

NEBRASKA

Good Life. Great Service.

DEPARTMENT OF REVENUE

Federal/State Income Tax Institute

Nebraska Updates 2024

revenue.nebraska.gov

Effective
through
December 13,
2024

This guidance document is advisory in nature but is binding on the Nebraska DOR (DOR) until amended. A guidance document does not include internal procedural documents that only affect the internal operations of the DOR and does not impose additional requirements or penalties on regulated parties or include confidential information or rules and regulations made in accordance with the Administrative Procedure Act. If you believe that this guidance document imposes additional requirements or penalties on regulated parties, you may request a review of the document.

*This guidance document may change with updated information or added examples. If this guidance document has been provided in print as part of a presentation given by DOR staff, it is meant to accompany the verbal presentation. The information contained in this guidance document is **accurate** as of September 25, 2024. Consult the DOR's website at revenue.nebraska.gov to view the most current information and sign up for our free subscription service to get updates on your topics of interest.*

Subscription Service

get the word out.
Powered by **govDELIVERY** 

- Receive notification of changes to our website using the **free** web-based email subscription system.
- Set up a **profile** – enter your email address, optional password, and select the topics of interest.
- You can change your **profile** at any time by adding or deleting topics, changing the frequency of email alerts, or changing your email address.
- No special software – all you need is a valid email address and an Internet browser!

[Try it out!](#)

Agenda

- Legislative Update for 2024 including Special Session
- [Legislative Session Review for Revenue](#)
- Good Life Districts

Session Review: Revenue



Legislative Bills Passed in 2024

[Major Legislative Changes](#)

- LB 146
- LB 685
- LB 937
- LB 1023
- LB 1088
- LB 1095
- LB 1197
- LB 1204
- LB 1317
- LB 1344
- LB 1394
- LB 1402

Special Session

- LB 34 Property Tax Growth Limitation Act and the School District Tax Relief Act.
- Establishes the School District Property Tax Relief Act and the School District Property Tax Relief Credit fund.

School District Property Tax Relief

- Fiscal year 2024-25: \$750 million
- Fiscal year 2025-26: \$780 million
- Fiscal year 2026-27: \$808 million
- Fiscal year 2027-28: \$838 million
- Fiscal year 2028-29: \$870 million
- Fiscal year 2029-30: \$902 million
- Fiscal year 2030-31 and each tax year after: The amount of relief from the prior year increased by 3 percent.

LB 34

- Places limitations on how much cities, villages, and counties can increase their property tax request authority from year to year.
- Limits increases to the amount of property taxes levied in prior fiscal year decreased by any property tax request authority limitation exceptions utilized for approved bonds and declared emergencies in the prior year, increased by the political subdivision's growth percentages and the greater of zero or the inflation percentage.

LB 34 and changes to PTC

- Frontloading of the K-12 School PTC Credit
- Will show up as a line on December 2024 Property Tax Statement
- Minimum 3% yearly increase in tax credit
- Local Government Caps
- This Act provides property tax relief for school district taxes directly on the property tax statement reducing property taxes before they are paid, instead of refunding after they are paid.

Sales and Use Tax Bills

- LB 937 provides a sales and use tax exemption for
 - Certain Nonprofit Organizations
 - Diapers
- LB 1317 changes to the Exemption on Currency and Bullion.

Good Life District (GLD)

- The Good Life Transformational Projects Act was created in 2023 by LB 727.
- It provides for the establishment of special taxing jurisdictions within Nebraska, called Good Life Districts (GLDs).
- A GLD is established pursuant to Neb. Rev. Stat. §77-4405.
- Applications must be approved by the Department of Economic Development (DED).
- GLD is a defined area that has a reduced Nebraska (state) sales and use tax rate for purchases within the GLD.

Good Life District (GLD)

- Maps showing the location and boundaries of the GLDs are in the Sales Tax Rate Finder on the Nebraska Department of Revenue's (DOR) website.



For Businesses

Taxes & Fees

• Sales & Use Tax

For Businesses

Sales Tax Rate Finder

Click on the filter icon

A screenshot of the Nebraska Department of Revenue's Sales Tax Rate Finder website. The page title is "Sales Tax Rate Finder v1.3 Nebraska Department of Revenue". It features a map of Nebraska with a search bar and a filter icon. A blue arrow points from the text "Click on the filter icon" to the filter icon. The filter menu is open, showing a toggle for "Good Life Districts" which is turned on. Below the toggle is a search bar with the text "Search" and a list of Good Life Districts: "- empty -", "GLD Avenue One", "GLD Nebraska Crossing Village District", "La Belle Vue Good Life District", and "Operation Grand Island Goodlife".



Good Life District (GLD)

- There is also a Rates and Boundaries file, which is a comma separated file listed by address ranges, which has the correct tax rate and dates the rates are effective.
 - The Rates and Boundaries file is updated quarterly and can also be found on the DOR's website.







