From: Lindsay Clark – Financial Services
Date: 2/17/2012
Re: 2% Nonresident Entertainers Tax – Updated 2/17/2012

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."
  - Guest speakers who present for professional or technical educational events are no longer considered entertainers regardless if an admittance fee is charged.
  - Is the Foundation required to withhold the 2% nonresident entertainers tax?
    - Provided that the Foundation does not receive any money as a result of the entertainer's performance, we are not required to withhold the 2% on entertainers’ fees that are paid using Foundation funds.
  - 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?
    - Individual nonresident entertainers may claim their prorated share of the withholding on line 35 of the individual income tax Form MO-1040. Corporations may claim the withholding on line 18 of Form MO-1120 for
corporations. The nonresident entertainer must also attach copies of Form MO-2ENT showing the withholding. **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, contracts or invoices. However, the payment request form must be original with original signatures.
  
  - 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/faq/business/nonresident.php#q3](http://dor.mo.gov/faq/business/nonresident.php#q3).

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