

University of Missouri System

Accounting Policies and Procedures



Policy Number: APM-10.10.25

Policy Name: Missouri 2% Payments for Entertainers

General Policy and Procedure Overview:

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. This policy provides direction for the reporting of taxable events and the process for making the payment to the State of Missouri.

Definition of Key Terms:

Agent: A business representative of an entertainer.

Entertainer: people who 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.

Missouri 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.”, hereafter referred to as “MO-2ENT 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 MO-2ENT tax applies only to entertainers that are licensed by states other than Missouri. These procedures do not apply if the entertainer is a Missouri business. The factor used in determining whether the individual is a Missouri business, is simply the payment remittance address.

Non-Resident Entertainer: Individuals, partnerships and corporations not residing in Missouri who entertain other 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.

Transient Employer: A transient employer is an employer as defined in Sections 143.191, 287.230, and 288.032, RSMo, who:

1. makes payment of wages taxable under the Missouri Income Tax Law, the Workers’ Compensation Law, and the Missouri Employment Security Law;
2. is not domiciled in Missouri; and

- temporarily transacts any business within the state. If the transaction of business is not reasonably expected to continue for 24 consecutive months, the employer must register as a transient employer.

Detail Policy:

When the non-resident entertainer is paid, 2% must be withheld from the gross amount for the MO-2ENT tax or the form must be completed to indicate that the entertainer “refused withholding” as described in the section, Entertainer Refuses the Withholding. The documentation below provides instructions on how to correctly withhold the MO-2ENT tax. If the MO-2ENT tax is not withheld, the campus paying the entertainer will be responsible for collecting the MO-2ENT tax from the entertainer or the campus will assume the MO-2ENT tax as an additional expense.


Determine if an Individual is an Entertainer under this Missouri Regulation

Ticket sales would generally be an indication that the programming was primarily entertainment, not primarily educational and the MO-2ENT tax should be withheld from the entertainer’s payment. If a performer provides both non-entertainment instructional classes and entertainment, the contract with the entertainer should split the compensation on a reasonable basis and submit the tax for the entertainment portion if it exceeds \$300.

Entertainer Refuses the Withholding?

It is possible that an entertainer/agent will refuse the MO-2ENT tax withholding. If this happens, you must inform the entertainer of the requirements for transient employers and provide them with the guidelines for transient employers. These guidelines can be obtained from the state of Missouri at the site: <http://www.moga.mo.gov/statutes/C200-299/2850000230.HTM>. Under these guidelines, 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 MO-2ENT tax 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, as shown below:

| | | | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|--------------------------------------------------------------|---------------------|
|  MISSOURI DEPARTMENT OF REVENUE STATEMENT OF INCOME TAX PAYMENTS FOR NONRESIDENT ENTERTAINERS | | FORM MO-2ENT | DLN |
| FOR CALENDAR YEAR 2004 | | Name: Kelly Rowland | |
| 1. NAME OF ENTERTAINER KTR, Inc | | 3. MISSOURI TAX ID NUMBER 1 8 7 5 5 7 5 5 | |
| 2. ADDRESS | | 4. TAX PERIOD 3/31 or 6/30 or 9/30 or 12/31 | |
| CITY OR TOWN | STATE | ZIP CODE | DOR USE ONLY |
| 5. INCOME SUBJECT TO TAX 00 | | 6. MISSOURI INCOME TAX PAYMENT Refused Withholding | |
| 7. TYPE OF ENTITY <input type="checkbox"/> Partnership <input type="checkbox"/> C Corporation <input type="checkbox"/> Limited Liability Company <input type="checkbox"/> Sole Proprietorship | | 8. VENUE NAME | |
| 10. FEIN/SOCIAL SECURITY NUMBER | | 11. DATE(S) OF PERFORMANCE (MM-DD-CC-YY FORMAT) | |

MO 860-2543 (5-2002) DISTRIBUTION: WHITE – NONRESIDENT ENTERTAINER, CANARY – VENUE, PINK – ATTACH TO FORM MO-1ENT

Non-Resident Entertainer Claims Exemption

According to the Missouri State statutes, just because a corporation is classified as a 501(c) corporation doesn't make the entertainers exempt from the MO-2ENT 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 calendar year in the State of Missouri.

If the entertainer(s) claim to be exempt from the MO-2ENT 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 (\$0.00). 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 the State of Missouri each year. These two pieces of information will be sent to the State of Missouri for review – the University is not responsible for verification of the exempt status documentation.

For additional information regarding the MO-2ENT Form, please consult the Frequently Asked Questions - Nonresident Entertainers as maintained by the Missouri Department of Revenue at <http://www.dor.mo.gov/tax/business/faq/nonresident.htm>.

Non-PO Voucher Preparation

Processing a payment to an entertainer, who is subject to the MO-2ENT tax, will require the preparation of two non-PO vouchers. The two vouchers will consist of: (1) one to the entertainer for 98% of the agreed price, and (2) one to the Director of Revenue for 2% of the agreed price.

The voucher to the Director of Revenue should be completed as follows:

Once the information is completed, based on the above specifications, Non-PO Vouchers.

VendorID is 0100000002
 This vendor ID is used only for this purpose, for payments to MO Dept of Revenue and for the Missouri 2 percent tax.

