

RECIPROCAL INCOME TAX AGREEMENT

between

COMMONWEALTH OF KENTUCKY

and

COMMONWEALTH OF VIRGINIA

WHEREAS, under the existing laws of the Commonwealth of Kentucky and the Commonwealth of Virginia, a Kentucky resident working in Virginia and deriving income from salary or wages from such work or a Virginia resident working in Kentucky and deriving income from salary or wages from such work who lives in his state of residence and commutes daily to his place of employment in the other state may be relieved from the filing of a nonresident income tax return in the state of employment; and a Kentucky employer of a Virginia resident who commutes daily to his place of work in Kentucky or a Virginia employer of a Kentucky resident who commutes daily to his place of work in Virginia may be relieved from withholding income tax from the salary or wages of such person; and

WHEREAS, the laws of Kentucky and Virginia include reciprocal provisions under which such nonresidents are exempt from net income taxes on their salary or wages to the State of nonresidence provided the state of residence of such nonresident individuals allows a similar exception and employers are exempt from withholding income tax provided the state of residence of such nonresident individuals allows a similar exception; and

WHEREAS, large numbers of citizens and residents of Kentucky and Virginia commute to work on a daily basis and earn their livelihood in the neighboring state; and

WHEREAS, it is the intention and desire of the taxing authorities of each state to collect taxes from their respective residents and relieve such nonresidents of the burden of filing nonresident income tax returns in the state of their employment, and employers of the burden of withholding income tax from such nonresidents;


NOW, THEREFORE, pursuant to and in conformity with the laws and regulations of their reciprocal jurisdictions, the COMMONWEALTH OF KENTUCKY, by and through its Commissioner of Revenue, James E. Luckett, and the COMMONWEALTH OF VIRGINIA, by and through its State Tax Commissioner, C. H. Morrissett, hereby covenant and agree as follows:

1. With respect to residents of the Commonwealth of Virginia who live in Virginia and commute daily to their work in the Commonwealth of Kentucky, and whose only income from Kentucky sources is in the form of salaries or wages, the Kentucky Department of Revenue will not require such individuals to file a nonresident Kentucky income tax return.
2. With respect to residents of the Commonwealth of Kentucky who live in Kentucky and commute daily to their work in the Commonwealth of Virginia, and whose only income from Virginia sources is in the form of salaries or wages, the Virginia Department of Taxation will not require such individuals to file a nonresident Virginia income tax return.
3. With respect to employers located in the Commonwealth of Virginia who employ Kentucky residents who commute daily to their work in Virginia, the Virginia Department of Taxation will not require such employers to withhold income taxes from the wages or salaries of such Kentucky residents who file with their employers certificates of nonresidence.

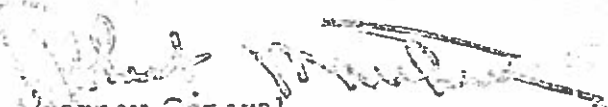
4. With respect to employers located in the Commonwealth of Kentucky who employ Virginia residents who commute daily to their work in Kentucky, the Kentucky Department of Revenue will not require such employers to withhold income taxes from the wages or salaries of such Virginia residents who file with their employers certificates of nonresidence.

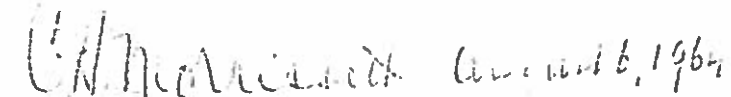
5. The provisions of this reciprocal agreement shall become effective for all taxable years beginning on and after the first day of January, 1965, and shall remain effective until such time as the laws of either state may require a change in the agreement.

Executed in duplicate, this the 7th day of Sept, 1964.


Commissioner of Revenue
COMMONWEALTH OF KENTUCKY

APPROVED:


Attorney General
Commonwealth of Kentucky


State Tax Commissioner
COMMONWEALTH OF VIRGINIA