

Income/Franchise:

Nebraska: New Law Lowers Corporate Income Tax Rates and Retroactively Permits PTE Tax Election

L.B. 754, signed by gov. 5/31/23. Newly enacted legislation contains several tax-related measures, including phasing in lower Nebraska corporate income tax rates and retroactively establishing an elective pass-through entity tax. Under the new law, Nebraska's corporate income tax rates are revised as follows:

URL: https://nebraskalegislature.gov/bills/view_bill.php?DocumentID=50792

- 5.58% on the first \$100,000 of taxable income, and 5.84% on all taxable income in excess of \$100,000 for taxable years beginning on January 1, 2024, and before January 1, 2025;
- 5.20% for taxable years beginning on January 1, 2025, and before January 1, 2026;
- 4.55% for taxable years beginning on January 1, 2026, and before January 1, 2027; and
- 3.99% for taxable years beginning on or after January 1, 2027 [note: see L.B. 873 (2022), and *State Tax Matters*, Issue 2022-15, for details on previous Nebraska corporate income tax rate changes that were enacted in 2022].

URL: https://nebraskalegislature.gov/bills/view_bill.php?DocumentID=47318

URL: https://dhub.blob.core.windows.net/dhub/Newsletters/Tax/2022/STM/220415_6.html

The legislation also lowers and flattens Nebraska's individual income tax rates. Additionally, for taxable years beginning on or after January 1, 2018, qualifying pass-through entities may make an annual election to pay an entity level state tax [see forthcoming Multistate Tax Alert for more details on Nebraska's new pass-through entity tax]. Please contact us with any questions.

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