

NEBRASKA

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DEPARTMENT OF REVENUE

Federal/State Income Tax Institute

Nebraska Updates 2021

Effective
through
December
10th, 2021

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Department of Revenue

Committed to helping taxpayers understand and meet their tax obligations.

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CONTACT

Nebraska Department of Revenue

PO Box 94818

Lincoln, NE 68509-4818

402-471-5729

800-742-7474 NE and IA

Contact Us

OTHER LOCATIONS

Norfolk, NE

North Platte, NE

Scottsbluff, NE

Omaha, NE

 Official Nebraska Government Website

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For Businesses



For Individuals



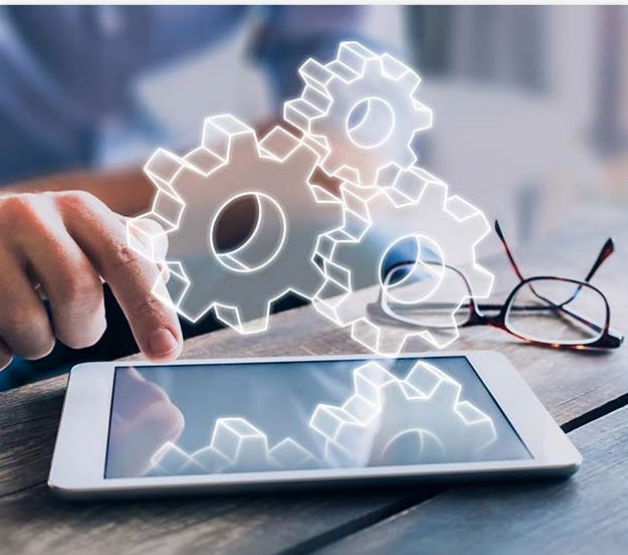
Tax Professionals



Property Assessment



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- **Individual Income Tax**
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Individual Income Tax

Change provisions regarding tax credits for school district property taxes paid ([LB 181](#) – *Operative May 6, 2021*)

LB 181 amends the refundable income tax credit for school district property taxes paid under [Neb. Rev. Stat. § 77-6703](#). There are four new provisions:

- The requirement in the prior law that the school district property taxes paid by a subchapter S corporation, partnership, LLC, or fiduciary must be passed through to its owners to be claimed is made discretionary and limited to tax year 2020;
- Beginning with tax year 2021, the school district property taxes paid by these pass-through entities must be claimed by the entity and cannot be passed through to its owners;
- For tax year 2021, pass-through entities that did not claim or distribute the school district property taxes paid in 2020 are allowed a 2021 credit for the amount paid in 2020 multiplied by 6%; and
- For fiscal-year and short-year taxpayers, the credit must be calculated based on the school district property taxes paid during the immediately preceding calendar year.

Nebraska Property Tax Incentive Act

- The Nebraska Department of Revenue (DOR) has created a revised Form PTC to be used by individuals and entities.
- The DOR will require anyone claiming the credit to file an income tax return, even if they have no liability or are a non-profit.
- Taxpayers will need to know the Parcel ID. That information can be obtained from the county in which the property is located or through links included in DOR'S Nebraska School District Property Tax Look-up Tool.

Name on Tax Return

Social Security Number or Nebraska ID Number

Type of Nebraska Tax Return this Form is being Filed with

1040N

1041 N

1065N

1120N

1120NF

1120-SN

Part A—Computation of the Credit

- 1 School district property tax credit – taxes you paid in 2021 [Enter the result of line 4 multiplied by 25.3% (.253)]
 2 School district property tax credit – taxes paid in 2020 by a pass-through entity or allocated by a pass-through
 entity [Enter the result of line 5 multiplied by 6% (.06)]
 3 Nebraska Property Tax Incentive Act credit (line 1 plus line 2) Enter here and on line 36, Form 1040N;
 line 24, Form 1041N; line 24, Form 1120N; line 10, Form 1120-SN; line 10, Form 1065N; or line 18, Form 1120NF

1

10

2

0

3

10

Part B – School District Property Taxes Paid in 2021

4 School district property taxes paid in 2021. Enter the following information for each parcel.

Property Tax Year	Nebraska County Number (Do not enter numbers from license plates.)	Parcel ID Number (Must include the dashes for Lancaster County.)	Nebraska School District Property Taxes You Paid
			00
			00
			00
			00
			00
			00
			00
			00
			00
			00
			00
			00
			00
			00
			00
Total school district property taxes you paid in 2021			4 00

Part C – School District Property Taxes Paid in 2020 by a Pass-Through Entity or Allocated by a Pass-Through Entity
(A pass-through entity includes a partnership, S corporation, LLC, and fiduciary). See instructions.

