August 2018

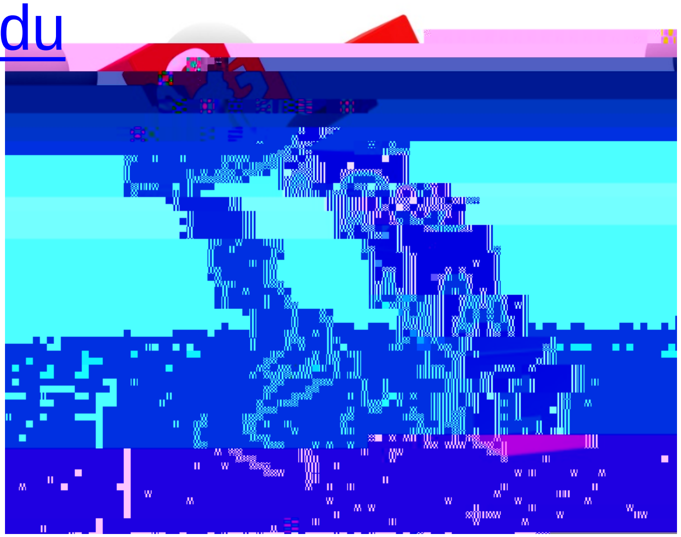
TAX SERVICES

Minnesota Nonresident Entertainer Tax

Tax Compliance Training

Goals for Today

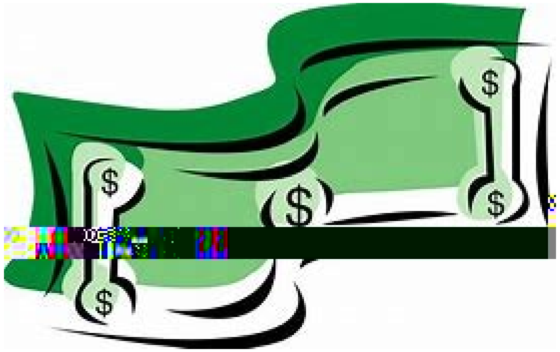
- When to apply MN Nonresident Entertainer tax
  - Campus Participation: Specific Scenarios
- Where to find help:
  - Tax Services, Steve Gednalske or Ann Page
  - Steven.Gednalske@minnstate.edu
  - 651-201-1657
  - Ann.Page@minnstate.edu
  - 651-201-1730
  -



- 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

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.

