

2% NON-RESIDENT/OUT-OF-STATE ENTERTAINER'S TAX

Instructions for Processing – 10/07/2015

WHAT IS THE 2% ENTERTAINER TAX?

The State of Missouri requires “any person, venue, or entity that pays compensation in excess of \$300 to a nonresident entertainer to deduct and withhold from that compensation an amount equal to 2 percent of the total compensation as a prepayment of tax.” In these circumstances, the University is considered an “employer” and is subject to all penalties, interest, and additions to tax for failure to comply.

The 2% tax applies only to entertainers that are licensed by states other than Missouri. Ignore these instructions if the entertainer is a Missouri business. The factor used in determining this status is simply the remittance address. When the non-resident entertainer is paid, 2% should be withheld from the gross amount for the MO-2ENT tax. (It is not University policy to “gross-up” this payment) Please follow these instructions to correctly withhold the 2%. If it is not withheld, the campus paying the entertainer will be responsible for collecting the 2% from entertainer or the campus will assume the 2%.

Reminder: Ticket sales would generally be an indication that the programming was primarily entertainment, not primarily educational and the 2% should be withheld from their payment. If a performer provides both master classes and entertainment, the contract should split the compensation on a reasonable basis.

WHAT IF THE ENTERTAINER REFUSES WITHHOLDING OR SAYS THEY'RE EXEMPT?

Exempt Entertainers: According to the State of Missouri, just because a corporation is classified as a 501(c) corporation doesn't make the entertainers exempt from the 2% tax. The requirement to be exempt is that the performer (each individual performer if part of a group) must not make more than \$600 in a year's time in Missouri.

Even if the entertainer(s) claim to be exempt from the 2% tax, the University still must fill out a MO-2ENT form for the payment issued. The gross income paid will be reported and the tax amount will be zero. In addition to the MO-2ENT form, we are to obtain a copy of the corporation's 501(c) each time they perform, as well as a statement on company letterhead indicating that their entertainers do not make more than \$600 from performances in Missouri each year. These two pieces of information will be sent to the State for review – the University is not responsible for verification.

Refusal of Withholding: It is possible that an entertainer will refuse withholding. If this happens, you must inform them of the requirements for transient employers and provide them with the guidelines for transient employers (can obtain form names and #s Central Payroll). The entertainer will need to register as a transient employer, file a bond, and withhold 6% from each member's wages.

The transient employer requirements will probably discourage the refusal of withholding and the University will be able to withhold the 2% from the entertainer. However, if the entertainer still

refuses withholding, the campus will need to fill out a MO-2ENT form indicating the gross income

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WHAT DATES DO I USE?

Timing of the events is critical to insure correct and timely processing. The payment of the 2% is not based on the date of the performance, rather the date the Entertainer was paid. Please see chart below.

<u>If Month of Payment to the Entertainer is:</u>	<u>Then, Tax Period on MO-2ENT should be:</u>	<u>Voucher Due Date is:</u>
January – March	3/31/xx	April 15th
April – June	6/30/xx	July 15th
July – September	9/30/xx	