

Nebraska Advantage Research and Development Act

The Nebraska Advantage Research and Development tax credit is available for tax years beginning on or after January 1, 2006. A business firm, which incurs research and development expenditures, is eligible for a Nebraska tax credit. If the firm does business within and without Nebraska, the federal tax credit must be apportioned before calculating the Nebraska tax credit. The method used to compute the tax credit varies by tax year and is summarized below.

Tax Year 2006. A business firm, which incurs research and development expenditures, as defined in § 174 of the Internal Revenue Code (IRC), may claim a tax credit equal to three percent of the increase in Nebraska research and development expenditures in the current year, as compared to the average of the expenditures in the two years prior to first claiming the tax credit.

Tax year 2007 and later. A business firm, which incurs research and development expenditures, as defined in § 174 of the IRC, may claim a credit equal to 15 percent of the federal tax credit allowed.

The research and development tax credit may also be claimed for the four tax years following the first year in which the tax credit was claimed. No company may claim the tax credit for the first time in a tax year beginning on or after January 1, 2011.

The tax credit may be used: to obtain a refund of state sales and use taxes paid; against the income tax liability of the taxpayer; or as a refundable credit claimed on the income tax return of the taxpayer.

Tax credits approved on income tax returns, and as refunds of state sales and use taxes, are as follows:

Calender Year Ending	Income Tax Credits	Sales and Use Tax Refunds
December 31, 2006	\$ 0	\$0
December 31, 2007	69,320	0
December 31, 2008	2,132,705	0