



Minnesota Management and Budget Statewide Operating Procedure

Minnesota Management and Budget, Agency Assistance
Issued: August 14, 2014

Number 0802-06.1
Revised: N/A

Entertainers' and Speakers' Fee Payments and Tax Withholding

Objective

To properly withhold and remit to the Department of Revenue the 2% tax on payments to nonresident entertainers and public speakers pursuant to Minnesota Statute 290.9201 and all statutes referenced therein.

General Procedures

Step	Action	Responsible Party	Timeline
1.	Determine whether the speaker/entertainer meets the criteria for taxability provided in the state statutes.	Agency	N/A
2.	If the speaker does not fall into one of the exemption criteria, they shall be paid at 100% of the amount due.	Agency	N/A
3.	If the speaker/entertainer is taxable under the law, Agencies will process payments from Statewide Integrated Financial Tools (SWIFT) accounts 411322 and 411323, respective of whether they are payment or reimbursements.	Agency	N/A
4.	Payments are made at 98% of amounts due to the entertainer/speaker and any warrant will reflect that it is 98% of the full amount due. The remaining 2% is paid to the Department of Revenue (DOR) through an interagency payment on the same date as the payment due to entertainer/speaker.	Agency	N/A
5.	Payments to DOR will be made through the SWIFT voucher entry, just like the payment to the vendor. However, the DOR vendor number will be used (location 003) along with Bank RV002. The vendor ID the 2% tax is collected for must be entered in the voucher message field. This will create a transfer-in for DOR and they will move the funds to the appropriate account.	Agency	N/A
6.	At tax year end, a Federal Form 1099 will be created. The non-employee compensation box will be manually adjusted to include 100% of the amount paid (both the 98% net paid to the entertainer/speaker and the 2% paid to DOR). The state income tax box will be adjusted to display the 2% amount withheld and sent to DOR.	MMB	Tax year end.

Step	Action	Responsible Party	Timeline
7.	If the payee is a corporation, a 1099 will be manually created and again include 100% of the compensation (both the 98% net paid to the entertainer/speaker and the 2% paid to DOR).	MMB	Tax year end.

Related Policies and Procedures

[MMB Statewide Operating Police 0802-06 Entertainers' and Speaker's Fee Payments and Tax Withholding](http://mn.gov/mmb-stat/documents/accounting/fin-policies/chapter-8/0802-06-speakers-fees-policy.pdf) (http://mn.gov/mmb-stat/documents/accounting/fin-policies/chapter-8/0802-06-speakers-fees-policy.pdf)

See Also

[Minnesota Statute 290.9201](https://www.revisor.mn.gov/statutes/?id=290.9201) (https://www.revisor.mn.gov/statutes/?id=290.9201)