT AND INVESTMENT GROWTH ACT CREDIT COMPUTATION, Page 2

Company Name	Project Name	Social Security or Nebraska I.D. No.
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QUALIFICATION LEVELS

		Fifth Year <input type="checkbox"/> Corrected (If corrected, attach explanation)	Sixth Year <input type="checkbox"/> Corrected (If corrected, attach explanation)	Seventh Year <input type="checkbox"/> Corrected (If corrected, attach explanation)	Eighth Year <input type="checkbox"/> Corrected (If corrected, attach explanation)	Ninth Year <input type="checkbox"/> Corrected (If corrected, attach explanation)
1 Taxable year ending (see instructions)	1					
2 Total cumulative net investment in the project at taxable year end. (Qualified property placed in service on or after the date of application, net of: sales tax, retirements of qualified property, and expired or cancelled qualified leases)	2	\$	\$	\$	\$	\$
3 Current year investment of qualified property (net of sales tax paid) (line 5 from Worksheet C-2 in instructions) (for 1987 applications, use Worksheet C-1)	3					
4 Number of new employees at taxable year end (see Worksheet A-2 in instructions) (for 1987 applications, use Worksheet A-1)	4					
5 Total refundable sales and use tax paid at the project at year end	5	\$	\$	\$	\$	\$

EMPLOYEE AND WAGE INFORMATION

		(F)	(G)	(H)	(I)	(J)
6 Enter in columns F through J the last day of each tax year	6					
7 Total number of actual employees in Nebraska at each date (see instructions)	7					
8 Average annual wage per employee for jobs created in Nebraska after the application date	8	\$	\$	\$	\$	\$

APPLICATION OF CREDITS

9 Allowable compensation credit of current taxable year (see Worksheet B-2 in instructions) (for 1987 applications, use Worksheet B-1)	9	\$	\$	\$	\$	\$
10 Allowable investment credit of current taxable year (see Worksheet C-2 in instructions) (for 1987 applications, use Worksheet C-1)	10					
11 Total allowable credit of current taxable year (total of lines 9 and 10)	11	\$	\$	\$	\$	\$
12 Amount of credit carried forward from previous year	12					
13 Amount of distributed credit received during the current year	13					
14 Total available credit in current year (total of lines 11, 12, and 13)	14	\$	\$	\$	\$	\$
15 Amount of credit taken in current year against income tax liability (enter amount here and on appropriate line of Form 3800N)	15					
16 Amount of credit used to receive sales and use tax refunds on other property used at the project (see instructions)	16					
17 Amount of credit distributed to partners, S corporation shareholders, or certain fiduciary beneficiaries (line 2 on Schedule II)	17					
18 Ending balance of total credit to be carried forward to following year's line 12 (line 14 minus lines 15, 16, and 17)	18	\$	\$	\$	\$	\$



NEBRASKA SCHEDULE I — Estimated Sales or Use Tax Refunds

FORM

- Required for any project with application filed after April 30, 1996
- Attach to Form 775N

775N

Name as Shown on Form 775N

Project Name

Nebraska Identification Number

A Tax Year in Which Refund is Made	B – Adjusted ✓ If Different Than Last Filed Amount	C Direct Refund	D Credit Refunds
1 Application Year			
2	<input type="checkbox"/>	\$	\$
3	<input type="checkbox"/>		
4	<input type="checkbox"/>		
5	<input type="checkbox"/>		
6	<input type="checkbox"/>		
7	<input type="checkbox"/>		
8	<input type="checkbox"/>		
9	<input type="checkbox"/>		
10	<input type="checkbox"/>		
11	<input type="checkbox"/>		
12	<input type="checkbox"/>		
13	<input type="checkbox"/>		
14	<input type="checkbox"/>		
15	<input type="checkbox"/>		
16	<input type="checkbox"/>		
17	<input type="checkbox"/>		
18	<input type="checkbox"/>		
19	<input type="checkbox"/>		
20	<input type="checkbox"/>		
21	<input type="checkbox"/>		
22 Total Estimated Refunds (lines 1 through 21)		\$	\$

INSTRUCTIONS

WHO MUST FILE. Any applicant who applied after April 30, 1996, under the Employment and Investment Growth Act must file the Nebraska Schedule I - Estimated Sales and Use Tax Refunds each year.

DEFINITIONS.

Entitlement period. The year during which the required increases in employment and investment were met or exceeded, and the next six years.

