

school readiness TAX CREDIT

NebraskaChildCareTaxCredits.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 2026.

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.

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 2026.

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

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?

Demand for the refundable and nonrefundable School Readiness Tax Credit has far exceeded the annual \$7.5 million available for the past two years. So, unfortunately, there is no guarantee if the available funds run out before your application is received.

The Nebraska Department of Revenue (NDOR) will process applications in the order in which they are received until the annual limit is met.

What happens when the \$7.5 million limit for the School Readiness Tax Credit is reached?

If your application is received on the day the \$7.5 million limit is reached, your tax credit (if approved) **will be prorated** according to the number of other applications received that same day.

The earlier you submit your tax credit application after the application window opens, the better your chances are of receiving the full credit before the \$7.5 million cap is reached.

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) your annual EOP report issued by the Nebraska Department of Health and Human Services (NDHHS). You will also need to provide 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 your application to be processed.

STEP 3

CLAIM THE TAX CREDIT

If your application is received before the annual limit is met, you will be notified by NDOR to log back into eDASH. If your application was approved, you will be able to retrieve your certification number and approved credit amount. Enter this information in the appropriate space on your 2026 state income tax return.

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



Nebraska Child Care Tax Credit and 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.