

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.



1

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-tax-credit-act>

2

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.

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NEBRASKA
DEPARTMENT OF REVENUE

School Readiness Tax Credit Act – Application for Childcare and Education Provider

Complete this application if you are the person who owns or operates an eligible program.

Applicant Name and Address			Program Name and Address		
Applicant's Name			Program Name		
Street or Other Mailing Address			Street or Other Mailing Address		
City	State	Zip Code	City	State	Zip Code

Applicant's Social Security Number (SSN) or Nebraska ID Number: _____
Current Step Up to Quality rating of the program. Check One. Attach a copy of the rating issued by the Nebraska Department of Health and Human Services. 1 2 3 4 5

Type of Entity: Sole Proprietorship Corporation Partnership LLC S Corporation Fiduciary

For the calendar year January 1 through December 31, 20____
 or other tax year beginning _____ and ending _____.

(A) Month	(B) Number of Hours Paid	(C) Number of Child Days <small>(Column (B) Divided by 6)</small>	(D) Number of Days Providing Service	(E) Average Number of Children this Month <small>(Divide column (C) by column (D))</small>
January				
February				
March				
April				
May				
June				
July				
August				
September				
October				
November				
December				
Total				

1 Total average number of children you received a subsidy for each month. (Column (E) total divided by 12). Enter the total as a whole number. Round up any result that is .50 or higher to the next higher number. Round down any result that is .49 or less to the next lower number.

2 Amount of school readiness tax credit requested. Multiply line 1 by the dollar amount shown in the table below for your Nebraska Step Up to Quality rating.

Nebraska Step Up to Quality Rating	Amount of Credit Per Child
Step 1	\$0
Step 2	\$0
Step 3	\$250
Step 4	\$500
Step 5	\$750

Under penalties of law, I declare that I have examined this application, and to the best of my knowledge and belief, it is correct and complete.

sign here
 Signature of Applicant: _____ Title: _____ Date: _____
 Email Address: _____ Phone Number: _____

Mail this form and required documentation to:
 Nebraska Department of Revenue, PO Box 94609, Lincoln, NE 68509-4609. 6-7/2017 Rev. 11/2020
 Supersedes 6-7/2017 Rev. 3/2018

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

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.



601 South 13th Street | Suite #600 | Lincoln, NE 68508 | P: 402 261 9671
FirstFiveNebraska.org | info@FirstFiveNebraska.org



3

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.

4

WEEKS for processing

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.

4

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.