

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 paid and write “Refused Withholding” in the income tax withheld box.

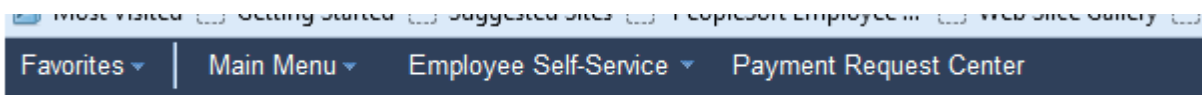
VOUCHER PREPARATION

Processing a payment to an entertainer, who should have 2% of the payment deducted for Non-Missouri Entertainer's Tax, will require the preparation of two payment requests/vouchers. The two payment requests/vouchers will consist of one to the entertainer for 98% of the agreed price and one to the Director of Revenue for 2% of the agreed price.

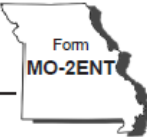
The only special instructions for the payment request/voucher to the entertainer is that it is only for 98% of the agreed price.

Finance link: <https://fsprd.umssystem.edu/pspr/prd/EMPLOYEE/ERP/h/?tab=DEFAULT>

Payment request navigation:



FORM MO-2ENT COMPLETION

 Form MO-2ENT		Missouri Department of Revenue Statement of Income Tax Payments for Nonresident Entertainers		Reset Form	Print Form
1. Name of Entertainer			4. Entertainer's Missouri Tax I.D. Number		3. Tax Year <input type="checkbox"/> 1st Q (Jan - Mar) <input type="checkbox"/> 2nd Q (Apr - Jun) <input type="checkbox"/> 3rd Q (Jul - Sept) <input type="checkbox"/> 4th Q (Oct - Dec)
2. Address			5. Entertainer's Federal Employer I.D. Number or Social Security Number		
City		State	Zip Code	Office Use Only	
6. Income Subject to Tax			00	7. Missouri Income Tax Payment	
8. Entertainer's Type of Entity <input type="checkbox"/> C Corporation <input type="checkbox"/> S Corporation <input type="checkbox"/> Limited Liability Company <input type="checkbox"/> Partnership <input type="checkbox"/> Sole Proprietorship			9. Venue Name		10. Venue City
11. Date(s) of Performance (MM/DD/YYYY)					

Form MO-2ENT (Revised 01-2015)

<http://dor.mo.gov/forms/MO-2ENT.pdf>

Calendar Year – Should always be the year in which the payment was made to the entertainer and is being reported to the state.

**Performer/Performance Name – Effective July 1, 2003, please enter the name of the actual performer or performance in the space to the right of Calendar year (even if it is the same as the Entertainer Name in box 1).

Box 1. Name of Entertainer – The name of the production company or Entertainer the payment is being paid to (corresponds to Box 10 – FEIN/Social Security Number)

Box 2. Address – Address of Entertainer being paid. If this is a Missouri address, you shouldn't be withholding the 2% Non-Resident Tax.

Box 3. Tax Year – Options are: 1st Q(Jan-Mar), 2nd Q(Apr – Jun), 3rd Q(Jul – Sept), 4th Q(Oct – Dec)

Box 4. Missouri Tax ID Number – 18755755 – This is the only number that belongs in this box.

Box 5. Entertainer's FEIN/Social Security Number – Enter the entertainer's Federal I.D. Number or social security number.

Box 6. Income Subject to Tax – Enter the total compensation paid to the entertainer. Any cents should be rounded to the nearest whole dollar (Ex. \$100.50 would be \$101.00 and \$100.49 would be \$100.00)

Box 7. Missouri Income Tax Payment – Enter the amount withheld for the nonresident entertainer. The amount withheld is 2 percent of the amount on Line 5.

Box 8. Type of Entity – Check the appropriate box to indicate whether the entertainer is filing as a partnership, S corporation, C corporation, limited liability company, or a sole proprietor.

Box 9. Venue Name – University of Missouri

Box 10. Venue City – Location where performance was held

Box 11. Date(s) of Performance – Instruction say MM-DD-YYYY (Ex June 1, 2013 would be 06-01-2013)

MO-2ENT MEMO COMPLETION

The MO-2ENT Memo assists in the “matching” process at the end of the quarter (outlined under Central Payroll's Process). Forms may be sent in as often as you like, but please send forms to Central Payroll no later than the first of April, July, October or January (depending on the quarter we're in). Multiple MO-2ENT forms can be sent in with this form. The Memo can be adjusted through Excel to accommodate your number of forms.

MO-2ENT MEMO			
VOUCHER DATE:	MO DOR VOUCHER#:	VENDOR NAME/ID:	ENTERTAINER OR PERFORMANCE NAME
TODAY'S DATE: <u>7/10/2004</u>			
CONTACT: <u>Betty Payroll</u>			
CAMPUS: <u>COLUM</u>			
DATE REC'D IN PAYROLL: _____			

P:\Central Payroll Office\Payroll Specialist\Tax Pymts\MO-2ENT MEMO

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	October 15th
October – December	12/31/xx	January 15th

CENTRAL PAYROLL'S PROCESS:

****Two copies of the MO-2ENT form and a completed MO-2ENT Memo should be emailed or sent through campus mail, or emailed to:

Central Payroll email address: CentralPayrollOffice@umsystem.edu

MO-2ENT slips and the Memos are received from the campuses and logged into a quarterly spreadsheet. Prior to printing the check, AP provides a report of all of the amounts making up the check to be sent to Director of Revenue. The report is compared to the MO-2ENT spreadsheet. If a slip is missing or if a voucher is missing, questions will go back to the campus. For this reason, it is a good idea to keep copies of what is sent to payroll.