

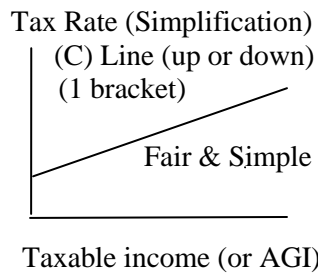
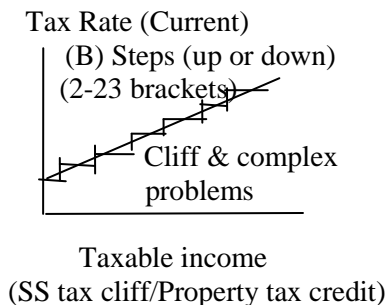
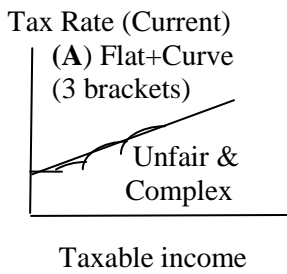
**Summary of Tax Calculation Simplification for NE (Saving \$56 Million/Year)**

<https://taxsimplecenter.net/statetaxsimplification.html> (K....NE)

**1. Basic Question: What Tax Rates Are Fair and Simple?** When 2 tax rates are set, effective (linear) tax rates between the two points with a straight line are fair and simple. Existing flat and curve or step tax rates with less or more tax brackets are unfair and complex. (FIG. 1)

**2. Tax Simplification, Publication, Benefit and Value:** Effective (linear) and gradual (LG) tax simplification has been developed, which is supported by our 12 publications at <http://taxsimplecenter.net/publication.html> The LG tax simplification has 15 benefits for lawmakers, companies, taxpayers and department of revenue. Its value \$56 million/year is based on 1 million tax returns per year. (Page 2)

**3. FIG. 1 Current Tax Rates (A and B) and Simplification (C)**



**Conclusion:**  
**Option (C) is the simplest & best**

**4. Tax Simplification**

$$\text{Yearly taxable income} \div S \text{ is: } \begin{array}{l} \text{Not over } \$30,000 \\ \text{Over } \$30,000 \end{array}$$

$$\text{Tax rate is: } \begin{array}{l} (YTI \div S \div A) + 0.0246 \\ 0.0684 - (B \times S \div YTI) \end{array}$$

Wherein TI=yearly taxable income, S=tax status (1, 2 or 1.5), two tax rate ranges of 0.0246-0.0381-0.0684, A (constant) = 30,000 ÷ 1-st tax rate difference = 2,112,676 and B=30,000 × 2-nd tax rate difference = 897

**5. Comparison between Existing and the LG Tax Calculation Systems**

- a) Existing Tax System: Tax Schedules, 26-page Withholding Tables, Tax Table and tax computations (Change)
- b) Simplification: 3 simple formulas (4 brackets → 2)

**6. Lawmakers can reduce related political arguments** with different tax brackets, TI ranges and tax rates.

**7. 2 tax brackets** are used to replace existing 4 (or 3-12) state tax brackets, which is one of the 15 benefits.

**8. Existing Withholding Tables** (20 pages) and related formulas are eliminated and replaced by 3 simple formulas for companies to save \$26 million/year if at \$1/payroll for companies to cover 11 areas. (\*\*Page 5) [www.revenue.nebraska.gov/sites/revenue.nebraska.gov/files/doc/business/2017cir-en\\_whole.pdf](http://www.revenue.nebraska.gov/sites/revenue.nebraska.gov/files/doc/business/2017cir-en_whole.pdf)

**9. Half-page Tax Return Table (or Tax Withholding Report and Modification)**

**10. Who will have the 15 benefits?** For lawmakers, companies, taxpayers and Department of Revenue NE Department of Revenue can save \$12.2 million/year within total \$56 million/year. (Page 2)

**11. Existing two sub tax systems/formats are about 13 months apart.** This simplified tax system is to figure out real tax, payroll, withholding report, and tax return when real tax information for all related parties.