Form MO-2ENT Preparation

| | | | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|-------------------------------------------------------|-------------------------|
| MISSOURI DEPARTMENT OF REVENUE STATEMENT OF INCOME TAX PAYMENTS FOR NONRESIDENT ENTERTAINERS | | FORM MO-2ENT | DLN |
| FOR CALENDAR YEAR 2004 Kelly Rowland | | | |
| 1. NAME OF ENTERTAINER KTR, Inc | | 3. MISSOURI TAX ID NUMBER 1 8 7 5 5 7 5 5 | |
| 2. ADDRESS | | 4. TAX PERIOD 3/31 or 6/30 or 9/30 or 12/31 | |
| CITY OR TOWN | STATE | ZIP CODE | DOR USE ONLY |
| 5. INCOME SUBJECT TO TAX | | 6. MISSOURI INCOME TAX PAYMENT | |
| | | 00 | 00 |
| 7. TYPE OF ENTITY <input type="checkbox"/> Partnership <input type="checkbox"/> S Corporation <input type="checkbox"/> Limited Liability Company <input type="checkbox"/> C Corporation <input type="checkbox"/> Sole Proprietorship | | 8. VENUE NAME | 9. VENUE CITY |
| 10. FEIN/SOCIAL SECURITY NUMBER | | 11. DATE(S) OF PERFORMANCE (MM-DD-CC-YY FORMAT) | |
| | | | |

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The MO-2ENT form is available from the Missouri Department of Revenue at <http://dor.mo.gov/tax/misc/forms/>. The form is available in a printable or fill able form.

Definitions for the fields on the MO-2ENT tax form are as follows:

- **For Calendar Year** – Should always be the calendar year in which the payment was made to the entertainer and is being reported to the State of Missouri.
- ****Performer/Performance Name** – This is a new field that is being required by the State of Missouri. Effective July 1, 2003, please enter the name of the actual performer or performance in the space to the right of “For Calendar Year (even if it is the same as the Entertainer Name in box 1). See Example Above.
- **Box 1 - Name of Entertainer** – Most likely the name of the production company the payment is being sent to (corresponds to Box 10 – FEIN/Social Security Number)
- **Box 2 - Address** – Address of Entertainer being paid. If this is a Missouri address, you should not be withholding the MO-2ENT Tax.
- **Box 3 - Missouri Tax ID Number** – This represents the University of Missouri System Missouri Tax ID Number. This number should always be: 18755755.
- **Box 4 - Tax Period** – These dates represent calendar quarters. The **only** options are: 3/31/xx, 6/30/xx, 9/30/xx or 12/31/xx; where ‘xx’ is the current year. Timing of the events is critical to insure correct and timely processing. The payment of the MO-2ENT tax is based on the date that the entertainer was paid and NOT on the date of the performance. Please see chart below:

| | | |
|---------------------------------------------------|-----------------------------------------------|-----------------------------|
| If Month of Payment to the Entertainer is: | Then, Tax Period on MO-2ENT should be: | Voucher Due Date is: |
|---------------------------------------------------|-----------------------------------------------|-----------------------------|

| | | |
|--------------------|----------|--------------------------|
| January – March | 3/31/xx | April 15 th |
| April – June | 6/30/xx | July 15 th |
| July – September | 9/30/xx | October 15 th |
| October – December | 12/31/xx | January 15 th |

- Box 5 - Income Subject to Tax – This is the gross amount being 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 6 - Missouri Income Tax Payment – This is the MO-2ENT tax being withheld from 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 - Type of Entity – Please check if known; if unknown, you may leave this blank.
- Box 8 - Venue Name – This name will always be: University of Missouri
- Box 9 - Venue City – Metropolitan area in which performance was held.
- Box 10 - FEIN/Social Security Number – This represents the entertainer or production company’s Federal Identification Number or social security number. If this is unknown, you may leave this field blank.
- Box 11 - Date(s) of Performance – Enter date of performance as: MM-DD-CC-YY (Ex June 1, 2003 would be 06-01-2003).

MO-2ENT Memo

Two copies of the MO-2ENT tax forms should be sent to Central Payroll, 121 University Hall – Attention: Payroll Specialist. Along with the State MO-2ENT Form, a MO-2ENT Memo must also be sent. The MO-2ENT Memo assists in the “matching” process at the end of the quarter as documented under [Processing of MO-2ENT by Central Payroll](#). All MO-2ENT documents must be sent to Central Payroll no later than April 1st, July 1st, October 1st or January 1st (depending on the quarter). Obtain a copy of the MO-2ENT Memo from the Controller’s Website at <http://www.umsystem.edu/ums/departments/fa/controller/accountingservices/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: _____ | | | |

Processing of MO-2ENT by Central Payroll

The MO-2ENT tax form and the MO-2ENT Memos are sent to the Central Payroll Office for processing. All departments should retain a copy of the MO-2ENT tax form and the MO-2ENT memo for their own records. Once they are received from the campuses, they are logged into a quarterly spreadsheet by the Payroll Specialist. At quarter end, the Payroll Specialist receives a report detailing all of the amounts that have been coded as MO-2ENT for the quarter. These amounts will make up the amount of the check to be made to the Director of Revenue. The AP report is compared to the MO-2ENT spreadsheet, and any discrepancies are noted. The discrepancies are then investigated. If a MO-2ENT tax form or MO-2ENT memo is missing, an e-mail notification will be sent to the Accounts Payable Managers at each Business Unit. Once all documentation is obtained, and the amount of the payment to the Department of Revenue is verified, the payment is made and the supporting documentation is remitted to the State of Missouri.

RESPONSIBILITIES

Central Payroll Office:

- Log all MO-2ent forms received from the campuses.
- At quarter end, reconcile forms to report from PeopleSoft system
- Make payment and send supporting documentation to the State of Missouri

Campus Departments:

- Prepare non-po vouchers for the payment of the entertainer
- Send memos to the Central Payroll Office.
- Ensure compliance with the law at the time of booking an event and payment for services.

Effective Date: June 30, 2005

Revised Date: April 25, 2006

Questions and Comments?

Questions regarding interpretation and implementation of the Accounting Policy should be directed to the Campus Accounting Office. Suggested edits or revisions to the policy should be directed to the Office of the Controller.