For Businesses

Taxes & Fees

• Sales & Use Tax

Frequently Asked Questions

Sales and Use Tax Rates and Boundary Files for Downloading

-  **4th Quarter 2024**
-  **3rd Quarter 2024**
-  **2nd Quarter 2024**
-  **1st Quarter 2024**

Example at Nebraska Crossing Outlet Mall in Gretna

| | |
|------------------------------------|--|
| Cost of item | \$200.00 |
| Gretna Occupation Tax 1.95% | <u>\$ 3.90</u> (this occupation tax is sent to Gretna) |
| Amount subject to sales tax | \$203.90 |
| GLD state rate 2.75% | \$ 5.61 |
| Gretna local sales tax rate 2% | <u>\$ 4.08</u> |
| Total amount | \$213.59 |

State and local tax is reported and paid on Nebraska and Local Sales and Use Tax Return, Form 10. Schedule I and Section C must be completed prior to complete line 3 and 4 on Form 10.

Nebraska and Local Sales and Use Tax Return

- If applicable, complete Schedule I on reverse side.
- See Nebraska Net Taxable Sales and Use Tax Worksheets.

PRINT FORM | **RESET FORM**

**FORM
10**

| | | | |
|--------------|--------------------|----------|------------|
| Tax Category | Nebraska ID Number | Rpt.Code | Tax Period |
| | | | |

Please Do Not Write In This Space

Due Date: _____

Name and Location Address

Name and Mailing Address

• Name, address, or ownership changes? See instructions.

Check this box if your business has permanently closed, has been sold to someone else, or your permit is no longer needed. New owners must apply for their own sales tax permit.

| | | | | |
|----|---|----|--|----|
| 1 | Gross sales and services in Nebraska (see instructions and worksheets)..... | 1 | | 00 |
| 2 | Net Nebraska taxable sales as shown on line 2, Form 10 Worksheets (see instructions)..... If you had transactions in a Good Life District, complete Section C of Schedule I prior to completing Lines 3 and 4. | 2 | | 00 |
| 3 | Nebraska sales tax (line 2 multiplied by _____) | 3 | | |
| 4 | Nebraska use tax (see instructions) | 4 | | |
| | Complete Nebraska Schedule I prior to completing lines 5 & 6. | | | |
| 5 | Local use tax from Nebraska Schedule I..... | 5 | | |
| 6 | Local sales tax from Nebraska Schedule I | 6 | | |
| 7 | Total Nebraska and local sales tax (line 3 plus line 6) | 7 | | |
| 8 | Sales tax collection fee (line 7 multiplied by .03; if the result is \$150.00 or more, enter \$150.00) | 8 | | |
| 9 | Sales tax due (line 7 minus line 8)..... | 9 | | |
| 10 | Total Nebraska and local use tax (line 4 plus line 5)..... | 10 | | |

Nebraska Schedule I — Local Sales and Use Tax

Section B - MVL, ATV, UTV, Motorboat Leases or Rentals, and Aircraft Sales or Leases

To be completed by retailers who are leasing (1) motor vehicles to others for periods of more than 31 days;
(2) ATVs or UTVs; (3) motorboats or motorized personal watercraft; or (4) Aircraft Sales or Leases.

| | |
|---|--|
| 1 Enter the amount of state sales tax included on Form 10, line 3, that was reported on long-term leases (more than 31 days) of motor vehicles (see instructions)..... (Code 600-600) | |
| 2 Enter the amount of state sales tax included on Form 10, line 3, that was reported on all leases or rentals of all-terrain and utility-type vehicles (see instructions) (Code 626-626) | |
| 3 Enter the amount of state sales tax included on Form 10, line 3, that was reported on all leases or rentals of motorboats and motorized personal watercraft (see instructions)..... (Code 633-633) | |
| 4a Enter the amount of state sales tax included on Form 10, Line 3 from the sale or lease of aircraft...(Code 694-694) | |
| 4b Enter the amount of state use tax included on Form 10, Line 4 from the purchase or lease of aircraft...(Code 694-694) | |

Section C - Good Life District (GLD) - Complete prior to completing Form 10

See Section C instructions.

| A. GLD Name | B. GLD Code | State Rate | C. Use Tax | D. Sales Tax |
|--|-------------|------------|------------|--------------|
| Outside a GLD or Inside a Nebraska GLD but not within a city's boundaries. | N/A | .055 | 1 | 1 |
| Inside GLD Avenue One | 801-801 | .0275 | 2 | 2 |
| Inside GLD Nebraska Crossing Village District and inside Gretna's city limits** | 802-802 | .0275 | 3 | 3 |
| Inside GLD Operation Grand Island Goodlife and inside Grand Island's city limits** | 803-803 | .0275 | 4 | 4 |
| Inside GLD La Belle Vue Good Life District and inside Bellevue's city limits** | 804-804 | .0275 | 5 | 5 |
| Enter Total of Column C on Line 4, Form 10 and Total of Column D on Line 3, Form 10 | | | | |

****Effective July 1, 2024, the GLD state tax rate of 2.75% is only effective within a GLD that is also within a city boundary.**