☐ Check this box if you received an allocation of school district property taxes paid.

5 School district property taxes paid in 2020. Enter the following information for each parcel.

Property Tax Year	Nebraska County Number (Do not enter numbers from license plates.)	Parcel ID Number (Must include the dashes for Lancaster County.)	Nebraska School District Property Taxes Paid
			00
			00
			00
			00
			00
			00
			00
			00
			00
			00
Total school district property taxes paid in 2020.....			5 00

Nebraska School District Property Taxes Paid. The school district property tax is paid on the date received by the county treasurer. The date the school district property taxes were received is affected by the following rules.

1. **Mortgage Escrow Accounts.** When your payment to a mortgage company includes an escrow for property taxes, the date the county treasurer receives payment from the escrow account is the date the school district property taxes were paid.
2. **Parcel Sales – Property Taxes Funded.** When you fund property taxes at closing, the related school district property taxes were paid when received by the county treasurer. You may claim the credit on the school district property taxes related to the property taxes you funded, but only for the calendar year that the county received the money from the escrow agent.
3. **Parcel Sales – Property Taxes Reimbursed.** When the buyer reimburses the seller for property taxes that were already paid, the buyer cannot take the credit on any portion of the reimbursement because the county treasurer already received the taxes paid by the seller.
4. **County Treasurer Escrow Accounts.** When you make partial property tax payments that are held in escrow by the county treasurer, the school district property taxes are paid when applied to the parcel in the records of the county treasurer.
5. **Tax Sale Certificate.** The school district property taxes are received by the county treasurer when collected from the person that purchased the tax sale certificate. Persons who redeem the tax certificate are repaying a loan to obtain a lien release. The redeemer cannot take the credit for the redemption.

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Nebraska School District Property Tax Look-up Tool

1

Search

2

Result

3

Ownership

4

Taxes

5

Printout

Enter the required information in the fields below to search for the amount of Nebraska school district property tax paid on a parcel. If your county does not appear in the drop-down list below, the data is being verified and will be available soon.

County Name *

Select One

Parcel ID Number *

Property Tax Statement Year *

2019



County Parcel ID Search



Reset

Next



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County Parcel ID Search

County Number	County Name	County Parcel ID Search Website
01	Adams	Website
02	Antelope	Website
03	Arthur	Website If using this website to find your parcel ID, you must add a leading zero (0) to the parcel ID when using the Nebraska School District Property Look-up Tool.
04	Banner	Website
05	Blaine	Website If using this website to find your parcel ID, you must add a leading zero (0) to the parcel ID when using the Nebraska School District Property Look-up Tool.
06	Boone	Website
07	Box Butte	Website
08	Boyd	Website
09	Brown	Website If using this website to find your parcel ID, you must add a leading zero (0) to the parcel ID when using the Nebraska School District Property Look-up Tool.

Example 1. Joe Pear owns two parcels in Lancaster County and paid school district property taxes levied on those parcels for the 2020 and 2021 property tax year during the 2021 calendar year. Joe purchased parcel 17-12-345-678-000 on August 1, 2010 and parcel 17-87-654-321-000 on July 1, 2020. The total 2020 school district property taxes paid on parcel 17-87-654-321-000 was \$460. Joe's portion of the 2020 school district property taxes paid on parcel 17-87-654-321-000 was \$232 as computed using the Property Tax Look Up Tool. Part B of Form PTC should be completed as follows:

Property Tax Year	Nebraska County Number (Do not enter numbers from license plates.)	Parcel ID Number (Include the dashes for Lancaster County.)	Nebraska School District Property Taxes You Paid	
2020	55	17-12-345-678-000	190	00
2021	55	17-12-345-678-000	220	00
2020	55	17-87-654-321-000	232	00
2021	55	17-87-654-321-000	510	00
Total school district property taxes paid in 2021			4	1,152 00

American Rescue Plan Act (ARPA) Unemployment Exclusion Adjustments

ARPA included a retroactive provision making the first \$10,200 per taxpayer of 2020 unemployment benefits nontaxable for taxpayers with modified federal adjusted gross income (AGI) of less than \$150,000. For married, filing jointly taxpayers, each spouse may exclude up to \$10,200.