**12. Other Applications:** <https://taxsimplecenter.net/uploads/8/3/3/9/83395216/wothers.pdf>

For more information: [www.taxsimplecenter.net](http://www.taxsimplecenter.net) or questions: [johnlee@taxsimplecenter.net](mailto:johnlee@taxsimplecenter.net) or 913-710-0957

## Benefits and Value of Tax Calculation Simplification (\$56 Million/Year)

Effective (linear) and gradual (LG) tax simplification has been developed, which is supported by our 12 publications at <http://taxsimplecenter.net/publication.html> More tax brackets mean smooth tax rates, more complex, high cost and more tax revenue or less tax brackets mean rough tax rate changes, simple, less cost and less tax revenue relatively. The tax simplification can be used to have many benefits for lawmakers, companies, taxpayers and departments of revenue. Its value (\$56 million) is based on 1 million tax returns per year in NE.

#	Benefits	Value
1.	<b>Existing 4 NE tax brackets are matched and reduced to 2 comparably.</b>	Less time/More simple
2.	<b>Lawmakers</b> select tax bracket #, taxable income ranges and rates with political conflicts now. With the tax simplification, <b>only 3 technical tax rates</b> are needed for tax projection.	Less time/hustle
3.	Simple formula improvement contributes to <b>Fiscal Note</b> (by state department of revenue)	? million
4.	<b>Tax Status</b> (S) is numbered with 1 for Singles, 1 for Married filing separately, 2 for Married filing jointly or 1.5 for Head of Household. <b>Standard Deductions</b> are combined together and simplified into simple \$x,xxx × S (S=1, 1.5 or 2). If ((1+0.5)x1 million):	\$1.5 million
5.	<b>Withholding tables</b> (20 pages) are not needed for companies to have simple tax rate formula with filing periods (F) and S. If at \$(1+0.2)/person/period (1.2x26x1 million)	\$31.2 million (**Page 5)
6.	<b>Tax tables</b> are not needed. Only one tax rate/tax formula is needed. If ((1+0.5)x1 million):	\$1.5 million
7.	Combining two existing sub tax systems (5/6) together without time delay (13 M) for:	Real & quick tax
8.	<b>One tax credit formula</b> for simple & complex credits (including EITC) (1 non-refundable and 1 refundable tax credit formulas) If ((1.5+0.5)x1 million):	\$2 million
9.	Many incomers with standard deductions and non-complex tax situations (50%) file <b>simple tax returns or tax withholding report modifications</b> If ((15+5)x50%x1 million):	\$10 million
10.	<b>A checking tool</b> of two tax rate ranges (2.46%-5.42%-6.84%) is provided to check and reduce tax rate and tax calculation mistakes. If ((2+1)x1 million):	\$3 million
11.	<b>Fraud crime</b> is inspected and reduced by comparing tax returns and tax withholding reports.	Less crime
12.	Postcard (or half page) tax return form can be used. If \$(5+2)/each (7x1 million):	\$7 million
13.	Tax refunds with \$100 or less are delayed to next-year refunds (in the Postcard Form).	Less time/cost
14.	State Department of Revenue will process less tax return during busy tax season and have more time to inspect more tax returns and collect more tax.	More tax
15.	The LG tax simplification can be used to simplify tax calculation, payroll, tax analysis, tax reform and projection.	Less time/costs

---

**Total: Less time/struggle, less mistake, less crime, less cost, more tax and \$56 million/year**  
(To Department of Revenue: \$12 million/year)



**NE Income Tax Calculation Simplification (It can be added into existing tax bill\*)**

If the yearly taxable income (YTI) ÷ S is: The tax rate and tax are:  
 Not over \$30,000 ..... ((YTI÷S÷A) + 0.0243\*) × TI  
 Over \$30,000 ..... (0.0684 – (B×S÷YTI)) × TI

Wherein YTI=yearly taxable income, S=tax status (1 for married individuals filing separately or single, 2 for married individuals filing joint or 1.5 for head of household) YTI=TI×F, TI=taxable income, F=the number of filing periods (1 for tax returns, 2, 4, 12, 24, 26, 52 or 365 on different basis for withholding taxes), A=30,000 ÷ 1-st tax rate difference (0.0385-0.0243)=2,112,676 and B=30,000× 2-nd tax rate difference (0.0684-0.0385)=897 according to two tax rate ranges of 0.0243-0.0385-0.0684 in 2020, which was 0.0243-0.0394-0.0684 in 2018.

