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2025 CHANGES

100% R&D Deduction

Research & Development expenses for amounts paid or incurred between December 31, 2024, and January 1, 2030, are deductible. The OBBB provides small businesses with the option to apply this change retroactively back to 2022 through amended returns.

Bonus Depreciation

100% bonus depreciation is available for property acquired and placed in service on or after January 19, 2025. Bonus depreciation has been temporarily expanded to a new category of building property—qualified production property.

In addition, 100% depreciation allowance is added for qualified production property (QPP) placed in service through 2030. QPP covers newly constructed and certain existing non-residential real estate used for manufacturing, production, or refining of certain tangible personal property in the US.

Section 179 Deduction

The rule allowing immediate expense for certain business property had its base limit increased from \$1 million to \$2.5 million (and increased the phase-down threshold from \$2.5 million to \$4 million). All of these base amounts were and will continue to be subject to inflation adjustments.

Standard Deduction

	2025	2026
Married Filing Joint and Surviving Spouses	\$31,500	\$32,200
Single and Married Filing Separately	\$15,750	\$16,100
Heads of Household	\$23,625	\$24,150

TEMPORARY CHANGES

Reduced Taxes on Tips [2025-2028]

Effective for 2025 through 2028, individuals may deduct qualified tips received in qualifying occupations.

- Qualified tips are voluntary cash or charged tips received from customers or through tip sharing.
- Maximum annual deduction is \$25,000.
- Available for taxpayers with adjusted gross income of \$150,000 or less (\$300,000 for joint filers)
- Qualified industries: Beverage and Food Service, Entertainment and Events, Hospitality and Guest Services, Home Services, Personal Services, Personal Appearance and Wellness, Recreation and Instruction, and Transportation and Delivery

Reduced Taxes on Overtime [2025-2028]

Effective for 2025 through 2028, individuals who receive qualified overtime may deduct the pay that exceeds their regular rate of pay that is reported on a Form W-2.

- Maximum annual deduction is \$12,500 (\$25,000 for joint filer)
- Available for taxpayers with adjusted gross income of \$150,000 or less (\$300,000 for joint filers)

2026 CHANGES

QBI Deduction [199A]

Starting in 2026, the income ranges over which the QBI deduction begins to phase out will be expanded. For married couples filing jointly the phase out increases from \$100,000 to \$150,000. For single filers, from \$50,000 to \$75,000. These amounts will be adjusted for inflation. In addition, a minimum deduction of \$400 is established for taxpayers with at least \$1,000 of qualified business income.

Charitable Contributions

Taxpayer who do NOT itemize will be able to deduct qualified cash donations to charity—up to \$1,000 for single filers or \$2,000 for married couples filing jointly.

Taxpayers who itemize will be able to deduct donations to the extent that their qualified contributions exceed 0.5% of their adjusted gross income (AGI). For example, a couple with an AGI of \$300,000 could only deduct charitable donations in excess of \$1,500. Similarly, corporations will only be entitled to deduct charitable contributions to qualified charities that exceed 1% of their taxable income.

1099 Reporting

The reporting thresholds for Forms 1099-NEC and 1099-MISC will be increased from \$600 to \$2,000 (adjusted for inflation after 2026).

NEBRASKA

Paid Sick Leave

Effective October 1, 2025, the Nebraska Healthy Families & Workplaces Act went into effect requiring businesses with 11 or more employees to provide paid sick leave. [Learn more](#)

Good Life District Sales Tax

Effective October 1, 2025, the state sales and tax rate on most transactions within a Good Life District will increase to 5.5%.

Sales Tax Collection Fees

Effective January 1, 2026, the sales tax collection fee for businesses will decrease from 3% of the first \$5,000, up to \$150, to 2.5% of the total tax up to \$75.

Minimum Wage

Effective January 1, 2026, the Nebraska Minimum Wage will increase to \$15.00 per hour.

Microenterprise Tax Credit

Eligible microbusinesses (five or fewer employees) can apply for a tax credit equal to 20% of new investment or new employment increases, with a lifetime limit of \$20,000 per applicant, up from \$10,000 per applicant.

Manufacturing Modernization Grant Program

The Nebraska Manufacturing Modernization and Workforce Development grant program offers matching grants of up to \$50,000 to support the manufacturing sector in adopting advanced technologies to improve productivity and competitiveness. Applications will be accepted from October 1, 2025, to November 1, 2026, prioritizing projects that enhance employment opportunities and workforce development through automation.

A total of \$250,000 in funding is available. Applicants must match individual grant awards on a 1:1 basis with private funds.

Eligibility Criteria:

- Must have at least three years of operation and derive 51% of revenue from manufactured goods.
- Minimum three full-time employees and documentation for matching funds.

For details, full eligibility criteria, and application guidelines, visit dol.nebraska.gov.