



# This Week in State Tax (TWIST)

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## Nebraska: New Provision Will Allow for Immediate Expensing of R&E Expenditures

For tax years beginning on or after January 1, 2025, section 11 of Nebraska LB 1023 (signed into law on April 23, 2024) allows businesses to deduct research or experimental expenditures as defined under 26 CFR Section 1.174-2 rather than amortizing the expenses over a five- or 15-year period. If the taxpayer does not fully deduct the research or experimental expenditures in the taxable year in which the expenditures are paid or incurred, the taxpayer may elect to amortize the expenditures over a five-year irrevocable term. The bill does not appear to distinguish between domestic and foreign expenditures. Nebraska LB 1023 also allows “full expensing” for qualified property and qualified improvement property, as defined with reference to the IRC. “Full expensing” means a method for taxpayers to recover their costs for investing in depreciable business assets by immediately deducting sixty percent of the full cost of such expenditures in the tax year in which the property is placed in service. If a taxpayer elects not to fully expense the costs in the tax year in which the property is placed in service, the taxpayer may elect to depreciate the costs over a five-year irrevocable term. Please contact [Sarah McGahan](#) with questions on LB 1023.

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