

**RECIPROCAL AGREEMENT
BETWEEN
THE MONTANA DEPARTMENT OF REVENUE
AND THE NORTH DAKOTA OFFICE OF STATE TAX COMMISSIONER**

I. PURPOSE

The purpose of this agreement is to assist the Montana Department of Revenue (Department), the North Dakota Office of State Tax Commissioner (Tax Commissioner) and the residents of each state in the efficient administration and enforcement of each state's tax laws. With efficient tax administration as the goal, the Department and Tax Commissioner agree to provide taxpayers the opportunity to elect to be exempt from wage withholding of personal income tax imposed by the state in which they would be considered a nonresident provided that the terms of this Reciprocal Agreement (Agreement) are met.

The Agreement also facilitates the exchange of information between the Department and Tax Commissioner regarding those taxpayers that have elected to be exempt from wage withholding.

It is the understanding and intent of the parties that all information exchanged pursuant to this Agreement shall be employed solely for the purposes authorized by law. The Tax Commissioner has authority to enter into this Agreement under North Dakota Century Code §§ 57-38-56 and 57-38-59.1. The Department has authority to enter into this Agreement under § 15-30-2621, MCA.

II. TERMS OF AGREEMENT

- A. Pursuant to this Agreement, and subject to the limitations, if any, of the statutory provisions of the respective states, North Dakota will forego taxation of compensation from personal or professional services performed in North Dakota by natural persons domiciled in Montana; and Montana will forego taxation of compensation from personal or professional services performed in Montana by natural persons domiciled in North Dakota.
- B. The employer of any employee domiciled in Montana, which employee performs personal or professional services in North Dakota, shall not withhold for North Dakota income tax purposes from wages paid to the employee for personal or professional services performed in North Dakota. The employer of

any employee domiciled in North Dakota, which employee performs personal or professional services in Montana, shall not withhold for Montana income tax purposes from wages paid the employee for personal or professional services performed in Montana.

- C. This Agreement applies only to net income taxation of natural persons, and the terms "natural persons" and "individuals" are to be deemed synonymous.
- D. This Agreement applies only to compensation from personal or professional services subject to withholding of federal income tax under the provisions of Section 3401 through 3404 of the Internal Revenue Code of 1986, as amended or as those sections may be amended during the term of this Agreement.
- E. This Agreement shall not be interpreted as preventing the taxing authorities of either state from requiring any individual to file such returns as are required by the law of the state even though some or all of the income reported in the returns is not subject to income tax by the state because of the reciprocity provisions of this Agreement.
- F. This Agreement does not relate to any tax levied on any individual by either state for the privilege of doing business in the state.

III. PROCEDURES FOR EXCHANGE OF INFORMATION

The information included on the North Dakota Form NDW-R "Reciprocity exemption from withholding for qualifying Minnesota and Montana residents working in North Dakota" and the Montana Form MT-R "Reciprocity Exemption from Withholding" will be exchanged by March 31 of the following tax year, e.g. 2015 information will be exchanged by March 31, 2016. The information shall include the name, address, social security number for each taxpayer that requested exemption from withholding and, if available, the employer's name, address, phone number, and social security number or federal employer identification number.

Information on the North Dakota and Montana tax returns that claim refunds because of the reciprocal agreement will be exchanged by March 31 of the year following the due date of the return, e.g. information on the 2015 tax returns will be exchanged by March 31, 2017. The information to be exchanged will be the name, address, social security number for each taxpayer, as well as the requested refund amount.

IV. MODIFICATIONS

Negotiations for modifications to this Agreement may be opened by either the Department or Tax Commissioner upon request by either party.

V. DURATION OF AGREEMENT

This Agreement must be reviewed on or before December 1, 2017, with the intent of both parties to execute a new Agreement by January 1, 2018, or upon the change of either the Department Director or the Tax Commissioner, or if the statutory authority of the Tax Commissioner or Department is legislatively modified or repealed.

VI. APPROVALS



Mike Kadas, Director
Montana Department of Revenue



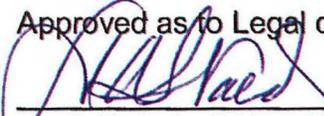
Ryan Rauschenberger, Tax Commissioner
North Dakota Office of State Tax
Commissioner

This 5th day of January, 20156

This 8th day of January, 20156

Approved as to Legal content:


Montana Department of Revenue

Approved as to Legal content:


North Dakota Office of State Tax
Commissioner