DOR automatically adjusted and calculated the tax for individuals who electronically filed their Fed/State returns prior to April 1, 2021, to the extent that DOR could determine that unemployment compensation was not excluded.

Accounts not automatically adjusted to exclude the unemployment compensation will need to file an amended Nebraska return.

ARPA Unemployment Exclusion Adjustments

If any of the following apply, DOR will **NOT** automatically adjust your return to exclude any unemployment that should be excluded under ARPA

- Returns filed on paper;
- Returns filed using NebFile;
- Returns claiming credit for tax paid to another state on Nebraska Schedule II;
- Partial-year or nonresident returns;
- A Nebraska amended return was previously filed for tax year 2020;
- If the box on line 29 on your Nebraska return was checked for using federal tax; or
- Your return was filed after March 31, 2021 and did not claim the exclusion for unemployment compensation.
- DOR will not automatically adjust credits that may be impacted by the reduction in federal AGI.



Nebraska Department of Revenue



Income Tax Refund Status

Getting Started

- **Step 1.** Enter your social security number with no dashes.
- **Step 2.** Select your filing status.
- **Step 3.** Enter your expected refund amount to the nearest dollar.
- **Step 4.** Check the 'I'm not a robot' checkbox, and then follow the instructions.
- **Step 5.** Click the "Check Refund Status" button.
- In response to rising instances of identity theft and in an effort to reduce refund fraud, the Department has implemented fraud detection and verification processes designed to protect all taxpayers filing Nebraska returns. Please allow a minimum of 30 days to receive your refund if you e-file an error-free return. For paper returns, please allow a minimum of three months to receive your refund if you file an error-free return. Your refund will generally be issued by July 15th, if your return is filed by the April 15th due date.

Income Tax Refund Status

Social Security Number:
(Digits only no dashes)

Filing Status
Select your filing status

Refund Amount:
(Nearest whole dollar)

NOTE: This status report is only for your current year original return. It will not search for prior year refunds or for refunds from amended returns.



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Check Refund Status

Reset

General Income Tax

Nebraska Standard Deductions

	2020	2021
• Single taxpayers	\$ 7,000	\$ 7,100
• Head of household	\$10,300	\$10,450
• Married, filing jointly	\$14,000	\$14,200
• Married, filing separately	\$ 7,000	\$ 7,100
• Qualifying Widow(er)	\$14,000	\$14,200

Taxpayers Over Age 65 and/or Blind

- Taxpayers using married, filing jointly; married, filing separately; or qualifying widow(er) filing status, add \$1,350 per box checked.
- Taxpayers using single or head of household filing status, add \$1,650 per box checked.

General Income Tax

Individual Income Tax Brackets in 2021

Bracket Number	Married, Filing Jointly	Head of Household	Single Individuals	Tax Rate
1	\$0 – 6,660	\$0 – 6,220	\$0 – 3,340	2.46%
2	\$6,660 – 39,990	\$6,220 – 31,990	\$3,340 – 19,990	3.51%
3	\$39,990 – 64,430	\$31,990 – 47,760	\$19,990 – 32,210	5.01%
4	Over \$64,430	Over \$47,760	Over \$32,210	6.84%

Individual Income Tax Brackets in 2022

Bracket Number	Married, Filing Jointly	Head of Household	Single Individuals	Tax Rate
1	\$0 – 6,860	\$0 – 6,410	\$0 – 3,440	2.46%
2	\$6,860 – 41,190	\$6,410 – 32,950	\$3,440 – 20,590	3.51%
3	\$41,190 – 66,360	\$32,950 – 49,200	\$20,590 – 33,180	5.01%
4	Over \$66,360	Over \$49,200	Over \$33,180	6.84%

Personal Exemption Credit

2021 = \$142

2022 = \$146

Income Tax

Change provisions relating to the taxation of social security benefits ([LB 64](#) – *Operative for taxable years beginning on or after January 1, 2021*)

LB 64 changed the taxation of benefits received by taxpayers under the federal Social Security Act.

For taxable years beginning on or after January 1, 2021, federal adjusted gross income (AGI) is reduced by a percentage of the social security benefits that are received and included in federal AGI. The applicable percentage for each tax year is listed below:

- 5% for taxable year 2021;
- 20% for taxable year 2022;
- 30% for taxable year 2023;
- 40% for taxable year 2024; and
- 50% for taxable year 2025 and beyond.

