

school readiness ~~TAX~~ CREDIT



SchoolReadinessTaxCredit.org

Help for child care programs

Your child care program is a crucial asset in your community. That's especially true for providers who make quality care accessible to families and children in greatest need. The **nonrefundable School Readiness Tax Credit** encourages child care owners to keep growing the quality of their programs and improve the reach and impact of the child care subsidy.

Who is this tax credit for?

The nonrefundable School Readiness Tax Credit (SRTC-NR) is available to taxpaying individuals, partnerships, LLCs, S-corporations and other entities that own and operate qualifying child care programs.

Which programs are eligible?

Applicants may be eligible for the nonrefundable School Readiness Tax Credit if:

- Their child care program is rated Step 1 or above in the [Step Up to Quality](#) system
- The applicant participates in the child care subsidy and provided care to subsidy-eligible children during 2025.

How much is the nonrefundable credit?

The size of the nonrefundable credit is based on the Step Up to Quality rating and the average monthly number of children served by the applicant's program through the child care subsidy during 2025.

Program Step Up to Quality Rating	Tax Credit Amount (per monthly average number of children served through subsidy)
5	\$1,200
4	\$1,000
3	\$800
2	\$600
1	\$400

What's a nonrefundable tax credit?

Nonrefundable tax credits are subtracted from the taxpayer's income tax liability. If the credit is larger than what is owed in state income tax, the difference is not returned to the taxpayer.

Example: An applicant whose program is rated at Step 3 and served an average of five (5) children per month through the subsidy during the tax year would be eligible for a nonrefundable credit of \$4,000 (5 children x \$800 = \$4,000).

Are eligible programs guaranteed a tax credit if they apply?

Last year, nearly \$11 million was requested for the School Readiness Tax Credit (SRTC), far exceeding the \$7.5 million available. **The earlier you submit your tax credit application after the application window opens in January, the better your chances are of receiving the credit before the \$7.5 million cap is reached—but unfortunately there is no guarantee.**

When the annual cap for the SRTC is reached, the Nebraska Department of Revenue (NDOR) will not issue any more refundable or nonrefundable School Readiness Tax Credits until the following year. Applications are processed by NDOR strictly in the order in which they are received.

How has the application process changed for 2025?

Beginning in 2025, all applications for the School Readiness Tax Credit will be submitted through NDOR's online eDASH portal available on the Department's website (see below). This will make the application and review process more efficient than filling out and mailing paper forms.

While the eDASH portal will open in January 2026, NDOR has not yet announced a specific date or deadline for applications. Again, we expect that the \$7.5 million cap for this tax credit will be reached early in 2026, so plan to submit your application as soon as possible after the eDASH portal opens.

Where can I find additional resources and information?



Nebraska Department of Revenue (NDOR) Website
revenue.nebraska.gov/school-readiness-tax-credit-childcare-and-education-provider-nonrefundable-tax-credit

- ▶ Online eDASH application portal
- ▶ Detailed instructions for completing and submitting your application



School Readiness Tax Credit Campaign Website
SchoolReadinessTaxCredit.org

- ▶ Overview of the nonrefundable School Readiness Tax Credit application process
- ▶ Messaging and public education resources
- ▶ Information about the refundable School Readiness Tax Credit and other tax credits

DISCLAIMER

First Five Nebraska does not provide guidance on financial or tax preparation issues. If you do not have access to an accountant or tax professional, ask about free tax preparation services in your community.

How to Apply

STEP 1

GATHER INFORMATION

To successfully complete your application, you will need either (1) your monthly Explanation of Payments (EOP) for the child care subsidy, or (2) the new, annual EOP report that will be issued by the Nebraska Department of Health and Human Services (NDHHS) by February 1, 2026. You will also need to have information about each partner, shareholder or beneficiary of your program.

STEP 2

SUBMIT YOUR TAX CREDIT APPLICATION

Use NDOR's online eDASH portal to submit your completed application. Upload any required documentation showing your program's subsidy reimbursements. Allow four weeks for NDOR to process your application.

STEP 3

CLAIM THE TAX CREDIT

If your tax credit application is approved, NDOR will send you a certification number and approved credit amount. Enter the certification number and total amount of the tax credit in the appropriate space on your 2025 state income tax return.

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