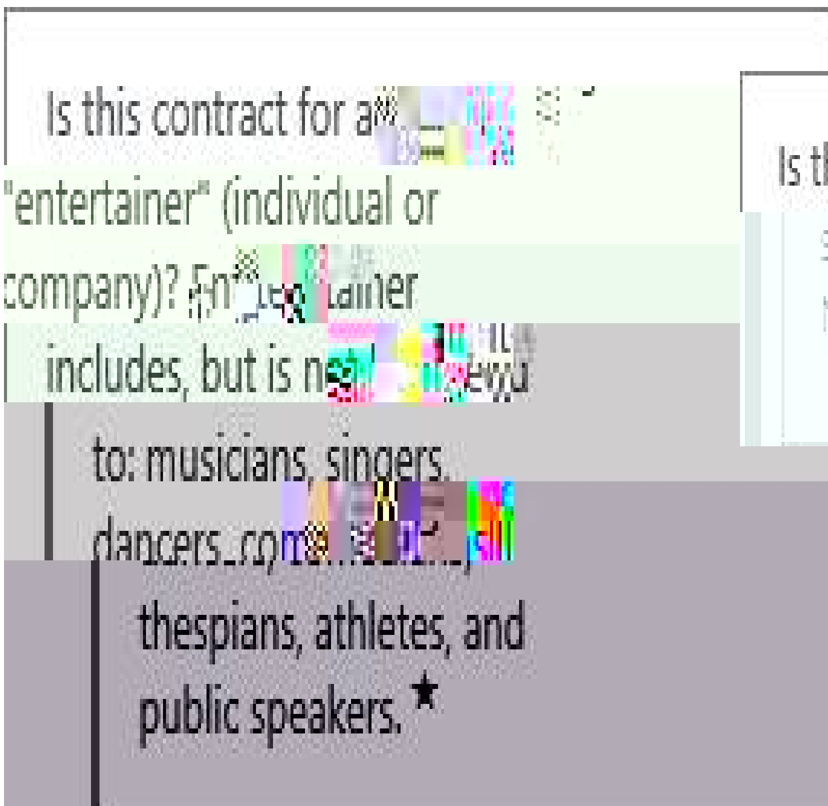


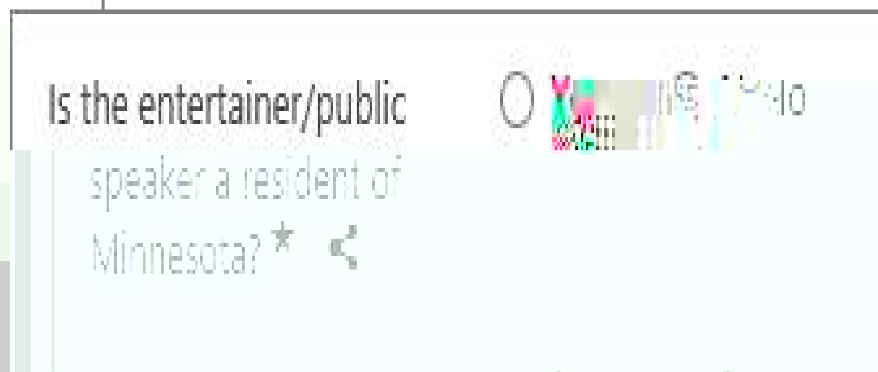
EXCEPTIONS TO WITHHOLDING REQUIREMENTS

- 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.