For all taxable years beginning on or after January 1, 2021, taxpayers can claim either the percentage reduction enacted by LB 64 or the previously existing exemption for low income recipients, whichever is greater. For tax year 2021, married, filing jointly taxpayers with an AGI of \$59,960 or less and taxpayers filing any other return with an AGI of \$44,460 may continue to reduce the AGI by 100% of the social security benefits included in their AGI. The income thresholds are indexed for inflation for later years.

Income Tax

Change provisions relating to the taxation of military retirement benefits – ([LB 387](#) – *Operative January 1, 2022*)

For tax years beginning on or after January 1, 2022, LB 387 amended [Neb. Rev. Stat. § 77-2716\(14\)](#) to allow all military retirees to exclude 100% of the military retirement benefits from income subject to Nebraska income tax to the extent included in federal AGI. No election is necessary.

For tax years beginning on or after January 1, 2022, LB 387 provides that military retirement benefits attributable to service in the uniformed services include military retirement benefits reported on the IRS Form 1099-R, issued by either the U.S. Department of Defense or the U.S. Office of Personnel.

Income Tax

Tax Credit for Purchase of a Residence in an Extremely Blighted Area

LB 86 - Operative January 1, 2020

For taxable years beginning or deemed to begin on or after January 1, 2020, and before January 1, 2026, LB 86 provides a \$5,000 nonrefundable income tax credit for purchasing a residence in an extremely blighted area. The credit will be available to individual income taxpayers who meet the following requirements:

- The residence purchased is located in extremely blighted area;
- It is the individual's primary residence; and
- The individual did not purchase the residence from a family member of the individual or the individual's spouse.

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DEPARTMENT OF REVENUE

Purchase of a Nebraska Residence in a Designated Extremely Blighted Area Credit

Must complete and attach this form to Form 1040N when claiming the credit.

FORM 1040N-EB

2021

Name on Form 1040N

Social Security Number

Part A – Property Information

1 Date Nebraska Residence was Purchased (MM/DD/YYYY)

Is this property your primary residence?

☐ Yes☐ No

Is this property in a designated extremely blighted area?

☐ Yes☐ No

2 Seller's Name

Did you purchase the residence from a family member or spouse's family member?

☐ Yes☐ No

3 Address of Property Purchased (House Number, Street, and City)

Property ID or Parcel Number of Property

Part B – Computation of the Credit

4 Nebraska Residence in Designated Extremely Blighted Area Credit (EB Credit). Enter \$5,000 if you purchased a residence in an Extremely Blighted Area in 2021 or enter the unused credit carried over from the 2020 Form 1040N-EB, line 9

4

5 Nebraska tax liability. Enter line 17, Form 1040N

5

6 a Nebraska personal exemption credit (residents). Enter line 18, Form 1040N

6a

b Credit for tax paid to another state. Enter line 19, Form 1040N

6b

c Credit for the elderly or disabled (residents). Enter line 20, Form 1040N

6c

d Community Development Assistance Act credit. Enter line 21, Form 1040N

6d

e Nebraska child/dependent care nonrefundable credit (residents). Enter line 23, Form 1040N

6e

f Credit for financial institution tax. Enter line 24, Form 1040N

6f

g Employer credit for expenses incurred for TANF (ADC) recipients. Enter line 25, Form 1040N

6g

h School Readiness Tax Credit for providers. Enter line 26, Form 1040N

6h

i Total nonrefundable credits other than the EB Credit. Enter the sum of 6a through 6h

6i

7 Tax after nonrefundable credits other than the EB Credit (line 5 minus 6i) If a negative amount, enter zero

7

Income Tax

School Readiness Tax Credit

Credit for Eligible Staff Members

- Available to staff members who are both employed with an eligible program for at least six months during the taxable year, and are classified in the Nebraska Early Childhood Professional Record System.
- The credit is a refundable income tax credit.
- Current year application must be approved.
- Eligible staff members receive a credit equal to:
 - \$1,620 for a Level Four classification;
 - \$1,350 for a Level Three classification;
 - \$810 for a Level Two classification; and
 - \$540 for a Level One classification.

Staff members should file their applications by March 1, 2022

E-file Requirement

No Change to the Tax Preparer Individual Income Tax E-file Requirement

- Applies to tax preparers who filed 25 or more Nebraska individual income tax returns during the prior calendar year.
- All individual income tax returns they are paid to prepare during calendar year 2022 must be e-filed.
- The penalty is \$100 for each return not e-filed.

For more Information, see the Tax Preparer E-file Mandate FAQs on the DOR's website or Neb. Rev. Stat. § 77-1784.

