

Do you have Iowa residents  
who work in Illinois?

# The Iowa / Illinois Reciprocal Agreement

Information for businesses  
from the

**IOWA**  Department of **REVENUE**

# What is it?

The Iowa / Illinois Reciprocal Agreement for individual income tax provides that  
**any wages or salary**  
made by an  
**Iowa resident working in Illinois**  
**is taxable only to Iowa,**  
and not to Illinois.

At this time, Iowa's only income tax reciprocal agreement is with Illinois.

# Instructions for Iowa Residents

Complete and file

Illinois form [IL-W-5-NR](#)

“Employee's Statement of Nonresidence in Illinois”

with the employer

so the employer will know it is appropriate  
to withhold Iowa income tax.

Also complete an

[Iowa W-4.](#)

# Income that is not wages or salaries

Illinois will tax  
any Illinois-source income  
received by an Iowa resident  
that is not from wages or salaries.

Examples of income not considered wages or salaries  
under the Iowa-Illinois Reciprocal Agreement:

Illinois gambling winnings

Unemployment compensation for employment in Illinois.

# Questions?

- More information can be found in the [Iowa Withholding Tax Information Booklet](#)
- Call us: 8 a.m. - 4:15 p.m. CT  
515-281-3114 or  
1-800-367-3388 (Iowa, Omaha, Rock Island, Moline)
- E-mail us at [idr@iowa.gov](mailto:idr@iowa.gov)