



August 2018

TAX SERVICES

Minnesota Nonresident Entertainer Tax

Tax Compliance Training

Goals for Today

- When to apply MN Nonresident Entertainer tax
 - Campus Participation: Specific Scenarios
- Where to find help:
 - Tax Services, Steve Gednalske or Ann Page
 - Steven.Gednalske@minnstate.edu
 - 651-201-1657
 - Ann.Page@minnstate.edu
 - 651-201-1730
 - [Tax Services Website](#) & [SharePoint](#)



MINNESOTA NONRESIDENT ENTERTAINER TAX

- Entertainers who are residents of other states and perform in Minnesota are subject to Minnesota's Nonresident Entertainer Tax.
- This tax is 2 percent of the gross compensation received by a nonresident entertainer or entertainment entity.



WHO IS TAXED?

- **Nonresident:**
 - an individual who is not a resident of Minnesota
- **Entertainers:**
 - include, but are not limited to, musicians, singers, dancers, comedians, actors, athletes, and public speakers.
- **Entertainment Entities:**
 - An **independent contractor** who is paid to provide entertainment
 - A **partnership** that is paid for entertainment provided by entertainers who are partners.
 - A **corporation** that is paid for entertainment performed by entertainers who are shareholders of the corporation.

WHAT IS TAXED?

- **Gross Compensation:**
 - All compensation paid for a performance. A performance is an exhibition or presentation before an audience, such as a play, musical program or speech.
 - Reimbursed expenses
 - Prize winnings at spectator events.



EXCEPTIONS TO WITHHOLDING REQUIREMENTS

- The payment made to a nonresident public speaker is less than \$2000
- The payment made to a nonresident entertainer or entertainment entity is less than \$600.
- The nonresident entertainer or entity is a resident of North Dakota or Michigan and the individual provides a properly completed [Form MWR, Reciprocity Exemption/Affadavit of Residency](#)
- Not-for-profit entities that indicate their tax exempt status on Form W-9 & provide a copy of their IRS nonprofit status letter.

MN ENTERTAINER TAX AND MARKETPLACE

- **MP Contracts:**
 - **Questions in Marketplace**
 - Informational only

Is this contract for an "entertainer" (individual or company)? Entertainer includes, but is not limited to: musicians, singers, dancers, comedians, thespians, athletes, and public speakers. ★

No

Is the entertainer/public speaker a resident of Minnesota? ★

Yes


No

MN ENTERTAINER TAX AND MARKETPLACE

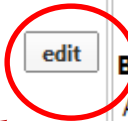
- **Payment/Invoice:**

- If Entertainer/Speaker Object codes 1910 or 1970 are used, the accounting module will ask if you wish to withhold Entertainer Tax of 2%. If tax is withheld and if the payment is from a local account a tax check will be created payable to System Office Tax Services Unit, 0000215893-004. If tax is withheld and the payment is from a State Treasury account a payment will be made directly to Minnesota Revenue.
- In MP Withhold 2% Entertainer/Speaker Tax must be selected by editing a specific section of the Buyer Invoice by Accounts Payable.

MN ENTERTAINER TAX AND MARKETPLACE




Buyer Invoice		Approvals	Matching	Comments	Vendor Messages	Attachments (1)	History
Summary		Payment Information		Discount, Tax, Shipping & Handling		Codes	
Hide header							
General ?				Addresses ?			
Invoice Type	Invoice	<input type="button" value="edit"/>		Remit To	<input type="button" value="edit"/>		
Pay Status	Paid			08843 Another Street USA # AUSTIN, TX 78714-9116			
Invoice Number	IN000001287			United States			
Vendor Invoice No.	werwer			Phone 1-999-8846339- Fax 1-999-8846338- Address Id 0000208843-008			
Payment Description	test						
Vendor Name	Apple Pi  Detailed Edit...						
Invoice Date	3/7/2019	<input type="button" value="edit"/>		Bill To <input type="button" value="edit"/>			
Discount Date	<i>no value</i>			Accounts Payable			
Due Date	4/6/2019			Phone Number:			
Terms	0, Net 30			accountspayable@bemidjistate.edu			
Terms Discount	0.00 USD			Bemidji State University/Northwest Technical College			
Invoice Name	2019-03-07 0070req1 01			1500 Birchmont Drive NE, #5			
Imprest Cash Payment	x			Bemidji, MN 56601			
Withhold 2% Entertainer/Speaker Tax	<i>no value</i>			United States			
Order Type	Payment Request Payment Request			Payment Information ?			

To withhold MN Entertainer tax in Marketplace, select "edit" ...