Carryover period. The next eight years after the end of the entitlement period.

Qualified property. Any type of property of a type subject to depreciation, amortization, or other recovery under the Internal Revenue Code of 1986, or components of such property, that will be located and used at the project. Qualified property does not include (a) aircraft, barges, motor vehicles, railroad rolling stock, watercraft, or computer software (Revenue Ruling 29-87-11), or (b) property that is rented by the taxpayer qualifying under the Employment and Investment Growth Act to another person.

Year. The taxable year of the taxpayer.

COLUMN C - DIRECT REFUNDS. Direct refunds are refunds of Nebraska sales and use taxes on purchases of qualified property for use at the project, or on aircraft for use in connection with the project. All purchases of qualified property or aircraft after the date of application through the end of the entitlement period are eligible for refund. The direct refunds cannot be claimed or paid until the year after the required levels of employment and investment are met. In subsequent years, quarterly refund claims may be filed.

COLUMN D - CREDIT REFUNDS. Credit refunds are refunds of Nebraska sales and use taxes using credits earned at the project. Credit refunds are for purchases for use at the project that are not eligible for direct refunds. Credit refunds are for purchases made after the year the required levels were met, through the end of the carryover period. Credit refunds for purchases during a year cannot exceed the credit balance at the beginning of the year.

ATTACH THIS PAGE TO YOUR NEBRASKA INCOME TAX RETURN



NEBRASKA SCHEDULE III — Changes Within Current Employment and Investment Growth Act Project

FORM 775N

Table with 4 columns: Name as Shown on Form 775N, Project Name, Nebraska Identification Number, Date of Application

SECTION 1: Addition of New Location to Project

- 1 A Is there a new location included in the project? YES NO
B What is the new address?
2 Does the application include all locations in the state? YES NO
3 Is the location interdependent with the prior project locations? YES NO
How?

SECTION 2: Change in Ownership of Project

- 4 Has the controlling ownership of applicant changed? YES NO
If Yes, please explain.
5 Is the applicant named in the Employment and Investment Growth Act agreement a corporation? YES NO
If No, it is not necessary to complete the rest of this section.
6 Does Paragraph 1 of the Employment and Investment Growth Agreement include unitary group members? YES NO

SECTION 3: Addition of New Entity or Acquisition of Assets

- 7 Was there a purchase of the assets of another business? YES NO
If Yes, please identify.
Please complete questions 9B, 10 and 11 of this section.
8 Is there a new corporation, joint venture, limited liability company, or partnership that is doing business at the project? YES NO
If Yes, please identify.
Please complete questions 9 through 11 of this section and questions 5 and 6 of Section 2.
9 A Is the entity owned at least fifty percent by corporate members of the unitary group? YES NO
If Yes, please identify owners and percent of ownership.
B Is the new business engaged in a qualifying activity? YES NO
Describe the activity:
C Is the entity unitary with the corporate members of the unitary group? YES NO
10 Was the base year adjusted for the full-time equivalent employees which worked for the new entity for the 12-month period of time prior to the date of acquisition? YES NO
11 Was the investment placed in service prior to the date of acquisition excluded from the investment calculations? YES NO

NOTE: If the response to line 7 or 8 includes more than one entity, please attach a schedule which provides a response to the required questions for each of the entities.

INSTRUCTIONS

WHO MUST FILE. Any taxpayer who has filed a project application for an agreement with the State Tax Commissioner must file a Nebraska Employment and Investment Growth Act Credit Computation, Form 775N, for each year from the filing of the application through the expiration of all incentives under the Act.

WHEN AND WHERE TO FILE. This computation must be filed as an attachment to the taxpayer's Nebraska income tax return. However, the taxpayer may elect to file the form reporting the initial attainment of the required levels immediately after the last day of the year the required levels were met.

ROUND TO WHOLE DOLLARS. Any amount from fifty cents through 99 cents is to be rounded to the next higher dollar; and any amount less than 50 cents is to be rounded to the next lower dollar. **The amounts on the computation form must be shown in whole dollars.**

DEFINITIONS.

