Instructions

Who May File. Parents or legal guardians of children 5 years old or younger on December 31 of the applicable tax year may apply to the Nebraska Department of Revenue (DOR) to receive a refundable tax credit. The parent or legal guardian must claim the child as a dependent for federal income tax purposes and is eligible for the refundable tax credit if:

- The child is enrolled in a child care program licensed pursuant to the Child Care Licensing Act;
- The child receives care from an approved license-exempt provider enrolled in the child care subsidy program pursuant to Neb. Rev. Stat. §§ 68-1202 and 68-1206; **or**
- The parent's or legal guardian's total household income is less than or equal to 100% of the federal poverty level.

The credit will equal:

- $2,000 per child, if the total household income is no more than $75,000; or
- $1,000 per child, if the total household income is more than $75,000 but no more than $150,000.
- If the total household income is more than $150,000, the parent or legal guardian is **not eligible** for the child care refundable tax credit.

When to File. Application submission for each tax year will open in January following the applicable tax year. The Child Care Refundable Tax Credit Application, Form 7203, must be certified by DOR prior to claiming the tax credit on your individual income tax return. **Parents and legal guardians submit the Child Care Refundable Tax Credit Application, Form 7203, using DOR's Electronic Document & Application Submission Hub (eDASH).**

What to File. Parents and legal guardians must submit the Child Care Refundable Tax Credit Application, Form 7203. If any dependent child received care from a DHHS approved license-exempt provider enrolled in the Child Care Subsidy Program pursuant to Neb. Rev. Stat. §§ 68-1202 and 68-1206, they must also submit a copy of the DHHS authorization with their application. The DHHS authorization is available in the parent's or legal guardian's ACCESSNebraska or iServe Nebraska account.

Where to File. Submit the Child Care Refundable Tax Credit Application, Form 7203, electronically through the eDASH portal.

Claiming the Credit. After your Form 7203 has been certified and returned by DOR, you must claim the reserved credit amount on the applicable line of your Nebraska individual income tax return. You will need the **Certification Number** and **Reserved Credit Amount** from the Estimated Credit Authorization section of your approved Form 7203 when claiming the credit on your Nebraska individual income tax return.

Email. By entering an email address, the applicant acknowledges DOR may contact the applicant by email. The applicant accepts any risk to confidentiality associated with this method of communication. DOR will send all confidential information by secure email. A valid email address is required for all applications submitted electronically. All communication and notices for applications submitted in eDASH will be sent to the email address entered on the application.

Authorization for DOR to Send Notice by Secure Electronic Means. By submitting this application electronically, you have authorized the DOR to deliver any notice by electronic means in a secure manner to the email address entered, and you accept any risk to confidentiality associated with this method of communication. The DOR will send all confidential information by secure email.

Signature. This application must be signed by the parent or legal guardian who is claiming the eligible dependents for federal income tax purposes.

Annual Limit. The DOR will process completed applications in the order received until the annual limit has been reached. An application will be considered complete when all the information requested for this application has been submitted.

Appeal. The amount of approved credit is a final action of the Tax Commissioner and may be appealed. Appeals must be filed with the District Court of Lancaster County within 30 days after the date of the Tax Commissioner's final determination. The amount of approved credit, outside of notification that the total annual limit allocated for all approved credits has been reached, is a final action of the Tax Commissioner and may be appealed.

Submitter Information. If a person other than the applicant is submitting Form 7203 on behalf of the applicant, verify that the applicant (taxpayer) has not or will not be submitting a Form 7203 themselves. Duplicate submissions for one taxpayer will delay processing of the tax credit requests.

Nebraska Resident. Parents or legal guardians must be filing as a Nebraska resident to be eligible for the credit. Per Neb. Rev. Stat. § 77-2714.01, resident individual shall mean an individual who is domiciled in Nebraska or who maintains a permanent place of abode in this state and spends in the aggregate more than six months of the taxable year in this state.

Parent's or Legal Guardian's Name and Address. The parent or legal guardian whose name is listed first on the income tax return (primary name) should be listed first on Form 7203 to avoid delays in processing of either the Form 7203 application, or if approved, delays in processing the income tax return with the reserved credit claimed. If you are married, filing jointly, check the box and enter the Spouse information in eDASH for Form 7203 as it will appear on your joint income tax return.

Parent's or Legal Guardian's Social Security Number (SSN). The SSNs entered in eDASH for the parent or legal guardian and spouse, if applicable, must match the SSNs listed on your income tax return to avoid delays in processing the income tax return with the reserved credit claimed. It is important to verify that the SSNs entered in eDASH are accurate. Contact the DOR if you notice an error after Form 7203 has been submitted in eDASH. Do not submit an additional Form 7203 in eDASH without first contacting the DOR.

