

# NEBRASKA OPPORTUNITY SCHOLARSHIP TAX CREDITS



## THE OPPORTUNITY SCHOLARSHIPS ACT

On May 30, 2023, Nebraska Governor Jim Pillen signed into law the Opportunity Scholarships Act for corporate income, individual income, and trust income tax purposes. Individuals, corporations, estates, trusts, LLCs, and S corps can receive nonrefundable tax credits for donating to scholarship-granting organizations, such as Opportunity Scholarships of Nebraska (OSN), through the program. OSN, in turn, distributes scholarships to eligible students, allowing them to enroll in private schools that align with their educational needs and goals.

## TAX BENEFITS

By donating to scholarship-granting organizations like OSN, taxpayers can claim nonrefundable income tax credits of up to 50% of their state income tax liability. This means that eligible contributors can reduce their tax liability by a significant amount, making it a win-win situation for both the contributor and the student receiving the scholarship. For example, if an individual has a state tax liability of \$100,000 and contributes \$50,000 to a scholarship granting organization, they will receive a \$50,000 tax credit, reducing their tax liability to \$50,000.

However, if that same individual contributes \$75,000, they will only receive a \$50,000 credit because it is limited to 50% of their state income tax liability. Since the credit is nonrefundable, it only reduces their liability. The taxpayer will not receive a refund as a result of the credit.

### Other notable details of the credit include:

- It is effective for tax years beginning on or after January 1, 2024.
- The credit is the lesser of:
  - Contributions made during the tax year
  - 50% of the taxpayer's income tax liability
  - \$100,000 (\$1 million for estates or trusts)
- Credits earned by a pass-through entity must be redistributed to the owners based on their distributive percentage of income/loss.
- Unused credit can be carried forward for five years.
- A taxpayer cannot claim the credit if they claimed the contribution as a charitable contribution for federal income tax purposes.
- The department may give \$25 million in credits in 2024, 2025, and 2026, with a chance to increase by 25% each year if at least 90% of the credits are used, up to a total of \$100 million.
- Contributors must make the contribution within 31-60 days after notifying the scholarship-granting organization of their intent to donate. (Excerpts taken from [lutz.us/blog](https://lutz.us/blog).)

## HOW TO MAKE A CONTRIBUTION TO OSN

### 1. Fill out the NSGO-IC form (included).

Contributors only need to include the last four digits of their SSN. OSN will complete the signature section of the form.

### 2. Email or mail the completed NSGO-IC form back to OSN.

The contributor can return a .pdf, .jpg, or hard copy of the form. Email to [givehope@nebraskaopportunity.org](mailto:givehope@nebraskaopportunity.org) or mail to 5100 Van Dorn St. #6778, Lincoln, NE 68506.

### 3. OSN will submit the form to the Department of Revenue.

When the Department of Revenue approves, OSN will contact the taxpayer to make the contribution.

### 4. Contributor submits contribution to OSN and gives hope to kids!

If a contributor would like assistance with this process, contact Team OSN at [givehope@nebraskaopportunity.org](mailto:givehope@nebraskaopportunity.org) or call 402.205.7047. For all personal financial questions, please consult your tax professional.

**VISIT OUR WEBSITE FOR MORE INFO:**  
**[WWW.NEBRASKAOPPORTUNITY.ORG/GIVING](http://WWW.NEBRASKAOPPORTUNITY.ORG/GIVING)**

# GIVE KIDS HOPE. TAKE THE CREDIT!



## WHY CONTRIBUTE TO OSN?

Opportunity Scholarships of Nebraska (OSN) is a state-approved scholarship granting organization and a 501(c)(3) nonprofit that helps implement the Opportunity Scholarships Act (LB753). OSN does this by empowering parents to choose the best educational setting for their children through awarding nonpublic school tuition scholarships and providing access to school options.

The Opportunity Scholarships program gives priority to students in families at or below 100% poverty level as well as students with “exceptional needs”, who have experienced bullying, in the foster system, in military families, or have been denied option enrollment by public schools.

## CAN MY CONTRIBUTION BENEFIT STUDENTS WHO CHOOSE MY PREFERRED SCHOOL?

A contributor may give preference to partner schools (or school systems) chosen by students applying for Opportunity Scholarships. After scholarship needs are fulfilled for students in Eligibility Tiers 1-4 in the preferred school/system, OSN will assess student need statewide for Eligibility Tiers 1-4 priority students. This process honors the purpose and priorities of the Opportunity Scholarships Act, which is to empower families, especially lower-income families, to choose the best nonpublic school option for them. This also assures contributors that OSN and our partner schools are great stewards of scholarship dollars both locally and statewide.

## WILL I STILL BE ABLE TO CLAIM MY TAX CREDIT IF THE OPPORTUNITY SCHOLARSHIPS ACT IS REPEALED?

Yes! According to the Nebraska Department of Revenue, if the Opportunity Scholarships Act is repealed, taxpayers will still be able to claim a tax credit for their contributions on their 2024 taxes. A repeal of the Opportunity Scholarships Act, Nebraska’s first school choice program, would be catastrophic for parents and kids who need more educational freedom. OSN will award as many scholarships as possible to eligible families seeking educational freedom.

## HOW DOES IT WORK?



After contacting OSN, taxpayers apply to the Department of Revenue for a dollar-for-dollar tax credit up to 50% or \$100k of their state income tax liability.



Taxpayers give approved tax credit contributions to OSN.



OSN awards scholarships!



Parents are empowered to choose an education that best fits their child’s needs.

