

RECIPROCAL INCOME TAX AGREEMENT  
BETWEEN  
COMMONWEALTH OF VIRGINIA  
AND  
STATE OF MARYLAND

I. Statement of purpose.

It is the intention of this agreement and the parties hereto:

A. To relieve employers and employees in the Commonwealth of Virginia and the State of Maryland from the withholding of Maryland income tax on compensation paid in Maryland to residents of Virginia and from the withholding of Virginia income tax on compensation paid in Virginia to residents of Maryland;

B. To relieve Virginia residents from liability for Maryland income tax and the requirement for filing a tax return with regard to compensation paid in Maryland; and

C. To relieve Maryland residents from liability for Virginia income tax and the requirement for filing a tax return with regard to compensation paid in Virginia.

II. Definitions.

A. For purposes of this agreement, "compensation paid in Maryland" is defined in Section 10-905(e-1) of the Tax-General Article.

B. For purposes of this agreement, "compensation paid in Virginia" is defined in Section 58.1-302 of the Virginia Code.

C. For purposes of this agreement, the term "Virginia employer" means an employer who is subject to the jurisdiction of the Commonwealth of Virginia, and the term "Maryland employer" means an employer who is subject to the jurisdiction of the State of Maryland.

D. For purposes of this agreement, the term "Maryland resident" means an individual who is domiciled in Maryland and is a nonresident of Virginia. The term "Virginia resident" means an individual who is domiciled in the Commonwealth of Virginia and is a nonresident of Maryland.

### III. Agreements.

In the furtherance of their above stated intentions, the parties agree as follows:

#### A. Agreements respecting withholding.

1. No Maryland or Virginia employer shall be required to withhold Maryland income tax from compensation paid in Maryland to a resident of Virginia who files with his employer a certificate of nonresidence unless and until such employer is advised that any such certificate was improperly filed.

2. No Maryland or Virginia employer shall be required to withhold Virginia income tax from compensation paid in Virginia to a resident of Maryland who files with his employer a certificate of nonresidence unless and until such employer is advised that any such certificate was improperly filed.

3. A certificate of nonresidency may not be filed by an employee domiciled in one signatory state who maintains a place of abode in the other signatory state and spends in the aggregate more than 183 days of the taxable year in the other state.

#### B. Agreements respecting liability for individual income tax and tax return filing.

1. No Virginia resident who signs a certificate of nonresidence shall be required to pay Maryland income tax or file a Maryland income tax return on compensation paid in Maryland.

2. No Maryland resident who signs a certificate of nonresidence shall be required to pay Virginia income tax or file a Virginia income tax return on compensation paid in Virginia.

3. This agreement does not apply to any nonresident who has an actual place of abode in the nonresident state at any time during the taxable year.

4. Nothing in this agreement shall be interpreted to exempt a resident of Virginia or Maryland who was a part-year resident of the other state from liability for payment of income tax or filing an income tax return with regard to compensation received while a resident of the other state.

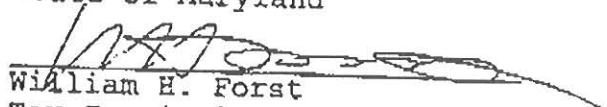
5. Nothing in this agreement shall be interpreted to exempt a resident of Virginia or Maryland who has taxable income in the state of nonresidence, other than in the form of compensation, from liability for payment of income tax or filing an income tax return with regard to such other taxable income.

IV. Effective date.

This agreement is made this 24<sup>th</sup> day of August, and shall become effective and operative upon the parties with respect to taxable years beginning after December 31, 1991.



Louis L. Goldstein  
Comptroller of the Treasury  
State of Maryland



William H. Forst  
Tax Commissioner  
Commonwealth of Virginia