\* (1) Existing 4 tax brackets are matched/reduced to 2. Tax Table or its formula (option) is used. Companies use 3 simple formulas to replace existing 20-page Withholding Tables for taxes and payrolls easily. Calculations of withholding taxes, payrolls, tax analysis, reform, and projection are simplified.

**Withholding/Income Tax**=(Incomes-Adjustments-(Deductions+Exemptions)÷F)×Tax rate-Tax credits÷F

(2) Option: Bottom tax rate 0.0246 may be reduced to 0.0243 (or 0.02x) to about neutral tax revenue. For 0.0246-0.0385-0.0684, A is changed slightly and B is the same. Its rate formulas are: YTI÷S÷2,158,273)+0.0246. For 0.024-0.0385, its tax rate formula is (TI×F÷S÷2,068,966)+0.024. Low-end incomers can reduce tax rates and taxes without tax revenue reduction. Then the both parties can benefit.

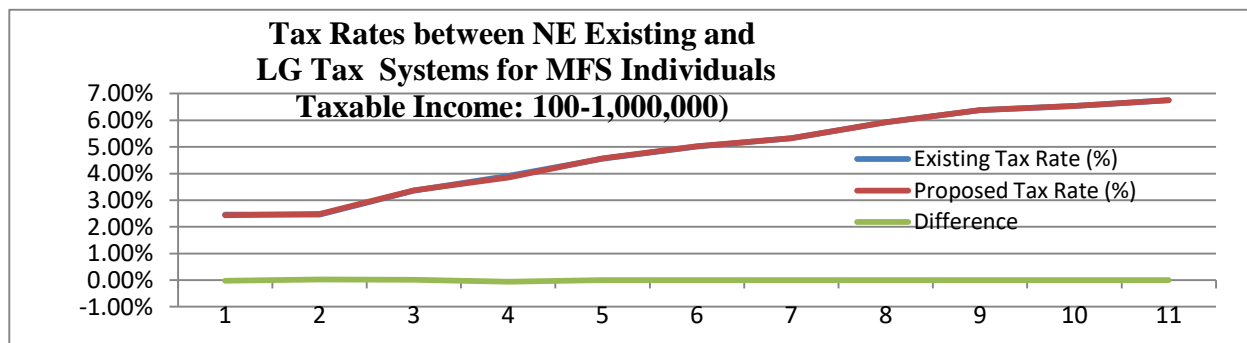


**Comparison between Existing and Simplified Tax Calculation Systems (2020)**

- Existing Tax System: 20-page Withholding Tables, 3-page Tax Table, and tax computations
- New Tax System: Two formulas to match and simplify existing two sub tax calculation systems

TI×F÷S	1)Existing system	2) 2.46-6.84%	3) 2.43-6.84%	4) 2.4-6.84%	Rate difference #2/#3 - #1
100	0.0246	0.0246463	0.0243473	0.0240483	0.0000/-0.0003/-0.0006
1,000	0.0246	0.0250633	0.0247733	0.0240453	0.0005/0.0002/-0.0006
10,000	0.0316451	0.0292333	0.0290333	0.028833	-0.0024/-0.0026/-0.0028
20,000	0.0335975	0.0338667	0.0337667	0.033667	0.0003/0.0002/0.0001
30,000	0.039098333	0.0385	0.0385	0.0385	-0.0006/-0.0006/-0.0006
40,000	0.0452325	0.045975	0.045975	0.045975	0.0007/0.0007/0.0007
50,000	0.0501786	0.05046	0.05046	0.05046	0.0003/0.0003/0.0003
60,000	0.0532155	0.05345	0.05345	0.05345	0.0002/0.0002/0.0002
80,000	0.057011625	0.0571875	0.0571875	0.0571875	0.0002/0.0002/0.0002
100,000	0.0592893	0.05943	0.05943	0.05943	0.0001/0.0001/0.0001
300,000	0.0653631	0.06541	0.06541	0.06541	0.0000/0.0000/0.0000
500,000	0.06657786	0.066606	0.066606	0.066606	0.0000/0.0000/0.0000
1,000,000	0.06748893	0.06775	0.06775	0.06775	0.0000/0.0000/0.0000