Tax Incentive Bills

- LB 937
- LB 1088
- LB 1095
- LB 1197
- LB 1317
- LB 1344

Overview of Tax Incentive Bills

- Biodiesel Tax Credit Act
- E-15 Access Standard Act
- Cast and Crew Act
- Nebraska Shortline Modernization Act
- Sustainable Aviation Fuel Tax Credit Act
- Changes to Nebraska Advantage Act

Overview of Tax Incentive Bills

- Sports Arena Facility Financing Act
- Creating High Impact Economic Futures Act
- Good Life Transformation Projects Act

Overview of Other Changes

- Electronic or secure messages
- Tobacco Products Tax Act
- Motor Fuel provisions
- Financial Institution Data Match Act
- Gambling Winnings Setoff for Outstanding Debt Act
- Electric Motor Vehicles
- Inheritance Tax Reporting
- First Responder Recruitment and Retention Act

Overview of Lottery/Charitable Gaming Changes

- Mechanical Amusement Device Tax
- Requirements Distributors and Operators
- 1099s
- DOR Authority
- Cash Devices
- Lotteries and Raffles
- Prize winners

Overview of Income Tax Changes

- Nebraska National Guard Income Exclusion
- Opportunity Scholarships Act
- Pregnancy Help Act
- Individuals with Intellectual & Developmental Disabilities Support Act
- Medical Debt Relief Act
- Caregiver Tax Credit

Gambling Winnings Setoff for Outstanding Debt Act

- Casino winnings, parimutuel winnings, sports wagering winnings, and cash device winnings above certain amounts will be setoff and used for non-payment of child or spousal support and then outstanding tax liabilities under any program administered by the TC, Department of Labor, or Department of Motor Vehicles after the child support setoff

Overview of Income Tax Changes

- Reverse Osmosis System Tax Credit Act
- Nonrefundable Income Tax Credit to Grocery Store Retailers, Restaurants, and Agricultural Producers for Food Bank, Food Pantry, or Food Rescue Donations
- Relocation Incentive Act
- Qualified Property and Qualified Improvement Property

Overview of Income Tax Changes

- Federal Civil Service Retirement Exclusion
- Gain or Loss on the Sale or Exchange of Bullion
- Changes to Income Taxation of Nonresident Individuals Earning Compensation from a Business, Trade, or Profession
- Changes to Interest and Penalties Imposed for an Employer's Failure to Withhold

Income Tax and withholding changes for non-residents.

- For Taxable Years Beginning on or after January 1, 2025.
- Compensation is not sourced to Nebraska if following conditions are met:
 - Attending a conference or training
 - Present for 7 or less days
 - Work performed in more than one state
 - Wages were \$5,000 or less
- Compensation to non-resident board of directors for work on the board in Nebraska is not Nebraska source income
- No penalty or interest for failing to deduct and withhold income taxes for employees if employer meets either condition:
 1. A time and attendance system specifically designed to allocate employee wages for income tax purposes; or
 2. Employer relies on other specific documentation as listed

Income Tax and withholding changes for non-residents.

- Compensation paid to a nonresident by a business, trade, or profession is Nebraska sourced income of the nonresident if:
 - The nonresident performs services in Nebraska for more than seven days during the taxable year for which the compensation is paid; and
 - The nonresident is paid compensation for performing services outside Nebraska that are directly related to a business, trade, or profession carried on within Nebraska for the nonresident's convenience, and except for the nonresident's convenience, the services could have been performed within Nebraska
- Only the compensation paid for services performed within Nebraska constitutes Nebraska sourced income of the nonresident under this provision

Individual Income Tax Rate Changes (LB 754)

| Tax year beginning in | 3 rd Bracket | | 4 th (top) Bracket | |
|-----------------------|-------------------------|-------|-------------------------------|-------|
| | Before | After | Before | After |
| LB 754 Rate Changes | | | | |
| January 1, 2024 | 5.01% | 5.01% | 6.44% | 5.84% |
| January 1, 2025 | 5.01% | 5.01% | 6.24% | 5.20% |
| January 1, 2026 | 5.01% | 4.55% | 6.00% | 4.55% |
| January 1, 2027 | 5.01% | 3.99% | 5.84% | 3.99% |
| | | | | |

Corporate Income Tax Rate (LB 754)

| Tax year beginning in | Under 100,000 | | Over 100,000 | |
|-----------------------|---------------|-------|--------------|-------|
| LB 754 Rate Changes | Before | After | Before | After |
| January 1, 2024 | 5.58% | 5.58% | 6.50% | 5.84% |
| January 1, 2025 | 5.58% | 5.20% | 6.24% | 5.20% |
| January 1, 2026 | 5.58% | 4.55% | 6.00% | 4.55% |
| January 1, 2027 | 5.58% | 3.99% | 5.84% | 3.99% |
| | | | | |

NEBRASKA

Good Life. Great Service.

DEPARTMENT OF REVENUE

Questions?

NEBRASKA

Good Life. Great Service.

DEPARTMENT OF REVENUE

Taxpayer Assistance

402-471-5729

800-742-7474 NE & IA

revenue.nebraska.gov

Thank you!