Business Taxes

“New Business Owners” Register Your Business Online

Eligible tax programs

- Sales and Use Tax
- Income Tax Withholding
- Business Income Tax
 - Corporation
 - Partnership
 - Fiduciary
 - Financial institution
- Miscellaneous Taxes
 - Litter Fee
 - Lodging Tax
 - Prepaid Wireless Surcharge
 - Severance and Conservation;
 - Tire Fee

Note: Electronic registration is not available when adding additional tax programs.

Are you Contacting DOR For Account Information?

NEBRASKA Good Life, Great Service. DEPARTMENT OF REVENUE		Power of Attorney		FORM 33	
Taxpayer's Name and Address					
Please Type or Print	Name of Taxpayer			Business Name	
	Address (Street or Other Mailing Address)			Business Address (Street or Other Mailing Address)	
	City	State	Zip Code	City	State
Nebraska ID or Social Security Number			Federal ID or Social Security Number		
Attorney-in-fact's Name and Address (If more than two, see Designation of Attorney-in-fact in the instructions.)					
Name			Name		
Title or Firm Name			Title or Firm Name		

Preparers must have a Nebraska Power of Attorney, Form 33, on file with DOR obtain Nebraska ID numbers, PINs, and other account information.

Filing Mandate

Business Income Tax Filing Mandate

- For tax years beginning on or after January 1, 2019, all S Corporations, Limited Liability Companies, and Partnerships with Nebraska source income must file a Nebraska return.
- Nebraska State ID is required to e-file.
 - Prefix should not be used.
- Businesses with an existing Nebraska State ID should e-file using that number.
- Businesses that do not have an existing Nebraska ID number, should apply using the (DOR's) Online Nebraska Tax Application.

E-file Mandate

Business Income Tax Preparer E-Filing Mandate

- Any paid tax preparer who prepared and filed more than 25 corporate, S corporation, or partnership income tax returns during the 2021 calendar year is mandated to file all returns electronically during the 2022 calendar year.
- Form 1120N, 1120-SN, and 1065N.
- The penalty is \$100 for each return not e-filed.
- Hardship waiver may be granted by the Tax Commissioner if the tax preparer would be unduly burden if forced to comply with the requirement.
- Waivers will be evaluated and approved or denied on a case by case basis.

Sales and Use Tax

Definition of agricultural machinery and equipment ([LB 595](#) – *Operative October 1, 2021*)

LB 595 adds a definition for agricultural machinery and equipment in [Neb. Rev. Stat. § 77-2704.36](#). Agricultural machinery and equipment means tangible personal property used directly in:

- Cultivating or harvesting a crop;
- Raising or caring for animal life;
- Protecting the health or welfare of animal life; and
- Collecting or processing an agricultural product on a farm or ranch.

Agricultural machinery and equipment specifically includes the following tangible personal property:

- Fans, curtains, and climate control equipment within livestock buildings used to protect the health or welfare of animal life; and
- Header trailers, head haulers, header transports, and seed tender trailers.

2021 Major Legislative Changes

Sales and Use Tax Exemption for Residential Water Services ([LB 26](#) – *Operative October 1, 2021*)

LB 26 provides an exemption from sales and use taxes on the gross receipts from the sale, lease, or rental of and the storage, use, or other consumption of residential water service. For more information, please see General

Information Letters (GIL) [1-21-1 Sales and Use Tax Exemption for Certain Catalysts, Chemicals, and Materials](#) ([LB 595](#) – *Operative October 1, 2021*) of catalysts, chemicals, and materials used in manufacturing ethyl alcohol and its coproducts are exempt from sales and use taxes.

Sales and Use Taxes

Change Sales Tax Provisions Relating to Gross Receipts ([LB 595](#) – *Operative October 1, 2021*)

LB 595 excludes from the definition of gross receipts the gross income received leasing or using towers and other structures primarily used in conjunction with furnishing:

- Internet access services;
- Agricultural global positioning system locating services; or
- Over-the-air radio and television broadcasting licensed by the Federal Communications Commission including antennas and studio transmitter link systems. Studio transmitter link system means a system which serves as a conduit to deliver audio from its origin in a studio to a broadcast transmitter.

Business Income Tax

Corporate Tax Rate Change ([LB 432](#) – *For taxable years beginning on or after January 1, 2022*)

LB 432 reduces the corporate tax rate for Nebraska taxable income in excess of \$100,000 from 7.81% to 7.50% in tax year 2022, and to 7.25% for tax year 2023 and beyond. The corporate tax rate for the first \$100,000 of Nebraska taxable income remains 5.58%.