Part A Instructions – Total Household income

Total Household income. If you do not have the adjusted gross income from your Federal Form 1040, calculate Line 1 based on the following items for the applicable tax year.

The total of:

- Wages;
- Taxable interest;
- Ordinary dividends, taxable amount;
- IRA distributions, taxable amount;
- Pensions and annuities, taxable amount;
- Social security benefits, taxable amount;
- Capital gain or (loss);
- Taxable refunds, credits, or offsets of state and local income taxes;
- Alimony received;
- Business income or (loss) from Federal Schedule C;
- Other gains or (losses) from Federal Form 4797;
- Rental real estate, royalties, partnerships, S corporations, trusts, etc. from Federal Schedule E;
- Unemployment compensation;
- Farm Income or (loss) from Federal Schedule F;
- Line 2d, Federal Schedule 8812*; and
- Other income included in total income based on Federal Schedule 1.

Minus:

- Adjustments to income based on Federal Schedule 1.

Equals your total household income

* If you have not filed or completed Federal Schedule 8812 yet, include the total of any income from Puerto Rico and American Samoa, the calculated foreign earned income exclusion from federal Form 2555, and the adjustment for the housing deduction on the foreign earned income from federal Form 2555.

Any approved, reserved credit amount may be reduced or disallowed if the Part A information does not relatively match the information reported on your income tax return when claiming the credit.

Part B Instructions – Dependent and Child Care Program Information

To qualify under Neb. Rev. Stat. § 77-7203(1) of the Act, the parent or legal guardian must have a dependent child, who is five years of age or less at the end of the calendar year, and:

- The dependent child must have been enrolled in a child care program licensed by the Nebraska Department of Health and Human Services (DHHS) pursuant to the Child Care Licensing Act or received care from an approved license-exempt provider enrolled in the child care subsidy program pursuant to Neb. Rev. Stat. §§ 68-1202 and 68-1206; or
- The parent or legal guardian's total household income was less than or equal to the federal poverty level during the applicable tax year.

A program also qualifies if it is not required to be licensed under the Child Care Licensing Act because the program is operated or contracted by a public school district and subject to the rules and regulations of the Nebraska Department of Education pursuant to Neb. Rev. Stat. § § 71-1910 and 71-1916(4).

A qualified child care program/provider name and all requested information must be entered for each Dependent Child unless the parent's or legal guardian's total household income was less than or equal to the federal poverty level during the applicable tax year.

Dependent Child. All eligible children should be entered on one Form 7203 submission in eDASH. Submitting multiple forms (one Form 7203 per child) in eDASH will delay processing of the tax credit requests. The parent or legal guardian submitting Form 7203 must be the taxpayer who is claiming the dependent children on their income tax return for the tax year the credit is being requested. Form 7203 tax credits cannot be transferred to any other taxpayer once the tax credit reservation has been approved by the DOR.

Child Care Program or Provider Information. For each qualified dependent child, select the first applicable child care program or provider category listed in eDASH. If the parent's or legal guardian's total household income is **not** less than or equal to 100% of the federal poverty level, the child **must** have attended a child care program licensed by DHHS, attended an approved license-exempt provider enrolled in the child care subsidy program, or attended a program that is not required to be licensed because it is operated or contracted by a public school district for the child to qualify under the Act.

If a dependent child attended more than one child care program or provider during the taxable year for which the credit will be claimed, submit only one Form 7203, listing any one of the eligible programs or providers that the dependent child attended. **Do not** submit multiple forms in eDASH to identify each program or provider. Submitting multiple forms (one Form 7203 per program/provider for the same child) in eDASH will delay processing of the tax credit requests.

Additional/Amended Submissions. Additional/Amended Submissions should only be submitted when the change of information affects the amount of tax credit that can be reserved for the applicant/taxpayer.

Changes that would affect the amount of the tax credit may include:

- A correction to total household income submitted on Form 7203 that results in the updated income crossing under or over $75,000.

  NOTE: The following thresholds are used to determine the tax credit: $0 to $75,000 and $75,001 to $150,000. A change to the total household income submitted on Form 7203 may change the tax credit previously reserved.

- Requesting credit for an additional child being claimed which the applicant has determined also qualifies for the tax credit.

  NOTE: Do not include any child that was previously submitted on a Form 7203 Part B for the tax year unless there is also a change in income as noted above that may alter the tax credit amount for all eligible children. They should still be included in the Family Size count in Part A line 2. **Applicants should determine all eligible dependent children prior to completing Form 7203 and include all eligible dependent children on one Form 7203 when possible.**

Multiple submissions by an applicant for any reason will delay processing of the tax credit requests.

Additional/amended submissions received after the annual limit has been reached will not be approved for any additional credit reservation.