1. **Base year.** The year immediately preceding the year during which the application was submitted by the taxpayer.
2. **Base-year employee.** Any individual who was employed in Nebraska and subject to the Nebraska income tax on compensation received from the taxpayer or its predecessors during the base year and who was employed at the project at some time since the end of the year preceding the base year.
For companies acquired by the taxpayer after the year of application, the base year for the acquired company shall be the twelve months preceding the year of acquisition. Make adjustment on line 4 of Worksheet A-1 or A-2, depending on the year of application.
3. **Compensation.** The wages and other payments subject to withholding for federal income tax purposes. Normally, moving expenses paid by the employer to the employee and 401K contributions made by an employee are not compensation.
4. **Entitlement period.** The year during which the required increases in employment and investment were first met or exceeded, and the next six years.
5. **Investment.** The value of qualified property incorporated into or used at the project. For qualified property owned by the taxpayer, the value is the original cost of the property.
For qualified property rented by the taxpayer, the average net annual rent is multiplied by the number of years of the lease for which the taxpayer is initially bound, not to exceed ten years for 1987 applications. For applications after January 1, 1988, the average net annual rent is multiplied by the number of years for which the taxpayer is initially bound, not to exceed ten years or the end of the third year after the entitlement period, whichever is earlier. The rental of land included in and incidental to the leasing of a building is included in the computation.
6. **Motor vehicle.** Any motor vehicle, trailer, or semitrailer as defined in section 60-301 and subject to licensing for operation on the highways.
7. **Nebraska employee.** An individual who is either a resident or partial-year resident of Nebraska.
8. **Number of new employees.** The excess of the average number of employees employed at the project during a year over the average number of base-year employees.

For 1987 applications, the average number of employees is determined by converting into equivalent employees of 40 hours per week the number of hours paid for the time periods including the first day of the year and the last day of each quarter of the year.

For applications filed after January 1, 1988, the annual average number of new employees is determined by converting into equivalent employees the total number of hours paid per year, divided by (40 multiplied by the number of weeks in the year).

9. **Qualifying business.** Any business engaged in the following activities:
 - a. The conducting of research, development, or testing for scientific, agricultural, animal husbandry, food product, or industrial purposes;
 - b. The performance of data processing, telecommunication, insurance, or financial services;
 - c. The assembly, fabrication, manufacture, or processing of tangible personal property;
 - d. The storage, warehousing, distribution, or transportation of tangible personal property;
 - e. The sale of tangible personal property if more than 20 percent of the total sales are in any combination of the following:
 - (1) Sales for resale (wholesale sales),
 - (2) Sales of tangible personal property assembled, fabricated, manufactured, or processed by the seller, or
 - (3) Sales of tangible personal property used by the purchaser in any of the listed qualifying activities;
 - f. The administrative management of any activities, including headquarter facilities, relating to such activities; or
 - g. Any combination of the activities listed above.
10. **Qualified employee leasing company.** A qualified employee leasing company is a company that places **all** employees of a client-lessee on its payroll and leases such employees to the client-lessee on an ongoing basis for a fee and, that also grants to the client-lessee input into hiring and firing decisions. A qualified employee leasing company does not include a temporary employment agency.
11. **Qualified property.** Any tangible property of a type subject to depreciation, amortization, or other recovery under the Internal Revenue Code of 1986, or components of such property, that will be located and used at the project. Qualified property does not include: (a) aircraft, barges, motor vehicles, railroad rolling stock, watercraft, or computer software (Revenue Ruling 29-87-11), or (b) property that is rented by the taxpayer qualifying under the Employment and Investment Growth Act to another person.
12. **Taxpayer.** Any person subject to sales and use tax, and either an income tax imposed by the Nebraska Revenue Act of 1967 or a franchise tax under Chapter 77, article 38, any corporation that is a member of the same unitary group which is subject to such taxes, and any partnership, S corporation, or joint venture when the partners, shareholders, or members are subject to such taxes.
13. **Year.** The taxable year of the taxpayer.

SPECIFIC INSTRUCTIONS FOR APPLICATIONS FILED AFTER JANUARY 1, 1988

LINE 1. If you have more than nine years to report, you may start your current report with the first year of your entitlement period or your carryover period by checking the appropriate box. If you find it necessary

to correct previously reported years, check the corrected box for each year changed.