Business Income Tax

School Readiness Tax Credit (LB 889 – Operative for taxable years beginning on or after January 1, 2017, and before January 1, 2022).

- **General requirements for income tax credits:**
 - The program has a total allocation cap of \$5 million per year.
 - The provider or staff member will be required to submit an application to the DOR.
 - Each application will require proper documentation from the accrediting agency verifying the level or step achieved.
 - The tax credits will be allocated in the order the applications are received.

Business Income Tax

School Readiness Tax Credit for Childcare and Education Provider (LB 266 – Operative January 1, 2020)

- Amends the School Readiness Tax Credit Act for both nonrefundable and refundable income tax credits.
- The nonrefundable credit is now available to pass through entities who own or operate an eligible child care and education program to distribute the credit in the same manner and proportion as income.
- The definition of an “eligible staff member” for the refundable income tax credit includes a self-employed individual providing child care and early childhood education for an eligible program for at least 6 months of the taxable year and is listed in the Nebraska Early Childcare Professional Record System and classified as provided in Neb. Rev. Stat. § 71-1962(4).

Income Tax Withholding

- Nebraska Circular EN, Nebraska Income Tax Withholding for Wages, Pensions and Annuities, and Gambling Winnings Paid on or after January 1, 2022.

Local Sales and Use Tax Rates



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Changes in Local Sales Tax

The following village has started a new local sales and use tax rate:

- Effective July 1, 2021
 - Manley 0.5%

The following city has increased its local sales and use tax rate:

- Effective July 1, 2021
 - Humphrey 2%

There are no changes to the local and use tax rates that are effective January 1, 2022

Note: Dakota and Gage County are currently the only counties in Nebraska to impose a local sales and use tax.

Income Tax Withholding

- The IRS will include in the 2021 Form 1099-NEC in the Fed/State program and DOR's information guide will be updated to indicate the 1099-NEC will be included as well.

Note: Nebraska Computer Reporting Procedure for 1099s, 21CM will be updated in the near future to reflect changes.

Other Legislative Changes

Income Tax

Changes to the Nebraska College Savings Plan ([LB 432](#) – *Operative for taxable years beginning on or after January 1, 2021*)

LB 432 amends the definition of “qualified higher education expenses” in the Nebraska College Savings Plan to include costs incurred on or after January 1, 2021 for apprenticeship programs registered and certified with the U.S. Secretary of Labor under 29 U.S.C. 50, as such section existed on January 1, 2021.

Income Tax

Deduction for Firefighter Cancer Benefits Act ([LB 432](#) – *Operative for taxable years beginning on or after January 1, 2022*)

LB 432 enacts a new Firefighter Cancer Benefits Act. For taxable years beginning on or after January 1, 2022, federal adjusted gross income is reduced by the amount received by or on behalf of a firefighter for cancer benefits under the Firefighter Cancer Benefits Act to the extent included in federal adjusted gross income.

Stillborn Child Refundable Tax Credit ([LB 432](#) – *Operative for taxable years beginning on or after January 1, 2022*)

For taxable years beginning on or after January 1, 2022, LB 432 provides a \$2,000 refundable tax credit to the parent of a stillborn child in the year the stillbirth occurred. Additional requirements include filing a fetal death certificate, the child advanced to at least the 20th week of gestation, and the child would have been a dependent of the individual claiming the credit .

Tax Incentives

Beginning Farmers Tax Credit Act ([LB 432](#) – *Operative August 28, 2021*)

LB 432 changed the sunset date of the Beginning Farmer Tax Credit incentive program from December 31, 2022 to December 31, 2025.

Change provisions relating to equivalent employees and qualified locations under the ImagiNE Nebraska Act

([LB 18](#) – *Operative May 26, 2021*)

LB 18 amends two provisions of the ImagiNE Nebraska Act. First, the bill removes the requirement that an employee be a resident of Nebraska to be included in the equivalent employee calculation. Second, two business activities are added to the definition of a qualified location in

[Neb. Rev. Stat. § 77-6818](#): Postharvest Crop Activities (except Cotton Ginning) under NAICS code 115114; and processing tangible personal property. Processing is defined to mean “to subject to a particular method, system, or technique of preparation, handling, or other treatment designed to prepare tangible personal property for market, manufacture, or other commercial use which does not result in the transformation of such property into a substantially different character.”

