



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 the tax year.

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 during the tax year.

Program Step Up to Quality Rating	Tax Credit Amount <i>(per monthly average number of children served through subsidy)</i>
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?

The Nebraska Legislature has put aside a total of \$7.5 million each year for the refundable and nonrefundable School Readiness Tax Credits combined.

When the \$7.5 million annual limit is reached, the Nebraska Department of Revenue (NDOR) will not issue additional refundable or nonrefundable School Readiness Tax Credits until the following tax year. Please note that applications are reviewed by NDOR in the order in which they are received.

When should I apply?

Applications for the nonrefundable School Readiness Tax Credit must be submitted after the end of the 2024 tax year, between January 1 and March 1, 2025.

Can a Family Child Care Home Provider apply for both the refundable and nonrefundable tax credits?

Yes, self-employed FCCH providers can apply for the individual (refundable) credit as well as the program (nonrefundable) credit if they meet the eligibility requirements for both.

Where can I find additional resources and information?



Nebraska Department of Revenue Website

revenue.nebraska.gov/about/information-guides/school-readiness-tax-credit-act

- ▶ 2024 School Readiness Tax Credit - Application for Childcare and Education Provider (program application for the nonrefundable credit) [PDF]
- ▶ Instructions for completing and mailing 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 for individual child care professionals

How to Apply

STEP 1

1

CALCULATE THE TAX CREDIT

Use the [2024 School Readiness Tax Credit Act - Application for Childcare and Education Provider form](#) on the [Nebraska Department of Revenue \(NDOR\) website](#) to calculate the size of your tax credit. If your program has multiple partners, shareholders and beneficiaries, indicate how the credit will be distributed between them.

STEP 2

2

MAIL YOUR TAX CREDIT APPLICATION

BY MARCH 1, 2025, mail the completed nonrefundable tax credit application and a copy of your program's Step Up to Quality rating issued by NDE. Allow up to four (4) weeks for NDOR to process your application.

STEP 3

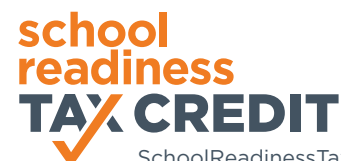
3

CLAIM THE TAX CREDIT

Attach the tax credit certification you receive from NDOR when you file your 2024 state income tax return.

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.



SchoolReadinessTaxCredit.org

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