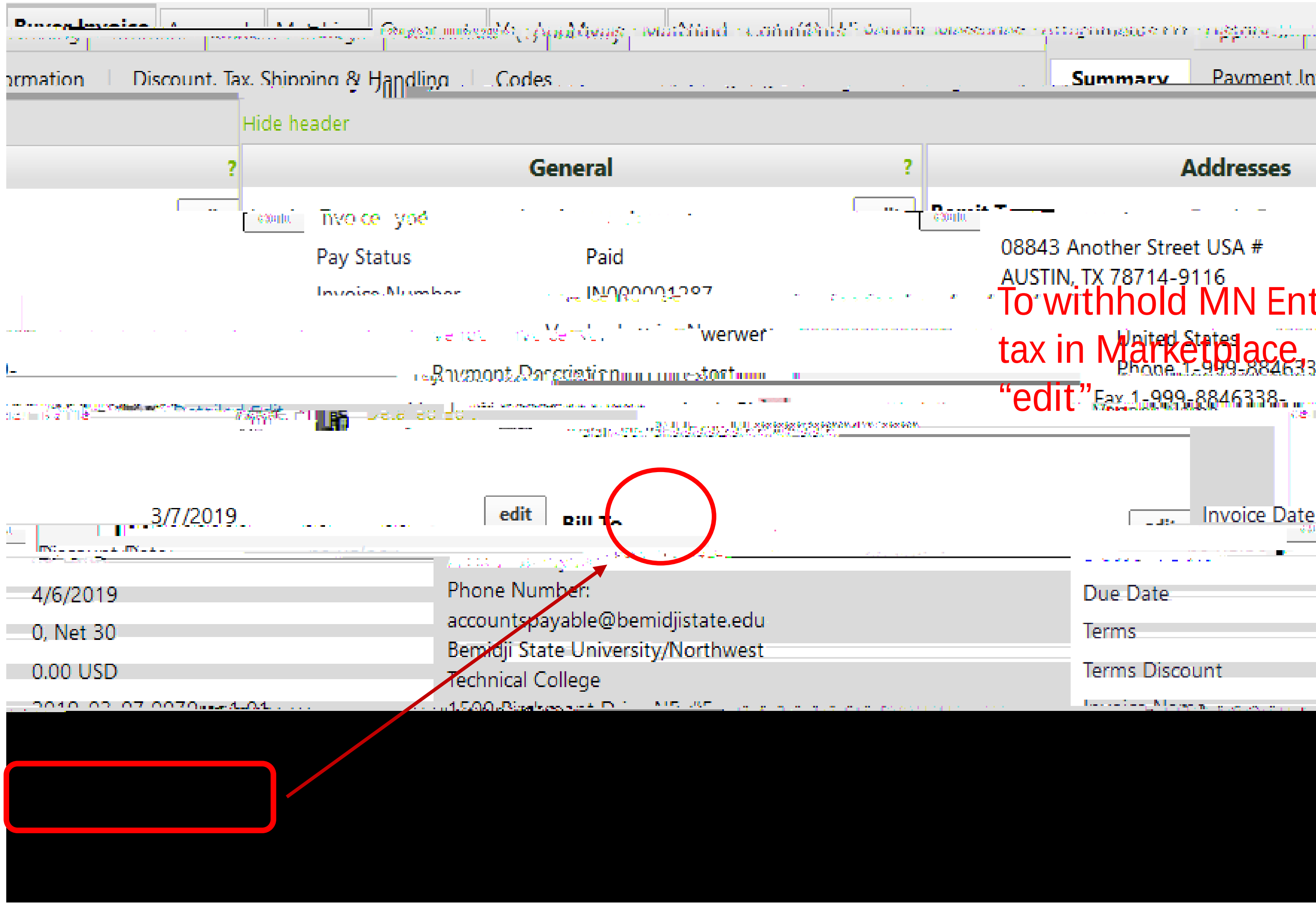
MN ENTERTAINER TAX AND MARKETPLACE

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



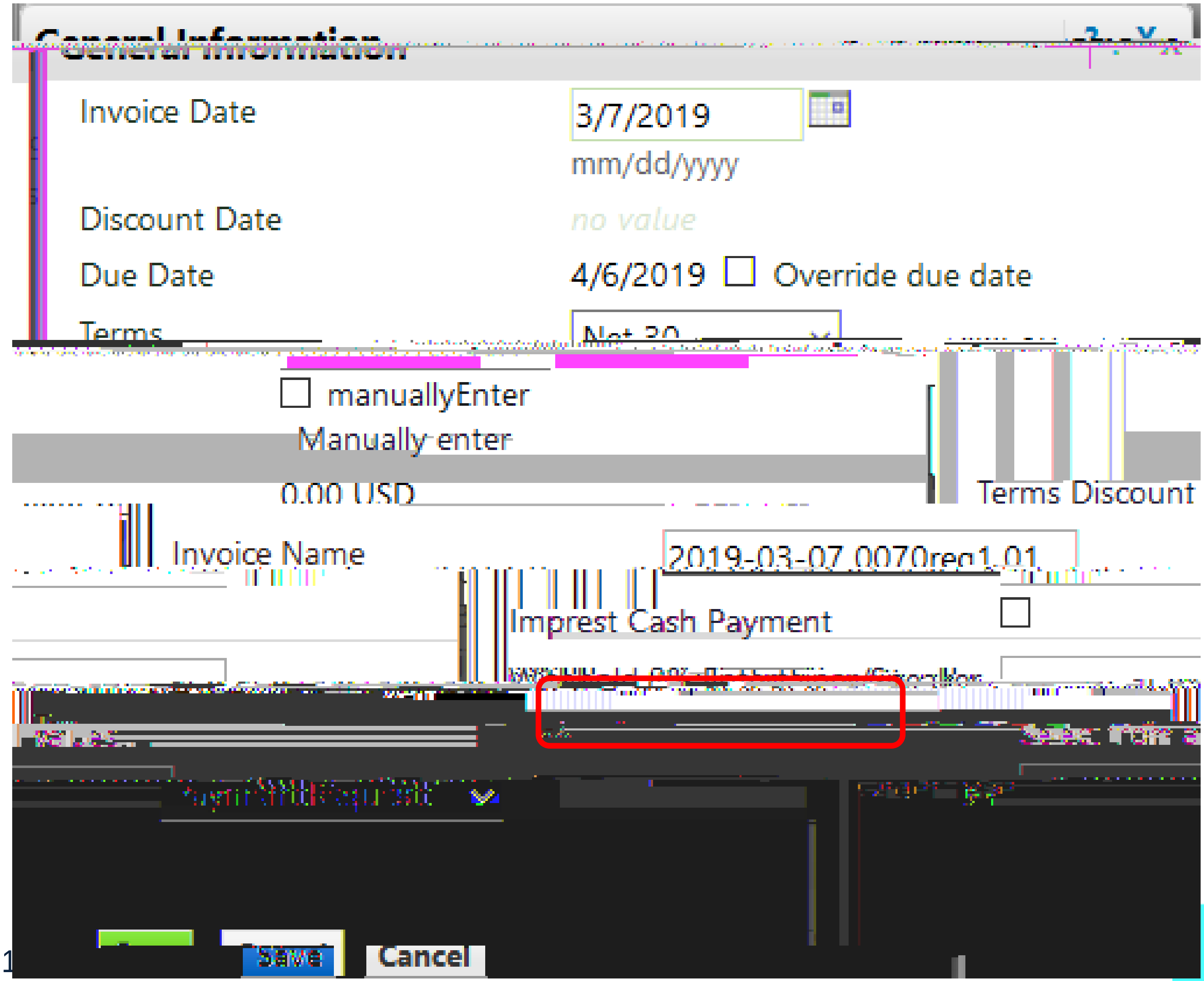


MN ENTERTAINER TAX AND MARKETPLACE



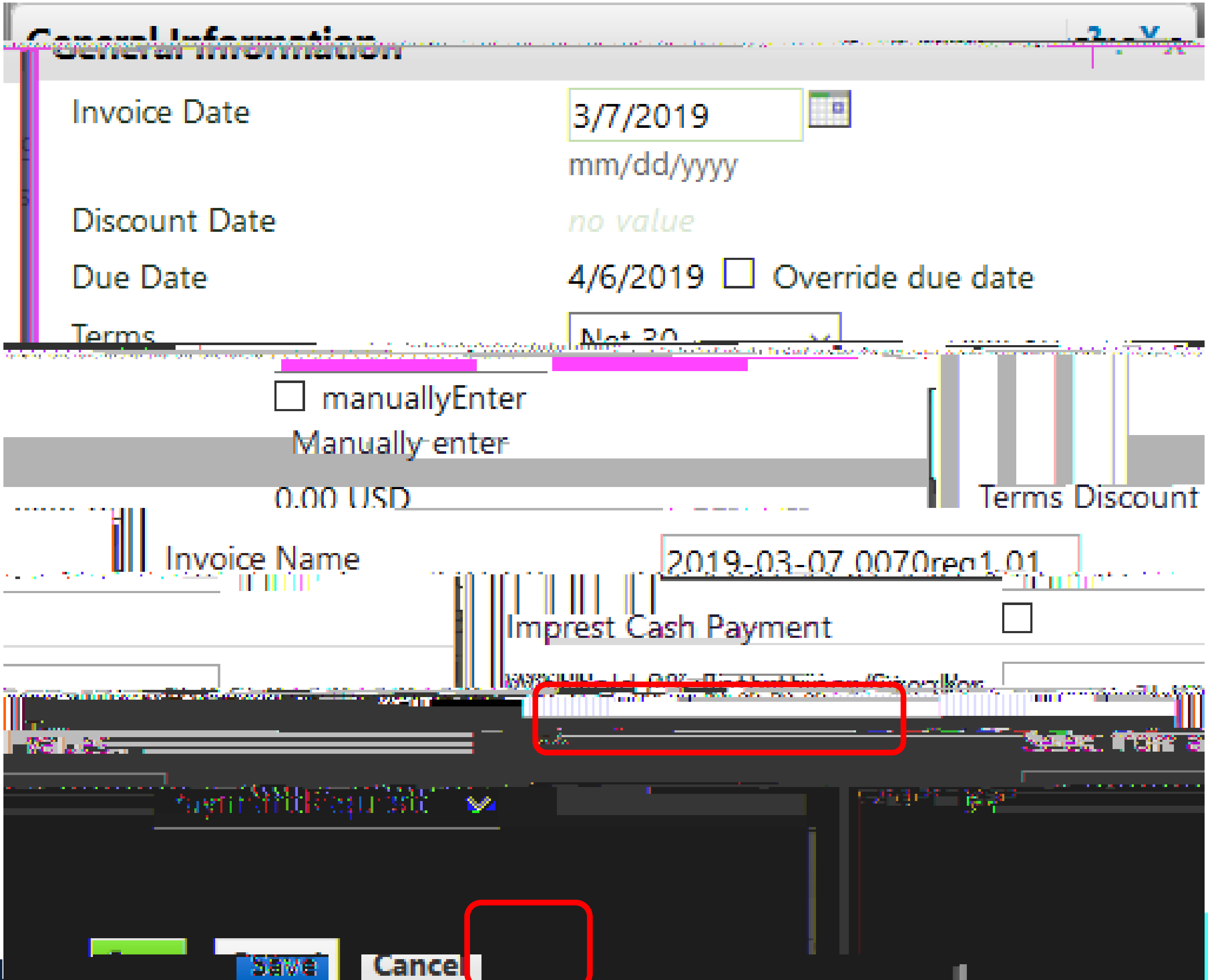
To withhold MN Entertainer tax in Marketplace, select "edit"

MN ENTERTAINER TAX AND MARKETPLACE



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

MARKETPLACE AND MN ENTERTAINER TAX



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

- *Speaker:* Metropolitan State University hosts the Minneapolis St Paul International Film Fest (a)0.7 0.7 p)0.7 F910

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.

- **Campus Real Life Scenarios?**

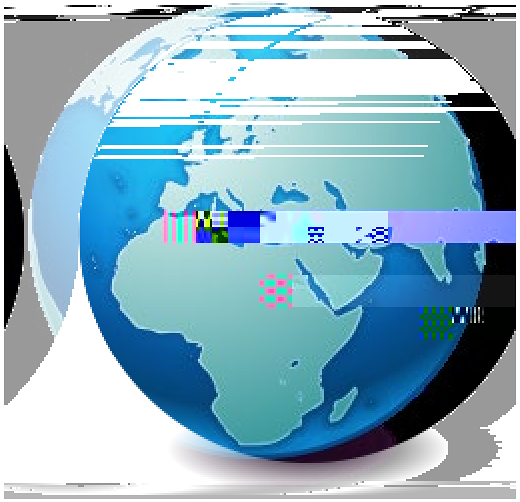
TIPS

- 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?