

Instructions

General. Pursuant to statutory authority, Montana and North Dakota have entered into a reciprocal income tax agreement whereby neither state will tax residents of the other state on certain income from personal services. Effective with taxable years beginning on and after January 1, 1975, compensation which is subjected to withholding of federal income tax and is received for personal or professional services rendered within Montana by an individual who is a North Dakota resident is excluded from Montana adjusted gross income to the extent the income is reported on the individual's North Dakota individual income tax return. In order to claim this exclusion you must file Affidavit Form NR-1.

This form, Montana W-2's and a copy of your North Dakota tax return must be submitted with your Montana tax return.

Joint Affidavit. If both husband and wife have income which is exempt under the Montana - North Dakota Reciprocity Agreement, they may file a joint affidavit on Form NR-1.

Montana Income Tax Withheld. If Montana income tax has been withheld by your employer, you must file a Montana individual income tax return (Form 2), even though your income is exempt under the reciprocity agreement. In such case, Affidavit Form NR-1, Montana wage and tax statements and a copy of your North Dakota income tax return must be attached to your Montana return. Also, you may want to file Form NR-2 (Employee's Certificate of North Dakota Residence) with your employer to stop withholding of Montana Income Tax on such exempt income.

Montana Income Tax Not Withheld. If Montana income tax was not withheld by your employer and all of your Montana income is excludible under the reciprocity agreement, you do not have to file a Montana income tax return (Form 2). In this case, you need file only Affidavit Form NR-1.

How to Obtain Forms. Call (406) 444-6900 or mail requests to the Montana Department of Revenue, P.O. Box 5805, Helena, MT 59604-5805. In addition you may download our forms and instructions at www.mt.gov/revenue/