**Figure 2 Comparisons of Tax Rate Schedules and LG Tax Rate Systems**



## Summary for NE Tax Calculation Simplification

**Existing NE tax system and its simplification:** Existing 20-page Withholding Tables, 3-page Tax Table and 4 (or 3-12) state tax brackets, which are complex, can be matched and simplified with 2 brackets to simplify NE tax system, **reduce political arguments, eliminate Withholding Tables and save millions of dollars.**

**New income tax bill** can be used to match/reduce existing 4 brackets to 2 comparably. Two tax rate ranges of 2.46%-3.85%-6.84% are used as checking tool to reduce calculation mistakes. A filing period (F) of 365, 52, 26, 24, 12, 4, 2, or 1 and tax status (S) number of 1 for Single or MFS, 2 for MFJ or 1.5 for HH are used for calculating income taxes simply. F=1 is for tax returns. Then calculations of withholding taxes, payrolls, tax analysis, reform, and projection are simplified.

<b>Comparison</b>	<b>Existing tax system:</b>	<b>Proposed new tax bill</b>	<b>Tax rates</b>
Different tax statues and brackets, ... Tables (24 pages)		$((TI \div A \div S) + 0.0246) \times TI$	2.43%-3.85%
\$1,260.63 plus 6.84% of excess... = $1,260.63 + 0.0684(TI - 30,000)$		$(0.0684 - (B \times S \div TI)) \times TI$	3.85%-6.84%

(A=30,000÷1-st tax rate difference=2,112,676, B=30,000×2-nd tax rate difference=897)



### FORM 1040N NEBRASKA INDIVIDUAL INCOME TAX RETURN

Check one:  Married filing separately  Single  Married filing jointly  Head of household

Tax Status # (S)	1	1	2	1.5	
Standard deductions (\$)	7,000	7,000	7,000×2	10,300	<b>Form Barcode</b>
Standard exemptions (\$):					Standard tax credits (\$):

Address:

A	B	C	D	E	F	G	
Year	Your Name	Your SS#	Spouse Name	Spouse SS#	Status (S)	Child #	1
							2
Federal AGI	Modifications	Exemptions	Standard/Itemized deductions	Taxable income (YTI)	Credit: Part resident	Credit: Non resident	3
							4
YTI ÷ S	Yearly TI÷S	YTI (E4)	LG tax rate formula	Tax rate check	Tax rate	Tax / Table	5
	0 - 30,000		$YTI \div 2,112,676 \div S + 0.0243$	0.0243-0.0385			6
	over 30,000		$0.0684 - 897 \times S \div YTI$	0.0385-0.0684			7
Non-refund tax credits	Tax balance If <0, enter 0	Other taxes	Tax refund (last year): ≤ \$100	State tax withheld (W-2/1099s)	Refundable tax credits	Tax (Owe+/Refund-)	8
							9

- (1) Taxable income (YTI)=A4+B4-C4-D4                      (2) Tax (Owe+/Refund-)=B9+C9-D9-E9-F9  
 (3) Tax balance (B9)=Tax-Non-refundable tax credits-Part-year/Non-resident credit (F4+G4)  
 (4) Attach necessary documents except standard deduction/exemption. If tax refund (G10) is not over \$100, delay to next year (D9) and file tax return. If tax refund is over \$100, please fill in:

**Tax Return  
Barcode**

Bank routing# \_\_\_\_\_, Account # \_\_\_\_\_, Name \_\_\_\_\_

**Signature: Your** \_\_\_\_\_ **Spouse** \_\_\_\_\_ **Date** \_\_\_\_\_

Third-party preparer name \_\_\_\_\_ Address \_\_\_\_\_

EIN/SS# \_\_\_\_\_ Phone# \_\_\_\_\_ Date \_\_\_\_\_ Signature \_\_\_\_\_

Standard deductions, exemptions and credits are used for companies and Department of Revenue to calculate withholding taxes and payrolls simply to replace 20-page Withholding Tables with 0-10 Allowances. The following formula has no limitation of Allowances. Then significant time and costs can be saved. Related calculations are repeated by Excel or Software simply.



