

Policy 3410
Connecticut Income Tax Withholding for Nonresident Athletes and Entertainers

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Scope

This policy summarizes the State of Connecticut income tax withholding requirements with respect to payments to nonresident athletes and entertainers.

Policy Statement

The University is required by Connecticut law to withhold income tax on payments to athletes and entertainers. These withholding rules apply to (i.) payments to individuals who are not considered University employees for federal income tax withholding purposes and (ii.) payments to agencies or other entities representing the athletes and entertainers. The University is required to withhold tax at a **rate of 6.7%** on such payments unless an exception to the withholding tax applies *and* the appropriate forms required by the State have been completed and approved, if appropriate. These forms must be attached to the request for payment. (See Procedure [3410 PR.1](#) regarding procedures for obtaining a reduced rate or exemption from the athlete and entertainer withholding tax.)

Reason for the Policy

This policy is intended to provide guidance to the University community with respect to the State of Connecticut income tax withholding requirements for payments made to nonresident athletes and entertainers, and to promote compliance with the State of Connecticut income tax withholding rules.

Definitions

A&E Tax

In this policy, this abbreviation refers to the Connecticut Athlete and Entertainer Withholding Tax.

Athlete or Entertainer (Performer or Performing Entity)

See Section 3410.2 below for a listing of the types of performers or performing entities subject to the A&E tax.

DRS

Connecticut Department of Revenue Services, the agency of the State of Connecticut that administers the State's tax laws.

Nonresident of Connecticut

A nonresident of Connecticut is an individual who is *not* considered a resident of Connecticut for tax purposes. A nonresident of Connecticut is defined as an individual who (i.) is NOT domiciled in Connecticut and (ii.) does not maintain a permanent place of abode in Connecticut and does not spend in the aggregate more than 183 days of the taxable year in Connecticut.

NOTE: The term "nonresident" is often used in the context of Federal withholding tax rules to refer to an individual who is not a resident of the United States. (See Policy [3415](#)) The term nonresident of the U.S. must not be confused with the term nonresident of Connecticut for tax purposes.

NOTE: The terms resident and nonresident are not applicable to non-individual payees such as bands, dance teams and theater groups (whether or not the group is a separate legal entity such as a corporation or LLC). Therefore, all such performing entities are potentially subject to the Connecticut A&E tax unless one of the exceptions discussed in Section 3410.3 applies.

Policy Sections

3410.1 Overview

Connecticut law requires the University to withhold income tax from payments to athletes and entertainers who are not considered employees of the University for federal tax purposes if they are not Connecticut residents and they perform services in Connecticut. Unless it is determined that an exemption from withholding or a reduced rate of withholding is applicable (See Section 3410.3 below), the University is required to withhold tax from such payments at the rate of **6.7%**.

3410.2 General Rule: Payments Subject to the Connecticut Athlete & Entertainer Withholding Tax

The Connecticut athlete and entertainer withholding tax ("A&E tax") is required to be withheld by the University on payments¹ made directly to the performer or performing entity or to agents, managers, agencies or other individuals or entities representing the performers:

- for services performed in Connecticut;
- by an athlete or entertainer (hereinafter, "performer" or "performing entity");
- who is not a Connecticut resident; and
- who is not considered an employee of the University for federal tax purposes.

Note: The A&E tax supersedes any provision in a performer or performing entity's contract that provides that CT income tax should not be withheld. Unless an exception applies (see Section 3410.3, below), CT income tax must still be withheld from a payment to the performer or performing entity for the performance.

Payments for services performed in Connecticut by the following types of performers or performing entities are subject to withholding (Note: This list is not all inclusive.):

¹ The University will not withhold tax on payments for the reimbursement of substantiated expenses made in accordance with University policies and procedures.

- Actors
- Singers
- Dancers
- Musicians
- Comedians
- Square dance callers
- Writers
- Directors
- Set designers
- Band owners
- Public speakers (see note below regarding Lecturers and Guest Speakers)
- Any other person appearing on or in:
 - Television
 - Radio
 - The stage
 - A night club performance
 - A hotel show
- Any person whose performance in Connecticut is recorded or filmed (regardless of whether or where such a performance is broadcast)
- Wrestlers
- Boxers
- Golfers
- Tennis players
- Baseball players
- Other athletes or athletic teams
- Referees and trainers
- Circus performers
- Bands
- Orchestras
- Dance teams
- Theater groups
- Sound and light crews
- Cameramen for television productions
- Other performing entities

Other individuals or entities that perform services for the University may also be considered athletes or entertainers for purposes of the A&E tax. If you are unsure if an individual or entity is subject to the A&E tax, contact the University Tax Department to determine if the A&E tax is applicable.

Lecturers and Guest Speakers: The DRS has informally stated that presentations made by lecturers or guest speakers in a classroom setting or which are open to the general public constitute public speaking and are therefore subject to the A&E tax. (The DRS also indicated that a lecturer or speaker who controls course content and grading might not be a public speaker subject to the A&E tax. However, an individual who teaches a class in this capacity should, in almost all cases, be paid as an employee of the University.)

Stage Managers, Costume Designers, Makeup Artists: The DRS has informally indicated that stage managers, costume designers and makeup artists are not performers and are not subject to the A&E tax.

