

SMALL BUSINESS NEEDS ASSESSMENT 2019:

NEBRASKA ADVANTAGE MICROENTERPRISE TAX

This series of fact sheets focuses on results of the Small Business Needs Assessment, completed by the Center for Rural Affairs in 2019. Small businesses and small business providers in Nebraska are surveyed every two years to determine their needs. A total of 307 responses were received in 2019.

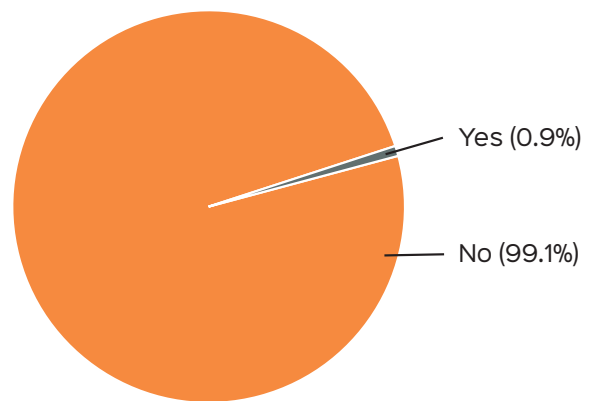


The Nebraska Advantage Microenterprise Tax Credit provides a refundable individual income tax credit to individual applicants who are actively involved in operating a microbusiness based on demonstrated growth of the business over two years. The applicant may earn a credit equal to 20 percent of the increase in new investment or new employment at the microbusiness in the year of application and the year after application. The total lifetime tax credits claimed by any single applicant and any related persons are limited to \$10,000.

The individual applying must be actively engaged with personal involvement on a daily basis in the management and operation of the microbusiness. The microbusiness must employ five or fewer full-time equivalent employees at the time of application.

An application will not be accepted from an individual actively engaged in the operation of a farm or livestock operation with a net worth of more than \$500,000, including any holdings by a spouse or dependent, based on fair market value. A microbusiness involved in the following activities is not subject to the \$500,000 limitation for farm and livestock operations: processing or marketing of agricultural products raised by another person; aquaculture; agricultural tourism; or the production of fruits, herbs, tree products, vegetables, tree nuts, dried fruits, organic crops, or nursery crops.

Have you utilized the Nebraska Advantage Microenterprise Tax Credit?



The Nebraska Advantage Microenterprise Tax Credit was originally adopted by the Nebraska Legislature and signed into law by the governor in 2005.

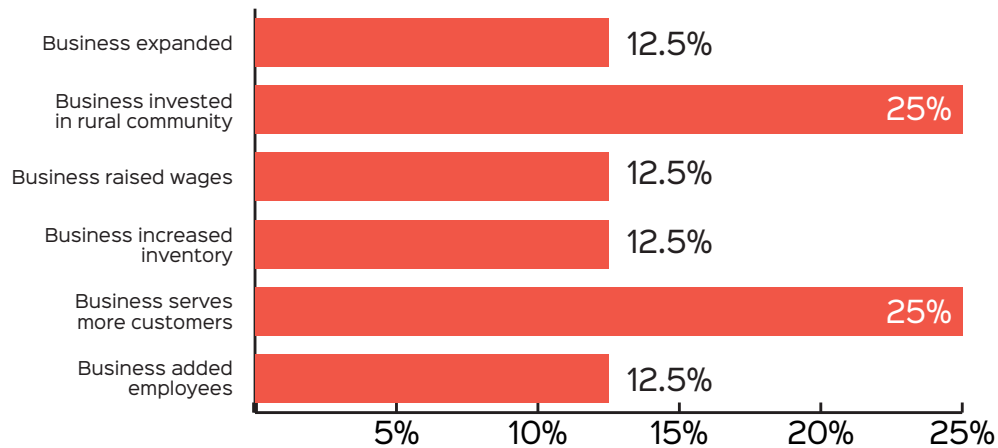


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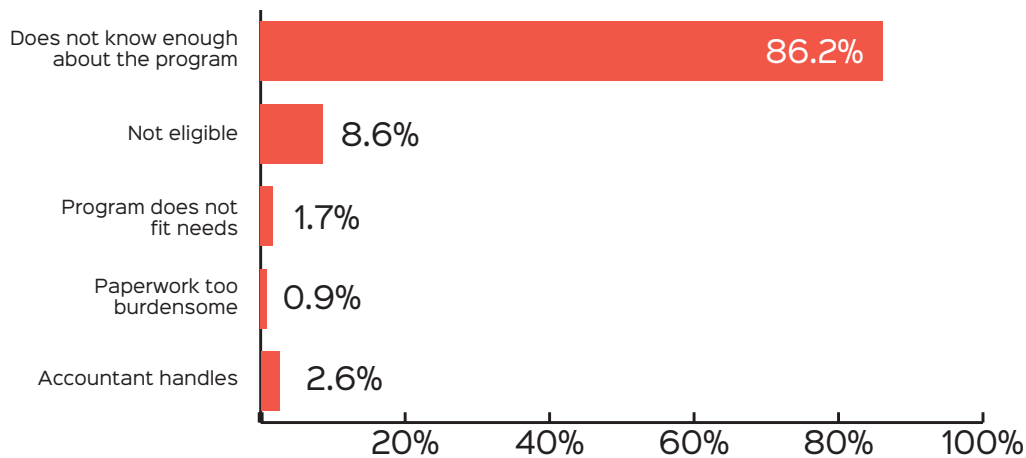
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■ Respondents were asked what outcomes they experienced if they utilized the Microenterprise Tax Credit. Multiple responses were allowed.



■ Those surveyed were asked why they did not utilize the Microenterprise Tax Credit. Multiple responses were allowed.



These responses indicate the Microenterprise Tax Credit is not well utilized primarily because the vast majority of small businesses do not know enough about it. The Nebraska Departments of Revenue and Economic Development must provide more information to small businesses about the credit prior to tax filings.

