

# child care TAX CREDIT

NebraskaChildCareTaxCredit.org



## For contributors to child care

Affordable, quality child care isn't just good for parents. It's also good for our statewide workforce, employers and communities. The nonrefundable **Child Care Tax Credit** 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 nonrefundable Child Care Tax Credit is for taxpaying individuals or entities (such as businesses, trusts, estates, philanthropies and others) who make qualifying contributions that help improve child care options, especially for families and communities facing serious economic challenges. The contribution must be made during the 2025 calendar year to claim the credit on your 2025 state income tax return.

### 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.

### What is the size of the tax credit?

The nonrefundable Child Care Tax Credit is available in two tiers—either 75% or 100% of the qualifying contribution. The total amount of the credit cannot exceed \$100K per year.

### Tier 1: 100% Tax Credit

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 program**.

### Tier 2: 75% Tax Credit

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

### How much money is available for this tax credit?

The Nebraska Legislature has approved \$2.5M per year for the nonrefundable Child Care Tax Credit. The Nebraska Department of Revenue (NDOR) will process applications for the credit in the order in which they are received. **When the annual limit is reached, no further nonrefundable Child Care Tax Credits will be issued for contributions made in the 2025 calendar year.**

You can monitor how much has been authorized by NDOR for the current year at their webpage (see other side).

## 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 can include:

- ▶ Establishing, operating or expanding a child care program
- ▶ Acquisition or improvement of child care equipment or facilities
- ▶ Professional development or retention of child care program staff
- ▶ Establishing or operating a child care tuition assistance program for families in need
- ▶ Referral services that connect families to child care providers

## What other conditions apply?

- ▶ Contributions can be made by cash, cash equivalent, check, agricultural commodities or publicly traded securities. **In-kind services or properties do not qualify for the tax credit.**
- ▶ Contributors may only claim the credit if their contribution is made on a bona fide, arm's length basis. You may not benefit directly from the contribution.
- ▶ You may make a contribution *directly* to a specific child care program or *indirectly* through an intermediary organization or entity involved in supporting child care.

## Where to find more information



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

- ▶ Detailed instructions, requirements and upload portal for tax credit applications
- ▶ Child Care Tax Credit Application and Contribution Receipt forms
- ▶ Contributor Authorization Table (*Total amount of the nonrefundable Child Care Tax Credit authorized to date for the current calendar year*)



**Nebraska Child Care Tax Credit Campaign Website**  
[NebraskaChildCareTaxCredit.org](https://NebraskaChildCareTaxCredit.org)

- ▶ Eligibility requirements and application instructions
- ▶ Downloadable resources

## How to Apply

### STEP 1

#### DOCUMENT YOUR CONTRIBUTION

Begin your application **as soon as you've made your qualifying contribution**. Be sure to obtain a completed copy of the **Child Care Tax Credit Contribution Receipt** from the program or entity that 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 notification 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 number** and **tax credit amount** to enter into the appropriate line on your 2025 state income tax return.

### 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.*

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