Nebraska

#16

Overall Rank	Corporate Tax Rank	Individual Income Tax Rank	Sales Tax Rank	Property Tax Rank	Unemployment Insurance Tax Rank
16 ▲ 8	9 ▲ 4	13 ▲ 9	14 –	42 ▲ 3	4 ▼ 1

IN THE 2027 *Index*

Nebraska improved eight places overall, from 24th to 16th, due to the continued phase-down of its income tax rates. The state's top individual income tax rate decreased from 5.2 percent to 4.55 percent, with a resulting elimination of its fourth bracket, moving Nebraska from 22nd to 13th on the individual income tax component. The state's flat corporate rate also decreased to 4.55 percent, and its conformity to full bonus depreciation has allowed the Cornhusker State's corporate tax rank to climb four spots to 9th.

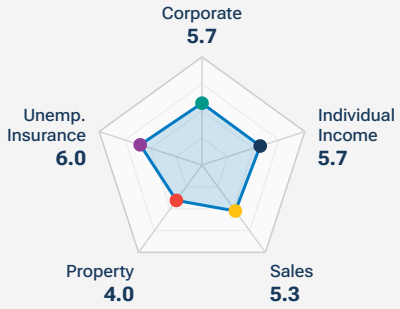
Nebraska has taken strides to improve its income tax competitiveness in recent years by reducing its individual and corporate income tax rates. Currently, the state's graduated individual income tax rates range from 2.46 percent to 4.55 percent, and its corporate income tax rate is now a flat 4.55 percent.

Despite these improvements, Nebraska maintains an uncompetitive "convenience of the employer rule," which can lead to double taxation (with no offsetting credit) for remote employees working for businesses located in Nebraska—ultimately a disincentive for businesses to locate in the state if they want to be able to hire across the country. Nebraska also requires individual income tax filing and withholding for nonresidents working in the state for even a single day. Additionally, Nebraska conforms to Section 951A of the federal tax code and therefore includes net CFC tested income (NCTI) in its corporate tax base. This inclusion results in higher corporate income tax liability for Nebraska companies with operations in other countries.

Notably, Nebraska's property taxes are on the high side regionally and nationally, and Nebraska is one of the few states that continues to impose an antiquated capital stock tax, which is assessed against the net worth of Nebraska corporations and imposed regardless of whether a firm makes a profit. The Nebraska Occupation Tax, as it is known in the state, is collected every other year, which complicates the filing process, since firms must track their net worths across two tax years. Nebraska also retains an inheritance tax and is the only state to have adopted but later abandoned a tangible personal property tax de minimis exemption.

Component scores

out of 10



Nebraska and its neighbors

Overall rank, 2027 Index, with change from 2026

Wyoming	#1	–
South Dakota	#2	–
Missouri	#9	▲ 3
Nebraska	**#16**	▲ 8
Iowa	#18	▼ 1
Kansas	#19	▲ 4
Colorado	#33	▲ 1