Tax Incentives

Adopt the Urban Redevelopment Act and provide tax incentives

([LB 544](#) – Operative January 1, 2022)

To participate in the program, beginning January 1, 2022, taxpayers must file an application with the Department of Economic Development (DED) and submit a \$500 application fee. If the application is approved, DED will authorize the amount of credits the taxpayer expects to earn and enter into a written agreement with the taxpayer. DED cannot accept applications once expected credits for approved projects total \$8 million. No new applications may be accepted after December 31, 2031.

Changes to the New Markets Job Growth Investment Act (NMTC Act) ([LB 682](#) – Operative May 25, 2021)

The LB 682 changes all relate to the allocation awards issued by the Community Development Financial Institutions Fund (CDFI Fund) in 2021. With regard to the 2021 awards, the following provisions apply.

The issuer of a QEI must use 100% of the cash purchase price to make qualified active low-income community investments (QLICIs). The Nebraska QEIs must be designated by the issuer as a QEI under section 45D of the IRC (federal QEI).

Tax Incentives

Redefine terms relating to tax incentive performance audits and the Imagine Nebraska Act ([LB 84](#) – Operative August 28, 2021)

LB 84 adds nuclear energy as a renewable energy source for qualified locations that produce electricity for sale from one or more renewable energy sources. In addition, LB 84 amends [Neb. Rev. Stat. § 50-1209\(4\)\(g\)](#) to add NAICS code 221113, nuclear electric power generation, to the definition of a renewable energy firm.

Change the Nebraska Advantage Microenterprise Tax Credit Act ([LB 366](#) – Operative August 28, 2021)

LB 366 extends the sunset date for the Nebraska Advantage Microenterprise Tax Credit Act from December 31, 2022 to December 31, 2032. In addition, the following changes apply to Nebraska Advantage Microenterprise Tax Credit Act applications received on or after August 28, 2021:

- The limit on the total lifetime microenterprise tax credits that can be claimed by the taxpayer and any related person increased to \$20,000; and
- Spouses, siblings, ancestors, and lineal descendants except for minor sons or daughters are eliminated from the definition of related persons.

Local Financial Assistance

Change provisions regarding the Convention Center Support Fund and the Sports Arena Facility Financing Assistance Act

([LB 39](#) – Operative May 26, 2021)

LB 39 amends the Sports Arena Facility Financing Assistance Act to include additional definitions in [Neb. Rev. Stat. § 13-3102](#):

- **Multipurpose field**
- **Sports complex**
- **Sports venue Project completion date**
- **New state sales tax revenue** is split into two parts.

Finally, LB 39 expands the locations where a sports complex may be located to include areas outside the corporate boundaries of a municipality, in an economic redevelopment area, or in an opportunity zone as provided in the Tax Cuts and Jobs Act of 2017.

- A single enclosed, temperature-controlled building can qualify for state assistance as a sports complex even if the permanent seating capacity is less than 3,000 if it contains more than one multipurpose field, court, swimming pool, or other facility primarily used for competitive sports.

Property Assessment

Property Tax Levies, Requests, & Refunds:

LB 2 – Operative Date: January 1, 2022

- **Neb. Rev. Stat. § § 77-202** – Amended to provide that all agricultural and horticultural land, including special valuation land, be valued at 50% of actual value for the purposes of taxes levied by school districts to pay the principal and interest on bonds approved after January 1, 2022.
- **Neb. Rev. Stat. § 77-5023** – Amended to change the acceptable range of level of value for agricultural land and horticultural land for purposes of taxes levied by school districts to pay the principal and interest on bonds at 44% to 50%, for statewide equalization purposes.

Property Assessment

Property Tax Levies, Requests, & Refunds Continued:

([LB 644](#) – Operative Date: January 1, 2022)

- [Neb. Rev. Stat. §§ 77-1631 through -77-1634](#) – Creates the Property Tax Request Act requiring any political subdivision which seeks to increase its property tax request by more than the allowable growth percentage to participate in a joint public hearing where only the subdivision(s) intent to increase its request may be discussed and each subdivision must give a brief presentation which includes all information required by the Act.
 - Requires a notice be sent to all affected taxpayers via postcard
- [Neb. Rev. Stat. § 77-1736.06](#) – Amended to require property tax refunds be paid no more than 30 days after a final action finding that a refund is due, or any unpaid balance will be subject to 9% interest.