$$\text{Withholding/Income Tax} = (\text{Incomes} - \text{Adjustments} - (\text{Deductions} + \text{Exemptions}) \div F) \times \text{Tax rate} - \text{Tax credits} \div F$$

$$\text{Total tax (S=1)} = 0.0243 \text{ Sum(TIa)} + \text{Sum(TIa)}^2 / 2,112,676 + 0.0684 \text{ Sum(TIb)} - 897 \text{ B}$$

**Table or Formula?**

Either existing Tax Table or its formula is used as one option for taxable incomes not over \$60,000. Some people may still like to use the table for easy tax numbers. There is very minor or no tax rate and tax difference.



\*\* Existing 20-page Withholding Tables and related formulas can be eliminated for significant savings for companies and Department of Revenue to file withholding taxes. Existing 20-page withholding table and related formulas (10x16) can be replaced by the two formulas to cover all allowances. After the formulas are set in such as Excel, Spreadsheet or software, related calculations are repeated simply. Related costs \$31.2 million (=1.2x26x1 millions, 26 is biweekly filing and 1 millions are tax returns) from (1) making the 20 page table, (2) publication, (3) checking tax numbers under 0-10 allowances (>10?), (4) inputs, (5) using calculation formulas (4x4) for high incomes and more allowances >10, (6) filings, (7) transfers, (8) checking mistakes, (9) tax recalculations, (10) software and (11) data analysis can be reduced for Dept of Revenue and companies.

**Tax system comparison:**

- (a) Existing systems in 2020, 2019, ... 2014 have different schedules and are changed yearly, which are complex. [https://revenue.nebraska.gov/files/doc/tax-forms/2019/f\\_1040nes\\_2020.pdf](https://revenue.nebraska.gov/files/doc/tax-forms/2019/f_1040nes_2020.pdf) , [https://revenue.nebraska.gov/files/doc/tax-forms/2017/f\\_1040nes\\_2018.pdf](https://revenue.nebraska.gov/files/doc/tax-forms/2017/f_1040nes_2018.pdf) and [https://revenue.nebraska.gov/files/doc/tax-forms/2013/f\\_1040nes\\_2014.pdf](https://revenue.nebraska.gov/files/doc/tax-forms/2013/f_1040nes_2014.pdf)
- (b) History of Nebraska Income Tax and Sales Tax Rates: <https://revenue.nebraska.gov/sites/revenue.nebraska.gov/files/doc/research/chronology/history-1.pdf>

**Existing and LG Tax Systems for Corporations**

Existing corporate tax rates are rough with 2 tax brackets with 5.58% at 0-\$100,000 and 7.81% for above \$100,000. At \$240,000 (easy to divide 12), tax rate is 6.88%. Following table shows smooth and fair tax rates. Their tax rates change smoothly. There is minor or no difference. Slight more taxes will be collected fairly and simply or 5.58% may be reduced to such as 5.55%, 5.5% or 5.x% without tax revenue change.

**Table 2 LG tax rate system for NE government and corporations**

Yearly taxable income TI×F	YTI range	TI	LG tax rate formula	Tax rate check	Tax rate	Tax TI x rate
	0-240,000		$TI \times F \div S \div 18,461,538.5 + 0.0558$	0.0558-0.0688		
	240,000		$0.0781 - 2,232 \times S \div TI \div F$	0.0688-0.0781		

$$\text{Total tax} = 0.0558 \text{ Sum(TIa)} + \text{Sum(TIa)}^2 / 18,461,538.5 + 0.0781 \text{ Sum(TIb)} - 2,232 \text{ B}$$

More information: [www.taxsimplecenter.net](http://www.taxsimplecenter.net) or questions: [johnlee@taxsimplecenter.net](mailto:johnlee@taxsimplecenter.net) or 913-710-0957