

Changes to Nebraska Property Tax Credit By Lori Lemmer

Nebraska has made changes to the provisions regarding tax credits for school district property tax in regard to LB 181.

LB 181 amended the tax credit and has 4 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 or short-year taxpayers, the credit must be calculated based on the school district taxes paid during the immediately preceding calendar year.

One of the most substantial changes for the 2021 tax season is **the credit has gone from 6% to 25%**.

As a reminder, the school district property tax is considered paid on the date when the county treasurer books the payment as received. Please note that the date of your check is not necessarily the date considered paid.

As always, if any questions, please contact your tax preparer.

Thanks,

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Income Tax Preparer

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