Property Assessment

Annexation and Special Valuation:

LB 9 – Operative Date: May 6, 2021

- **Neb. Rev. Stat. § 16-118** – Allows land, lots, tracts, streets, and highways that are adjacent to or contiguous with property owned by the federal government in counties with at least three cities of the first class allows.
- **Neb. Rev. Stat. § 77-1344** – Amended to make agricultural or horticultural land within the corporate boundaries of a city or village and is within a flood plain or that is subject to air installation compatible use zone regulations eligible for special valuation.

Property Assessment

Tax Increment Financing and Division of Taxes

[LB 25](#) – Effective Date: March 18, 2021

- [Neb. Rev. Stat. §§ 18-2101.02 and 18-2147](#) – LB 25 allows Tax Increment Financing projects in which more than 50% of the property has been declared an extremely blighted area to divide the property taxes for a period not to exceed 20 years instead of 15 years.

Property Tax Protests

[LB 291](#) – Operative Date: January 1, 2022

- [Neb. Rev. Stat. § 77-1502](#) – LB 291 requires property tax protests to be made on a form prescribed by the Tax Commissioner or on a form created by a county. All property tax protests must include a requested property valuation. If any required information is not included by the taxpayer on the protest form, the county board of equalization must dismiss the protest. Prior to June 30 each year, counties are allowed to contact protestors who have filed a timely protest but have not provided all required information or have not used the required form.

Property Assessment

Property Tax Exemptions:

[LB 63](#) – Effective Date: August 28, 2021

- [Neb. Rev. Stat. §§ 77-202.01 and 77-202.09](#) – LB 63 changes the date by which county assessors must make a recommendation to the county board of equalization regarding whether property for which an Exemption Application, Form 451 has been received is taxable or exempt from February 1 to March 1.

[LB 521](#) – Effective Date: August 28, 2021

- [Neb. Rev. Stat. §§ 77-202.01 and 77-202.09](#) – LB 521 requires the Exemption Application, Form 451 to include an estimated valuation for the property for which exemption is sought and mandates denial of exemption for applications that lack an estimated property valuation or any other required information.

Property Assessment

Homestead Exemption:

[LB 313](#) – Effective Date: August 28, 2021

- [Neb. Rev. Stat. § 77-3512](#) was amended to allow an owner to file a late homestead exemption application on or before June 30 of the year in which the property taxes become delinquent because of the death of a spouse during the year for which exemption is requested if a copy of the death certificate of the spouse is included with the application.
- [Neb. Rev. Stat. § 77-3514.01](#) was amended to allow a late application to be filed until June 30 of the year in which the property taxes become delinquent due to a medical condition which impairs the claimant's ability to apply in a timely manner.
- [Neb. Rev. Stat. § 77-3517](#) was amended to require that any tax delinquency and interest must be removed from the tax rolls within 30 days after the county receives notice of the approved exemption.

Revenue Rulings; Information Guides; and General Information Letters

2021 Revenue Rulings

- Revenue Ruling 24-21-1, Corporate Income Tax, Subpart F Income.....02/17/2021
- Revenue Ruling 25-21-1, Partnership Income Tax, Treatment of Limited Liability Companies and Their Resident Individual Members.....08/05/2021
- Revenue Ruling 99-21-1, All Nebraska Taxes, Requesting Review of a Guidance Document.....02/05/2021

2021 General Information Letters

- 1-21-1, Sales and Use Tax, Residential Water Services

2021 General Taxation, Miscellaneous Programs, Property , Sales, Charitable Gaming, Motor Fuels Tax Information Guides

- How to Protest a Notice of Deficiency Determination.....09/2001
- What to Expect When Selected for a Tax Examination.....03/2021
- What to Expect During an Audit.....09/2021
- Destroyed Real Property.....07/2021
- Government and Permissive Tax Exemptions.....08/2021
- Nebraska Homestead Exemption.....02/2021
- Personal Property Assessment.....08/2021
- Real Property Assessment.....09/2021
- Real Property Valuation Protest.....09/2021
- Special Valuation of Agricultural or Horticultural Land.....06/2021
- The Sports Arena Facilities Financing Assistance Act.....08/2021
- Use Tax.....03/2021
- Nebraska Lottery and Raffle.....07/2021
- Nebraska Motor Fuels Laws General Information.....04/2021
- Nebraska Motor Fuels Tax Refunds.....06/2021
- Nebraska Motor Fuels Retailers and Compressed Fuel Retailers...05/2021



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