LINE 4. Use the following worksheet to calculate your line 4 entry:

WORKSHEET A-2 — Full-time Equivalent Employees	
Current Year at Project	
1 Total number of employee hours paid per year (full-time, part-time, overtime, holiday, etc. hours paid during current year) . . .	1
2 Number of full-time equivalent employees per year [divide line 1 amount by (40 times the number of weeks paid in year)]	2
Base Year at Project	
3 Total number of employee hours paid per year (full-time, part-time, overtime, holiday, etc. hours paid during base year) . . .	3
4 Increase of base-year employees in hours (as a result of employees who worked in Nebraska in the base year being transferred to and employed at the project or the acquisition by the taxpayer of a company eligible for inclusion in the project — see definition of base-year employee on page 6)	4
5 Total number of employee hours paid per year after adjustment, if any, during base year (line 3 plus line 4)	5
6 Number of full-time equivalent employees per year [divide line 5 amount by (40 times the number of weeks paid in year)]	6
7 Number of new employees at taxable year end (line 2 minus line 6). Enter amount here and on line 4, Form 775N . . .	7

LINE 5. Enter the total of sales and use taxes paid on the project at year end. This is the cumulative balance of the sales and use taxes paid at the project.

LINE 7. Enter the total number of employees employed in Nebraska at each date. Use the number of actual people employed, not full-time equivalent employees. Include all employees in Nebraska, not just those employed at the project.

LINE 8. Enter the estimated annual wage per new employee for jobs created in Nebraska after the application date.

NOTE: A taxpayer must have signed an agreement and met the required levels of employment and investment for the project in order to claim a compensation credit on line 9 and an investment credit on line 10. The taxpayer must meet both threshold levels of investing in qualified property of at least \$3 million and the hiring of at least 30 new employees by the close of the current taxable year in order to claim either compensation credit or investment credit for the current taxable year's Form 775N.

LINE 9. Use the following worksheet to calculate your line 9 entry:

WORKSHEET B-2 — Compensation Credits	
1 Total taxable compensation paid to all employees employed at the project for the current year	\$ _____
2 Total full-time equivalent employees for the current year (line 2 of Worksheet A-2)	\$ _____
3 Average compensation for current year (line 1 divided by line 2)	\$ _____
4 Total full-time equivalent employees for base year (line 6 of Worksheet A-2)	\$ _____
5 Taxable compensation paid to non-resident employees, who are not base year employees, for the current year . . .	\$ _____
6 Total eligible current year compensation paid (line 1 minus line 5)	\$ _____
7 Average compensation paid to base-year employees (line 3 multiplied by line 4)	\$ _____
8 Excess compensation paid during the year (line 6 minus line 7)	\$ _____
9 Compensation credit for the current year (multiply line 8 amount by .05, and enter on line 9, Form 775N) . . .	\$ _____

LINE 10. Use the following worksheet to calculate your line 10 entry:

WORKSHEET C-2 — Investment Credit	
1 Total cost of qualified property incorporated into or used at the project (see definition of "qualified property")	\$ _____
2 Total average net annual lease/rent expense for qualified property leased/rented by the taxpayer for use at the project (multiply average net annual rent by the number of years of the lease for which taxpayer was originally bound, not to exceed ten years, or 3 years past end of entitlement period, whichever is earlier)	\$ _____
3 Total value of qualified property incorporated into or used at the project (total of lines 1 and 2)	\$ _____
4 A Less the amount of refundable Nebraska state and local option sales or use taxes included in the line 3 amount	\$ _____
B Less the unpaid portion of canceled leases previously claimed as investment	\$ _____
5 Investment amount of qualified property (line 3 minus the total of lines 4A and 4B) (Enter amount here and on line 3 of Form 775N)	\$ _____
6 Investment credit of current year (multiply line 5 by .10, and enter this amount on line 10 of Form 775N)	\$ _____

LINE 13. Enter the amount of distributed credit received during the year. For example, a C corporation subsidiary could receive credits from its unitary S corporation parent.

LINE 16. Enter the amount of credit used to obtain refunds of sales and use taxes paid by the taxpayer on non-qualified property purchased and used at the project after the end of the taxable year in which the taxpayer met both thresholds of investing \$3 million and hiring 30 new employees.

LINE 17. From line 2, Schedule II, enter the amount of credit distributed to partners, S corporation shareholders, or certain fiduciary beneficiaries. Any credit distributed by a partnership, S corporation, or estate or trust must be distributed to the partners, shareholders, or beneficiaries in the same manner as income is distributed for use against their income tax liabilities.

SPECIFIC INSTRUCTIONS FOR 1987 APPLICATIONS

LINE 1. If you have more than nine years to report, you may start your current report with the first year of your entitlement period or your carryover period by checking the appropriate box. If you find it necessary

to correct previously reported years, check the corrected box for each year changed.

