

**PURPOSE OF THE FORM**—A qualifying full-year nonresident who had salaries and wages only from a reciprocal state may file this form to receive a refund of all Kentucky income tax withheld.

Answer questions A through C to determine if you qualify to file this form.

Do not include your spouse's name. If both spouses earned Kentucky wages and salaries as a resident of a reciprocal state, each spouse must file a separate Form 740-NP-R. Enclose Schedule KW-2 and a copy of the 2020 return filed with your state of residence.

**Reciprocal States**—Kentucky has reciprocal agreements with specific states. These agreements provide for taxpayers to be taxed by their state of residence, and not the state where income is earned. Reciprocity does not apply to persons who live in Kentucky for more than 183 days during the tax year. The states and types of exemptions are as follows:

**Illinois, West Virginia**—wages and salaries

**Indiana**—wages, salaries, and commissions

**Michigan, Wisconsin**—income from personal services (including salaries and wages)

**Ohio**—wages and salaries.

**Note:** Wages which an S corporation pays to a shareholder-employee if the shareholder-employee is a "twenty (20) percent or greater" direct or indirect equity investor in the S corporation shall not be exempt under the reciprocity agreement.

**Virginia**—commuting daily, salaries and wages

**Note:** Gambling income and distributive share income (Schedule K-1) are not exempt under reciprocal agreements. This income is fully taxable. A complete return must be filed if filing requirements are met.