Step by Step: Applying for Nebraska's Nonrefundable School Readiness Tax Credit

If your child care program participates in Step Up to Quality and serves subsidy-eligible children, you may qualify for a sizeable, nonrefundable tax credit on your next return.

In 2020, the Nebraska Legislature fixed the School Readiness Tax Credit Act to make sure more high-quality child care programs can take advantage of these financial benefits.

These credits will be available to providers through the 2021 tax year, but time is running out to claim them on your 2020 tax return.

If you think you may be eligible for the nonrefundable tax credit, this guide can help guide you through the steps necessary to complete your application.





Review the eligibility requirements for the nonrefundable tax credit



The nonrefundable School Readiness Tax Credit is intended for individuals, partnerships, limited liability companies (LLCs), S corporations or fiduciaries who own

or operate a child care program serving children younger than school age.



Your program must be rated at Step 3 or higher in **Step Up to Quality** and participate in Nebraska's Child Care Subsidy system.



Detailed information about program eligibility is available at the Nebraska Department of Revenue site at https://revenue.nebraska.

gov/about/information-guides/school-readiness-taxcredit-act



Calculate the total amount of your tax credit and distributions



Download the School Readiness Tax Credit Act—Application for Childcare and Education Provider from the Nebraska Department of Revenue website at https://revenue.nebraska.

gov/sites/revenue.nebraska.gov/files/doc/tax-forms/ school read pro app.pdf

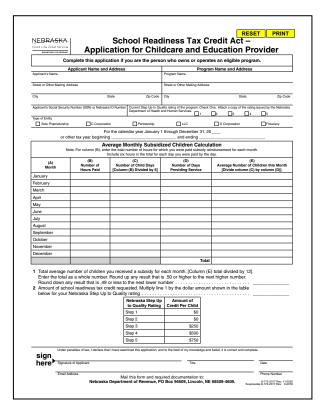


Calculate your tax credit by determining the total average number of subsidy-eligible children you served each month during the tax year and multiplying by the credit amount corresponding to your program's Step Up to Quality rating.

Step Up to Quality Rating	Credit Amount per Subsidy-Eligible Child
Step 3	\$250
Step 4	\$500
Step 5	 \$750



If your program is owned by a partnership, S corporation or limited liability company, you must indicate the distribution of the tax credit to your program's individual partners, shareholders or beneficiaries on side 2 of the application.



School Readiness Tax Credit Act Application for Childcare and Education Provider

Where to find it:

https://revenue.nebraska.gov/sites/revenue.nebraska.gov/files/doc/tax-forms/school_read_pro_app.pdf.

Mail your application and supporting documents to:

Nebraska Department of Revenue P.O. Box 94609 Lincoln, NE 68509-4609

By March 1, 2021, submit your completed tax credit application



Attach your completed Tax Credit Application to a copy of your **Step Up to Quality program rating** issued by the Nebraska Department of Health and Human Services

(NDHHS) and the **Explanation of Benefits** documents you receive from NDHHS each month.

WEEKS

Mail all documentation to the Nebraska Department of Revenue (NDOR) at the address indicated to the left. Be aware that it

will take **up to 4 weeks** for NDOR to process and respond to your application.



Claim your tax credit when you submit your 2020 tax return



If your application is successful, you will receive a Tax Credit Certification form from the Nebraska Department of Revenue.



Attach the Tax Credit Certification Form to your Form 1040N when you submit your Individual Tax Return for the 2020 tax year.

Nebraska's child care programs need access to financial supports that will enable them to continue providing a crucial service to our state's working parents, employers and economy. Using the School Readiness Tax Credit sends a clear signal to state policymakers that these supports play an important role in keeping Nebraska's child care industry strong and growing. Apply today.



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