## “WITHOUT SCHOOL CHOICE, I WOULDN’T BE WHERE I AM NOW...”

...My mom worked multiple jobs while going to college so that I could go to a private school. I was eventually able to attend Holy Name Catholic School. From there, I was able to go to Duchesne Academy, which prepared me to attend one of the top 10 universities in the United States. I would not have been able to do that without the hard work my mom put in and the generosity of private donors.

But sometimes it’s not possible for parents to work that many jobs or for students to be lucky enough to receive a limited scholarship. Kids need a backup option where they can get funds to be able to have a chance to better their education and go to the school that’s right for them.”



**JAYLEESHA,  
STUDENT**

# Opportunity Scholarship Act Notification of Intended Tax Credit Amount

Scholarship Granting Organization: \_\_\_\_\_

Street or Other Mailing Address \_\_\_\_\_

City \_\_\_\_\_

State \_\_\_\_\_

ZIP Code \_\_\_\_\_

Email Address \_\_\_\_\_

## Complete to notify the Nebraska Department of Revenue (DOR) of an intended tax credit amount

Taxpayer Name: _____
Taxpayer Street or Other Mailing Address: _____
Taxpayer City, State, ZIP Code: _____
Please check the box for the following taxpayer type: <input type="checkbox"/> Individual <input type="checkbox"/> Business <input type="checkbox"/> Estate or Trust
Taxpayer Social Security Number or Nebraska Identification Number: _____
Taxpayer Intended Tax Credit Amount: _____

**Please note one of the intended credit limitations is 50% of the income tax liability of the donor, if this is a pass-through entity that does not have a tax liability the credit will be zero.**

**\*If the taxpayer wants to increase the amount of their intended tax credit, a separate Form NSGO-IC must be completed and filed for the amount over the initial intended tax credit.\***

**sign  
here** ▶

**This section filled out by OSN.**

Authorized Signature \_\_\_\_\_

Title \_\_\_\_\_

Date \_\_\_\_\_

Email Address \_\_\_\_\_

Phone Number \_\_\_\_\_

**For Department of Revenue Use Only**

<input type="checkbox"/> Intended Tax Credit Does not Exceed Statutory Limit	Comments: _____
<input type="checkbox"/> Intended Tax Credit Exceeds Statutory Limit	
Authorized Signature _____	Date _____

## Instructions

**Who May File.** A certified scholarship-granting organization (SGO) that was notified of an intended contribution and tax credit must file an Opportunity Scholarship Act Notification of Intended Tax Credit, Form NSGO-IC. The Form NSGO-IC cannot be filed by the contributor.

**What to File.** The SGO must submit Form NSGO-IC to notify the Nebraska Department of Revenue (DOR) of a taxpayer's intended tax credit. The SGO must submit an Opportunity Scholarship Act Notification Regarding Intended Contribution, Form NSGO-X if the taxpayer does not contribute within the time stated in Neb. Rev. Stat. §77-7109. The SGO must also submit Form NSGO-X if the taxpayer contributes less than the intended tax credit amount.

**When to File.** Form NSGO-IC must be filed by the SGO after a taxpayer has contacted the SGO to make a contribution. The taxpayer must make the donation no later than 60 days after notifying the SGO of the intended contribution per Neb. Rev. Stat. §77-7109. If the intended contribution was not made within the time period or if the contribution made is less than the reported intended tax credit amount the SGO must file form NSGO-X.

**Processing Procedure.** DOR will process Forms NSGO-IC in the order they are received. The SGO will notify DOR of an intended contribution by uploading this form. DOR will respond by email within 30 days notifying the SGO of any available credits remaining. If the taxpayer does not make the intended contribution the SGO is required to notify DOR by completing the Form NSGO-X and submitting it to DOR.

**Intended Tax Credit.** A taxpayer may claim a nonrefundable credit for the timely contribution made to a certified SGO in the tax year in which the taxpayer made the contribution. The credit is the lesser of:

- The total amount of contributions made to the SGO during the tax year;
- 50% of the income tax liability of the taxpayer for such year; or
- \$100,000 or \$1 million for estates and trusts.

If a shareholder, beneficiary or member is claiming the credit based on a distribution the credit is first limited by the tax liability of the pass-through entity. If the pass-through is not subject to tax the credit will be zero.

**Changes to Intended Tax Credit.** If the taxpayer increases the amount of their contribution and wants to increase the amount of their tax credit, a separate Form NSGO-IC must be completed and filed for the amount over the initial intended tax credit. If a taxpayer does not timely make the contribution or makes a contribution lower than their intended tax credit, the SGO must notify DOR by filing a Form NSGO-X.

**Email.** By entering an email address or uploading this form electronically, the SGO acknowledges DOR may contact the SGO or contact the SGO's authorized signatory by email. The SGO and taxpayer accepts any risk to confidentiality associated with this method of communication. DOR will send all confidential information by secure email or the State of Nebraska's ShareFile system.

**Authorized Signature.** The Forms NSGO-IC and NSGO-X must be signed by the current president, vice president, treasurer, assistant treasurer, chief accounting officer, or other corporate officer (such as a tax officer) who is authorized to sign as of the date this application is filed. A receiver, trustee, or assignee must sign any application they file for a corporation or association. For a trust, an authorized trustee must sign. The forms may be signed by a person authorized to sign by a power of attorney on file with DOR. The authorized person must indicate their official title on the line provided.

**Records.** The SGO should keep a copy of all Forms NSGO-IC and NSGO-X filed with DOR.