Memo

From: Lindsay Clark – Financial Services
Date: 11/14/2011
Re: 2% Nonresident Entertainers Tax

2% Nonresident Entertainers Tax

Missouri State University is required to withhold 2% of the gross compensation for entertainers residing outside of Missouri per Missouri tax laws. The withheld tax is to be submitted to the state of Missouri.

- Qualification Guidelines
  - Who is considered a nonresident entertainer?
    - "Individuals, partnerships and corporations not residing in Missouri who entertain people for compensation by performing any vocal, instrumental, musical, comedy, dramatic, dance or other performance before a live audience. This includes persons traveling with and performing services on behalf of a nonresident entertainer who receive compensation, such as a setup crew," regardless of educational value.
    - Guest speakers who lecture at universities, high schools, businesses, etc. are not considered entertainers unless an admittance fee is charged. If this is the case, then 2% of the nonresident entertainer's gross contract amount will be withheld.
  - What is included in the gross contract dollar amount?
    - The gross contract dollar amount is the total compensation without any expenses deducted.
    - The venue must withhold 2% if the entertainer is paid more than $300 for all performances.
  - How do nonresident entertainers claim the money withheld by the venue?
    - The amount is fully refundable, providing the vendor does not owe money to the state of Missouri. They must file a return with the state of Missouri to receive the tax refund. NOTE: Missouri does not require nonresident entertainers to file income tax returns if all the venues at which they have performed have withheld the 2% and the nonresident entertainers have no other Missouri source income.
• Submitting Proper Paperwork for Payment

- Payments to vendors subject to the 2% tax MUST be submitted using a payment request form and not a requisition due to glitches in Banner.

- If the payment is to an individual (using their social security number) for services provided, then an independent contractor form must accompany the payment request form. All independent contractor forms MUST be original with original signatures.

- If the payment is to a business (using a federal tax ID number) for services provided, then a contract or invoice AND a W-9 must accompany the payment request form. Financial Services will accept copies of the form W-9, however all other documents MUST be original.

- Payment requests for vendors subject to the 2% tax may be submitted to Financial Services one week prior to the performance if payment is needed immediately upon completion of the event. **NOTE:** Financial Services needs all proper paperwork at least one week before payment is due in order to process it.

- If a department representative is delivering the check payment to the vendor, in addition to the check payment, they will receive a **MO-2ENT** tax form showing the 2% tax that was withheld. Please be sure to give this to the vendor as it is needed to file a Missouri tax return, if they choose to do so. If the check is being mailed the **MO-2ENT** form will be mailed with the payment.

- If the department or vendor chooses to, they may increase the gross compensation by 2% to cover the cost of the tax to be withheld. For example, if the vendor is to receive $1,000 the paperwork may be submitted for $1,020 so that when the 2% ($1,000 x 2% = $20) is withheld the vendor still receives $1,000. To figure how much to mark up the payment, take the gross contract amount and multiply by 1.02.

**NOTE:** Each vendor will be analyzed by Financial Services and determined if they are subject to the 2% tax based on the previous guidelines. This is a case by case situation; therefore, not all vendors for an event will be treated in the same manner.

A full list of frequently asked questions can be found on the Missouri Department of Revenue’s website at [http://dor.mo.gov/fac/business/nonresident.php#q3](http://dor.mo.gov/fac/business/nonresident.php#q3).

If you have any questions regarding the 2% Nonresident Entertainers Tax please contact Lindsay Clark at LindsayClarker@missouristate.edu or x. 6-3002.