

Accounts Payable

MINNESOTA ENTERTAINER TAX

Compensation that nonresident entertainers receive for performances in Minnesota is subject to a 2% nonresident entertainer tax. Carleton College is responsible for withholding the 2% tax from the nonresident entertainer payments, remitting the withholding amounts and reporting to the Minnesota Department of Revenue.

Gross compensation includes (but is not limited to):

- all compensation paid for a performance
- reimbursed expenses (transportation, lodging, meals, sound and lights, security, etc.)
- prize winnings at spectator events

Entertainers; also termed as Entertainment entities by the Minnesota Department of Revenue are:

- a nonresident entertainer who is paid for providing entertainment as an independent contractor
- a partnership that is paid for entertainment provided by nonresident entertainers who are partners
- a corporation that is paid for entertainment provided by nonresident entertainers who are stockholders of the corporation

Entertainers include (but are not limited to):

- musicians, singers, dancers, comedians, actors, athletes, and public speakers.

Nonresident public speakers are subject to the entertainer tax. However, if the speaker's compensation is less than \$2,000 per engagement, the promoter (Carleton College) is not required to withhold.

Individuals who are full-year residents of North Dakota, Wisconsin, and Michigan are exempt from the entertainer tax; however, they must have regular Minnesota income tax withheld unless they properly complete Form MW-R, Reciprocity Exemption/Affidavit for Residency. See www.taxes.state.mn.us/, the Business Office or the Business Office website for Form MW-R.

Federal Form W-9 (Request for Taxpayer Identification Number and Certification) must be completed by the nonresident entertainer and submitted to Carleton College. Individuals must supply their social security number and home address; businesses must supply their federal and/or Minnesota ID number(s). See www.irs.gov, the Business Office or the Business Office website for Form W-9.

If the nonresident entertainer fails to provide a federal ID number, backup withholding is required. Minnesota's backup withholding rate is 8.5%.

Carleton College will provide a Federal form 1099-MISC to every entertainer showing the total amount paid and the amount of entertainer tax withheld by January 31st of the year following the date of payment. This form will be provided even if the amount paid was less than \$600.