



For employers and other contributors

Everybody benefits when we have access to stronger child care options. Access to affordable, quality child care isn't just good for parents raising little ones. It's also good for our statewide workforce, employers, communities and the quality of life we want for all Nebraskans.

The **Child Care Tax Credit for Employers and Other Contributors** encourages Nebraska's private sector to get involved in helping to build the child care infrastructure our state needs to thrive—now, and in the years ahead.

Who is this tax credit for?

The Child Care Tax Credit for Employers and Other Contributors is a nonrefundable credit for taxpaying individuals or entities (such as businesses, trusts, estates, philanthropies and others) who make qualifying contributions that help improve the availability of child care options, especially for families and communities facing serious economic challenges.

The credit can be claimed beginning with state income tax returns for the 2024 tax year.

What's a nonrefundable credit?

Nonrefundable tax credits reduce a taxpayer's tax bill. If the amount of the credit is larger than the tax payer's tax liability, the difference is not refunded.

In the case of the nonrefundable Child Care Tax Credit, the contributor may carry over the unused amount of the credit to the following tax year, but the credit must be completely used within five years of the contribution.

How large is the tax credit?

The Child Care Tax Credit for Employers and Other Contributors is available in two tiers. For either tier, the total amount of the credit cannot exceed \$100K per year.

Tier 1

100%

Applicants can receive a nonrefundable credit equal to the total qualifying contribution if it benefits child care programs that operate in a Nebraska Opportunity Zone or serve children through the child care subsidy.

Tier 2

75%

Applicants can receive a nonrefundable credit equal to 75% of any other qualifying contribution to child care.

What kind of contributions qualify for the nonrefundable tax credit?

To qualify for the nonrefundable Child Care Tax Credit, contributions must be used by the recipient specifically for child care services. Examples of qualifying uses include:

- ▶ Establishing or expanding a child care program
- ▶ Enabling a program to purchase learning materials or play equipment
- ▶ Professional development of child care program staff
- ▶ Child care tuition assistance for families in need
- ▶ Referral services that connect families to child care providers

How are qualifying contributions made?

Contributions can be made by cash, cash equivalent, check, commodities, publicly traded securities and other methods. Please note that in-kind services or properties do not qualify for the tax credit.

Contributions may be made directly to specific child care programs or indirectly through intermediary organizations such as community collaboratives, local development funds and other entities involved in child care initiatives.

When should I apply?

You can submit your application for the nonrefundable Child Care Tax Credit as soon as you've made your qualifying contribution and collected the required documentation. It is not necessary to wait until the end of the tax year to file your application.

Am I guaranteed a tax credit if I make a qualifying contribution?

The Nebraska Legislature has approved \$2.5M per year for the nonrefundable Child Care Tax Credit. When the annual limit is reached, no further nonrefundable Child Care Tax Credits will be issued until the following tax year. The Nebraska Department of Revenue (NDOR) will process applications in the order in which they are received.

DISCLAIMER

First Five Nebraska does not provide financial or tax guidance. Be sure to consult your financial advisor, accountant or tax preparer before making a contribution.

How to Apply

STEP
1

DOCUMENT THE CONTRIBUTION

Obtain a completed copy of the [Child Care Tax Credit Contribution Receipt](#) from the program or entity who received your contribution. The recipient must indicate how your contribution will be used.

STEP
2

SUBMIT THE TAX CREDIT APPLICATION

Use the [Nebraska Department of Revenue \(NDOR\) website](#) to submit your completed [Child Care Tax Credit Application form](#) and [Child Care Tax Credit Contribution Receipt](#). You will receive an automated email verifying that your application has been received.

STEP
3

CLAIM THE TAX CREDIT

NDOR requires at least 90 days to review tax credit applications. If your application is approved, you will receive a certification to include with your 2024 state income tax return.

Resources

Nebraska Department of Revenue (NDOR) Child Care Tax Credit Webpage
revenue.nebraska.gov/businesses/child-care-tax-credit-act

- ▶ [Child Care Tax Credit Contribution Receipt form](#)
- ▶ [Child Care Tax Credit Contribution Application form](#)
- ▶ [Contributor Authorization Table](#) (Total amount of nonrefundable Child Care Tax Credits authorized to date for the current tax year: revenue.nebraska.gov/businesses/child-care-tax-credit-contributor-authorization-table)

child care
TAX CREDIT

NebraskaChildCareTaxCredit.org