MN ENTERTAINER TAX AND MARKETPLACE




General Information ? X

Invoice Date	3/7/2019 
	mm/dd/yyyy
Discount Date	no value
Due Date	4/6/2019 <input type="checkbox"/> Override due date
Terms	Net 30 
	<input type="checkbox"/> manuallyEnter Manually enter
Terms Discount	0.00 USD
Invoice Name	2019-03-07 0070req1 01
Imprest Cash Payment	<input type="checkbox"/>
Withhold 2% Entertainer/Speaker Tax	<input type="text"/>
	Select from all values...
Order Type	Payment Request 

The campus then clicks on "Select from all values"...

MARKETPLACE AND MN ENTERTAINER TAX

General Information ? X

Invoice Date	3/7/2019  mm/dd/yyyy
Discount Date	no value
Due Date	4/6/2019 <input type="checkbox"/> Override due date
Terms	Net 30  <input type="checkbox"/> manuallyEnter Manually enter
Terms Discount	0.00 USD
Invoice Name	2019-03-07 0070req1 01
Imprest Cash Payment	<input type="checkbox"/>
Withhold 2% Entertainer/Speaker Tax	<input type="text"/> Select from all values...
Order Type	Payment Request 

The campus then clicks on “Select from all values” and selects “Yes” to withhold the tax and “Save”.

WITHHOLDING & REPORTING MN NRE TAX

- **Local Fund Payments Withholding & Reporting**
 - Report MN NRE tax withheld from local fund payments monthly
 - Due to Tax by the 10th of the month for payments made during the preceding month
 - Complete the [MN NRE tax spreadsheet](#) & send to Tax [via MoveItSecurely](#)
 - Remit tax to Tax Services
 - Note: check will be automatically created when using the accounting module or Marketplace. Campuses can either send the check when it prints or wait and send all withholding checks together by the 10th of the month

EXAMPLES

- *Speaker:* Metropolitan State University hosts the Minneapolis St Paul International Film Festival at Founders Hall Auditorium. For the opening night film, the director of the film is present to speak about the film and to take questions from the audience. The director resides in New York City. Metro State pays the director \$3000 and reimburses his travel expenses. Metro State must subject his speaking fee to the 2% nonresident entertainment tax.

Same scenario, but Metro pays the director \$1,500 in total. Because the payment is under \$2,000, no tax withholding is required

EXAMPLES

- *Comedian:* St Cloud State University hires a comedian through a talent agency to perform her comedy routine. The event is open to the campus & surrounding community. The talent agency is located in Minneapolis but the comedian is a resident of Florida. St Cloud State pays the talent agency \$4,000 plus \$1,000 for the comedian's travel expenses. St Cloud State must withhold 2% nonresident entertainer tax from the entire amount paid, \$5000, even though the payment is made to the agency.

EXAMPLES

- *Dancers:* MSU, Mankato hires a dance ensemble from Texas to perform at the Ted Paul Theatre in Mankato. The performance is open to the public. The dance ensemble is a nonprofit organization and provides MSU, Mankato with a copy of their nonprofit status letter from the IRS. MSU, Mankato pays the ensemble \$2,500. The payment is not subject to taxation due to the ensemble's nonprofit status.

EXAMPLES

- *Speaker:* Winona State University hires a public speaker from Wisconsin to give a workshop on Cultural Diversity to high school students who are attending HOPE Academic & Leadership Academy program. Because the event is part of an academic program, the entertainer tax does not apply.

EXAMPLES

- *Speaker:* Fond du Lac Tribal and Community College hosts the Society for the Advancement of Native Americans in Science conference. The key note speaker is from Washington state. Fond du Lac pays the speaker \$2,500 plus reimburses his travel expenses, \$912. The entire amount paid, \$3,412, is subject to the 2% nonresident entertainer tax.

EXAMPLES

- *Band:* Minnesota State University-Moorhead hires a band from Nashville to perform two shows. The band is a partnership. All band members are partners and are residents of Tennessee. The partnership is an entertainment entity and the amount paid to the band for their performance is subject to the nonresident entertainer tax, including any reimbursed expenses.

- **Campus Real Life Scenarios?**



TIPS

- State in contract what portion of compensation is for public performance
 - Example: Anoka Ramsey CC invites a jazz musician from California to speak and play for the Jazz Ensemble class. In addition to the classroom visit, the musician will be giving a public performance of her work at the Performing Arts Center. The contract should clearly state the amount of compensation that will be paid for each activity. When making payment ARCC only withholds on the compensation for the public performance.

TIPS

- Business Office should be on the look out for public speaker/entertainer payments that are miscoded.
 - Example: A Minnesota State college/university hosts a conference and contracts with a key note speaker for the event. Instead of using object code 1910, object code 1570, Other Professional/Technical Services, was used on the purchase order. The payment was subject to the 2% withholding even though the wrong object code was used. The campus must correct the object code in Marketplace in order to withhold the tax.

Tax Website – MN Nonresident Entertainer Tax
SharePoint – MN Nonresident Entertainer Tax
Minnesota Revenue – Fact Sheet 11





Questions?