LINE 4. Use the following worksheet to calculate your line 4 entry:

WORKSHEET A-1 — Full-Time Equivalent Employees						
Employment Calculation	TAXABLE YEAR					(F) Average of Columns A, B, C, D, and E
	(A) First Day	LAST DAY OF QUARTER				
		(B) First	(C) Second	(D) Third	(E) Fourth	
Current Year at Project						
1 Total number of employee hours paid per week (full-time, part-time, overtime, holiday, etc. hours paid during the week which included the day listed above)						
2 Number of full-time equivalent employees per week (divide line 1 amount by 40)						
Base Year at Project						
3 Total number of employee hours paid per week (full-time, part-time, overtime, holiday, etc. hours paid during the week which included the day listed above)						
4 Increase of base-year employees in hours (as a result of Nebraska employees being transferred to and employed at the project or the acquisition by the taxpayer of a company eligible for inclusion in the project — see definition of base-year employee on page 6)						
5 Total number of employee hours paid per week after adjustment, if any (including the day listed above — line 3 plus line 4)						
6 Number of full-time equivalent employees per week (divide line 5 amount by 40)						
7 Number of new employees at taxable year end (line 2, col. F, minus line 6, col. F). Enter amount here and on line 4, Form 775N						

LINE 5. Enter the total of sales and use taxes paid on the project at year end. This is the cumulative balance of the sales and use taxes paid at the project.

LINE 7. Enter the total number of employees employed in Nebraska at each date. Use the number of actual people employed, not full-time equivalent employees. Include all employees in Nebraska, not just those employed at the project.

LINE 8. Enter the estimated annual wage per new employee for jobs created in Nebraska after the application date.

NOTE: A taxpayer must have signed an agreement and met the required levels of employment and investment for the project in order to claim a compensation credit on line 9 and an investment credit on line 10. The taxpayer must meet both threshold levels of investing in qualified property of at least \$3 million and the hiring of at least 30 new employees by the close of the current taxable year in order to claim either compensation credit or investment credit for the current taxable year's Form 775N.

LINE 9. Use the following worksheet to calculate your line 9 entry:

WORKSHEET B-1 — Compensation Credits	
1 Total taxable compensation paid to Nebraska resident employees, other than base-year employees, while employed at the project for the current year	\$ _____
2 Taxable compensation paid to base-year employees at the project for the current year	\$ _____
3 Total taxable compensation paid (total of lines 1 and 2)	\$ _____
4 Taxable compensation paid to base-year employees during the base year (enter the amount of compensation paid to base-year employees during the base year or the average of the total compensation paid during the base year and the two preceding years, whichever is greater)	\$ _____
5 Excess compensation paid during the year (line 3 minus line 4)	\$ _____
6 Compensation credit for the current year (multiply line 5 amount by .05, and enter on line 9 of Form 775N)	\$ _____

LINE 10. Use the following worksheet to calculate your line 10 entry:

WORKSHEET C-1 — Investment Credit	
1 Total cost of qualified property incorporated into or used at the project (see definition of "qualified property")	\$ _____
2 Total average net annual lease/rent expense for qualified property leased/rented by the taxpayer for use at the project (multiply average net annual rent by the number of years of the lease for which taxpayer was originally bound, not to exceed ten years)	\$ _____
3 Total value of qualified property incorporated into or used at the project (total of lines 1 and 2)	\$ _____
4 A Less the amount of refundable Nebraska state and local option sales or use taxes included in the line 3 amount	\$ _____
B Less the unpaid portion of canceled leases previously claimed as investment	\$ _____
5 Investment amount of qualified property (line 3 minus the total of lines 4A and 4B) (Enter amount here and on line 3 of Form 775N)	\$ _____
6 Investment credit of current year (multiply line 5 by .10, and enter this amount on line 10 of Form 775N)	\$ _____

LINE 13. Enter the amount of distributed credit received during the year. For example, a C corporation subsidiary could receive credits from its unitary S corporation parent.

LINE 16. Enter the amount of credit used to obtain refunds of sales and use taxes paid by the taxpayer on non-qualified property purchased and used at the project after the end of the taxable year in which the taxpayer met both thresholds of investing \$3 million and hiring 30 new employees.

LINE 17. From line 2, Schedule II, enter the amount of credit distributed to partners, S corporation shareholders, or certain fiduciary beneficiaries. Any credit distributed by a partnership, S corporation, or estate or trust must be distributed to the partners, shareholders, or beneficiaries in the same manner as income is distributed for use against their income tax liabilities.