

For Employers

The Nebraska Employment Security Law has evolved from the Federal Social Security Act of 1935. In 1937, Nebraska started with the program of unemployment compensation /insurance. A liable employer is required to pay a tax or reimburse the department for benefit charging to their respective tax account. The worker does not pay any portion of this tax.

Employers are required to complete a tax application. Application for an Unemployment Insurance Tax Account number can be completed through the internet by using UIConnect or completing a paper tax application (Form 1). If the employer is determined liable, a tax account will be established. This UI tax account number is different from the state withholding number and the FEIN (Federal Identification Number).

The following chart is for informational purposes only. It does not have the force of law, rule, or regulation.

SPECIAL TYPES OF EMPLOYMENT AND WAGES—ARE THE SERVICES TAXABLE?		
Type Of Employment / Wages	UI Tax Status	Reference: Statute/ Administrative Code
Advances against future earnings	Taxable	NESL 48-602(29)
Agricultural Labor	Taxable if: You have agricultural workers and Pay \$20,000 or more in a calendar quarter; OR You have 10 or more agricultural workers for some part of a day in each of 20 weeks during a calendar year.	NESL 48-604(4)(c)(i)
Aliens, Resident: 1) Services performed in the U. S. 2) Services performed outside of the U. S.	Taxable Not reportable to Nebraska, unless organization has a business operation in Nebraska	NESL 48-604
Annuities: Payments made by the employer into a fund for retirement or death benefits under a plan offered to all workers or a certain class of workers.	Exempt	NESL 48-602(29)

Back Pay: Wages paid as a result of a dispute related to employment	Taxable—reported in quarter which paid	NEB Admin Code 220, Chapter 1
Bonuses	Taxable	NESL 48-602(29)
Cafeteria Plan: Deductions under Internal Revenue Code section 125	Exempt—includes health insurance, child care, dental/vision, flex spending. Taxable—if the worker chooses cash	NESL 48-602(29)
Commissions:	Taxable	NESL 48-602(29)
Insurance for Employees: 1) Accident and health insurance premiums under a plan or system for workers and their dependents generally or for a class or classes of workers and their dependents 2) Group term life insurance costs	Exempt Exempt	NESL 48-602(29)
Leaving-Sharing Plans: Full-time life insurance salesperson or other salesperson of life, casualty, or other varieties of insurance	Taxable, if worker is not paid solely by commission Exempt, if the corporate officer receives the “commissions” as pass through wages	NESL 48-602(29) & NESL 48-604(6)(l) Administrative Policy
Limited Liability Companies (LLCs): Payments made to members of LLC	Taxable, for officers in LLC Corporation Exempt for single members LLC and for partners in LLC partnerships	NESL 48-602(29) NEB Admin Code 220, Chapter 12
Newspaper Carriers and Vendors: Newspaper carriers and newspaper and magazine vendors buying at fixed prices and retaining receipts from sales to customers	Exempt	NESL 48-604(6)(t)
Non-Profits Organizations (501(c)(3))	Taxable, if non-religious organization has four or more workers a day for 20 weeks	NESL 48-604(4)(b)
Officers or Shareholders of a Corporation: Distributions and other payments made by a corporation to a corporate officer or shareholder to the extent the amounts are reasonable compensation for services to the	Taxable	NESL 48-604(8)

corporation by the officer or shareholder		
Partner or Sole Proprietor: Distribution of profits to general or limited partners of a partnership or to a sole proprietor	Exempt	NEB Admin Code 220, Chapter 12
Railroads: Payments subject to the Railroad Retirement Act	Exempt	NESL 48-604(6)(h)
Real Estate Agents: Paid only commissions	Exempt, if corporate officer receives the "commissions" as pass through wages	Administrative Policy
Religious / Church	Exempt	NESL 48-604(6)(g)
Retirement and Pension Plans: 1) employer contributions to a qualified plan 2) Elective employee contributions and deferrals to a plan containing a qualified cash or deferred compensation arrangement (e.g. 401(k))* *Please see publication 15-A of the Internal Revenue Service for more information on employer contributions.	Taxable	NESL 48-602(29)
Corporate Officer Payments: Corporate officers performing a service for the corporation (including sub-chapter S Corporations, LLC Corporations)	Taxable	NESL 48-602(29)
Cosmetologist or Barbers: Who are licensed, contract with a shop, are free from direction and control of the shop owner, own or lease equipment, receive payment from Clientele	Exempt	NESL 48-604(5)
Deceased Workers: 1)Wages paid to beneficiary or estate in year of worker's death 2) Wages paid to beneficiary or estate after calendar year of worker's death	Taxable Exempt	NESL 48-602(29)
Deferred Compensation	Exempt—if under government 457 plan	NESL 48-602(29)

Disable Workers: Wages paid first six months in which workers become entitled to disability insurance.	Taxable	NESL 48-602(29)
Director Fees: Fees paid to directors of a corporation for attending meetings on the board.	Exempt—if an amount paid is within the reasonable payments for industry	NESL 48-604(8)
Domestics: —See Household Workers below		
Employee Benefit Expense Reimbursement: 1) Amounts not exceeding specified government rates for per diem or standard mileage 2) Amounts in excess of specified government rate for per diem or stand mileage	Exempt Taxable	NESL 48-604(8) NESL 48-604(8)
Family Employees: 1) Child employed by parent (or partnership in which each partner is a parent of the child) 2) Spouse employed by sole proprietor 3) Parent employed by sole Proprietor	Exempt—Until child reaches age of 21 Exempt—also for single member LLC Exempt—also for single member LLC	NESL 48-604(6)(d)
Foreign Government or International Organization	Exempt	NESL 48-604
Foreign Service by U. S. Citizens 1) As U. S. government workers 2) For foreign affiliates of American employers and other private employers	Exempt Exempt, unless on American vessel or aircraft and performing work under contract made in U.S. or worker is employed on vessel when it touches a U. S. port	NESL 48-604
Holiday Pay	Taxable	NESL 48-602(29)
Hospital Workers: Student nurse / or interns Residents	Exempt Taxable	NESL 48-604(6)(k)

Household Workers: Domestic service in private homes, colleges clubs, fraternities and sororities	Taxable if total cash wages are \$1,000 or more (for all household workers) in any quarter in the current or preceding calendar year	NESL 48-604(4)(d)
Salespersons: 1) Common Law workers 2) Statutory workers	Taxable Taxable, except for full-time life insurance sales agents	NESL 48-604 NESL 48-604(8)
Severance, Termination, or Dismissal Pay	Taxable	NESL 48-602(29)
Sick Pay	Taxable for the first 6 months following the month the worker last worked	NESL 48-602(29)
State/Local Governments and Political Subdivisions (workers of): 1) Payments, (including salary or and wages) to most elected and appointed officials 2) Election workers	Exempt Exempt	NESL 48-604(6)(f)
Students, Scholars: Student enrolled and regularly attending classes, performing services for a private school, college, or university; auxiliary non-profit organization operated for and controlled by school, college or university; or public school, college or university-financial assistance program	Exempt	NESL 48-604(6)(j)
Tips or Gratuities: reported in writing to employer	Taxable	NESL 48-602(29)
Vacation: Paid vacation for worker	Taxable	NESL 48-602(29)
Worker's Compensation	Exempt	NESL 48-602(29)