Management Fee / Booking Agent Fee / Speakers Bureau Fee: If the agent's fee is paid together in a single check with the fee for the performance, the entire amount is subject to the A&E tax. Tax must be withheld from the entire amount even if the contract separately states the portion of the total payment that represents the agent's fee. If the agent's fee is paid separately (i.e., via separate check), the payment is not subject to the A&E tax.

- Example: The total amount the University will pay for a performance is \$6,000. The contract states that \$1,500 of the total represents the booking agent's fee. If the \$6,000 is paid in one check (payable to either the performer or the agent), the entire amount is subject to 4.5 percent A&E tax withholding (assuming the University has not received documentation authorizing a reduced rate or waiver of withholding tax). If the University cuts a separate check in the amount of \$1,500 payable to the agent for the booking fee, that amount is not subject to A&E tax withholding, although the \$4,500 payment is.

3410.3 Exceptions to the Connecticut Athlete and Entertainer Withholding Tax

The State of Connecticut has provided several exceptions to the 6.7% withholding requirement outlined in 3410.2, above.

In order to qualify for exemption from withholding (or reduced withholding) under one of these exceptions, the performer or performing entity may be required to complete and submit certain tax forms to the University or to the Connecticut Department of Revenue Services (DRS). See Procedure [3410 PR.1](#) to determine which forms, if any, are required to qualify for one of these exceptions to the A&E tax.

Note: Although the DRS provides specific exemptions from withholding, a performer or performing entity may still be required to file a CT income tax return and pay CT income tax with respect to payments for services performed in CT during the calendar year.

The following is a summary of the exceptions to the 6.5% withholding rules:

Payment of \$5000 or less by an educational institution to certain speakers: Withholding Exemption

Payments of \$5000 or less for an engagement to a speaker who

1. is engaged as part of a course offered by an educational institution or
2. is part of an educational or academic conference, seminar or symposium sponsored by an educational institution.

Payment of \$1,000 or Less for a Performance: Withholding Exemption

Payments of \$1,000 or less for a performance (or for a series of performances) are not subject to the A&E tax.

Note: Payments of \$1,000 or less for a subsequent performance (or for a series of performances) during the same calendar year are not subject to A&E tax.

Yale University Employee: Withholding Exemption

Payments to a performer who is treated as an employee of Yale University for federal income tax withholding purposes with respect to the payment are not subject to the A&E tax. See Policy [3210](#) for guidance in determining employee versus independent contractor status.

Services Not Performed in Connecticut: Withholding Exemption

Payments to performers for services performed outside of Connecticut are not subject to the A&E tax.

Connecticut Residents: Withholding Exemption

Payments to a performer who is considered a resident of the State of Connecticut for income tax purposes and who has a satisfactory record of filing all required CT tax returns and paying all required CT taxes and estimated CT taxes for the current year are not subject to the A&E tax.

Performer Expects to Earn \$3,000 or Less: Withholding Exemption

Payments to a nonresident performer who expects to earn not more than \$3,000 (i.e., \$3,000.00 or less) during the calendar year for services performed in Connecticut are exempt from the A&E tax.

If subsequent payments during the calendar year to the performer result in the performer being paid, in the aggregate, more than \$3,000 during the calendar year for services performed in CT, the performer may not request a waiver of withholding from that point forward until the end of the calendar year. “Catch up” withholding is not required for a performer who reasonably believed that payments to him or her for services performed in CT for the calendar year would not exceed \$3,000, but who subsequently is paid more than \$3,000 for services performed in CT for the calendar year.

Performing Entity Maintains an Office in Connecticut: Withholding Exemption

Payments to a corporation, limited liability company, limited partnership or partnership that has a satisfactory record of filing all required CT tax returns and paying all required CT taxes and that has an office in Connecticut that is continuously maintained, occupied and used by its regular employees who are regularly in attendance to carry on business in its own name, are not subject to the A&E tax.

Performing Entity is Registered to Withhold Connecticut Income Tax: Withholding Exemption

Payments to a performing entity that has registered with the DRS to withhold income tax as a Connecticut employer and has a satisfactory record of filing all required CT tax returns and paying all required CT taxes are not subject to the A&E tax.

Other Exceptions: Withholding Waivers and Reduced Withholding Rates.

If none of the above exceptions apply, a performer or performing entity may apply to the DRS for a reduced rate of withholding (i.e., less than 6.7%) or waiver of the A&E tax. The DRS may permit the University to withhold A&E tax at a reduced rate if, based on income and expense projections the performer or performing entity provides to the DRS, it believes withholding tax at 6.7% is likely to exceed to a significant degree the performer or performing entity’s CT tax liability for the calendar year. Further, the DRS may grant a waiver if the performer or performing entity has a satisfactory history of filing Connecticut income tax returns or is currently making Connecticut estimated tax payments. (See Procedure [3410 PR.1](#) for procedures for applying for a reduced withholding rate or a waiver of the A&E tax.)

Note: The State of Connecticut does **not** recognize any reduced withholding rates (including full exemption) pursuant to U.S. tax treaties with other countries.

3410.4 University Resource: Tax Department

The University Tax Department is a resource for University Departments and the University community with respect to the A&E tax. The University Tax Department is available to review a payment to determine if it is eligible for an exemption from withholding and also to provide guidance with respect to the forms required to be filed.

Procedures

Procedure [3410 PR.1](#) Obtaining Exemption or Reduced Rate of Withholding for Connecticut Athlete and Entertainer Withholding Tax

Contacts

Subject	Contact	Phone
A&E tax	University Tax Department	432-5530

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