

Procedure 3410 PR.1

Obtaining Exemption or Reduced Rate of Withholding for Connecticut Athlete and Entertainer Withholding

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1 – Verify Payment is Subject to Athlete and Entertainer Withholding Tax

Who is subject to the Connecticut athlete and entertainer withholding tax?

The Connecticut athlete and entertainer withholding tax (“A&E tax”) must be withheld by the University at the rate of **6.5%** on payments:

- 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.
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See Policy 3410 for specific details

The State of Connecticut considers a wide variety of personal service providers to be performers who are subject to the A&E tax including, for example, public speakers and lecturers, referees, writers, directors, bands, and actors. See Policy [3410](#) for an extensive list of performers and performing entities subject to the A&E tax. Policy 3410 also describes who is considered a Connecticut resident for purposes of the A&E tax.

2 – Determine if Exception to the A&E Tax Applies to Payment

Identify the appropriate exception

If a payment is made to a performer or performing entity, the University is required to withhold A&E tax at the rate of **6.5%** unless an exception applies. Several exceptions to the **6.5%** A&E tax withholding requirement exist and are explained below.

Note that some exceptions are applicable only to individual performers **or** only to performing entities.

Exception to A&E Tax	Description
Payment of \$5000 or less by an institution to certain speakers	Payments of \$5000 or less for an engagement to a speaker who <ol style="list-style-type: none"> 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	Payments of \$1,000 or less for a performance (or series of performances) are not subject to the A&E tax. Note: Payments of \$1,000 or less for a subsequent performance (or series of performances) during the same calendar year are not subject to A&E tax.
Yale University employee	Payments made 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. Refer to Policy 3210 and Procedure 3210 PR.1 regarding determining employee or independent contractor status.
Services not performed in Connecticut	Payments made to a performer or performing entity for services performed outside of Connecticut are not subject to the A&E tax.
Connecticut resident	Payments made to a performer who is considered a resident 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. See Policy 3410.
Performer will earn \$3,000 or less	Payments to an individual performer who expects to earn not more than \$3,000 during the calendar year for services performed in Connecticut are not subject to the A&E tax.
Performing entity maintains office in Connecticut	Payments to a performing entity are not subject to the A&E tax if the entity is 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.
Performing entity is registered to withhold Connecticut income tax	Payments to a performing entity that has registered with the Connecticut Department of Revenue Services (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.
Withholding waiver	If none of the above exceptions apply, a performer or performing entity may apply to the Connecticut Department of Revenue Services (DRS) for a waiver of the A&E tax. 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.

Reduced withholding rate	If none of the above exceptions apply, a performer or performing entity may apply to the Connecticut Department of Revenue Services (DRS) for a reduced rate of withholding (i.e. less than 6.5%). 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 the the DRS, it believes withholding tax at 6.5% is likely to exceed to a significant degree the performer's or performing entity's CT tax liability for the calendar year.
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3 – Determine Which Forms are Required to Obtain Exemption or Reduced Rate of Withholding

Obtain the correct form from the performer or performing entity

If the payment satisfies one of the exceptions listed in Step 2, the University may need to obtain certain forms from the performer or performing entity at the time of payment in order to grant the exemption or reduced rate of withholding. The chart below outlines the forms that are required in order to receive the benefit of the exceptions to the A&E tax described in Step 2.

Exception to A&E tax	Required Form(s)	Who Completes Form	Where to File Form
Payment of \$5000 or less by an educational institution for an engagement to certain speakers	No form required	N/A	N/A
Payment of \$1,000 or less for a performance	No form required	N/A	N/A
Yale University employee	No form required	N/A	N/A
Services not performed in Connecticut	No form required, but location of services performed should be documented on request for payment	N/A	N/A
Connecticut resident	Form CT-590 *see note 1	Performer and department administrator	Submit to A/P with request for payment
Performer will earn \$3,000 or less	Form CT-590 *see note 2	Performer and department administrator	Submit to A/P with request for payment
Performing entity maintains office in Connecticut	Form CT-590 *see note 3	Performing entity and department administrator	Submit to A/P with request for Payment
Performing entity is registered to withhold CT income tax	Form CT-590 *see note 4	Performing entity and department administrator	Submit to A/P with request for payment

Withholding waiver	Form CT-588 *see note 5	Performer or Performing entity and department administrator	<ul style="list-style-type: none"> • File Form CT-588 with DRS. • If approved, DRS will issue Form CT-595, which must be submitted to A/P with request for payment.
Reduced withholding rate	Form CT-588 Form CT-590 if applicable *see note 6	Performer or Performing entity and department administrator	<ul style="list-style-type: none"> • File Form CT-588 (and Form CT-590 if applicable) with DRS. • If approved, DRS will issue Form CT-595, which must be submitted to A/P with request for payment.

Notes

- Performer should complete the sections of Form CT-590 with the headings “Performer or Performing Entity” and “Declaration by Resident Performer .” The University department requesting the payment should complete the “Designated Withholding Agent” section of Form CT-590.
- Performer should complete the sections of Form CT-590 with the headings “Performer or Performing Entity” and “Declaration by Nonresident Performer with Annual Connecticut Source Income of \$3,000 or Less.” The University department requesting the payment should complete the “Designated Withholding Agent” section of Form CT-590.
- Performing entity should complete the sections of Form CT-590 with the headings “Performer or Performing Entity” and “Declaration by Performing Entity Continuously Maintaining an Office in Connecticut.” The University department requesting the payment should complete the “Designated Withholding Agent” section of Form CT-590.
- Performing entity should complete the sections of Form CT-590 with the headings “Performer or Performing Entity” and “Declaration by Performing Entity Registered as Employer with DRS.” The University department requesting the payment should complete the “Designated Withholding Agent” section of Form CT-590.
- The performer or performing entity should contact the DRS if assistance is required to complete this form.
- The performer or performing entity should contact the DRS for assistance in applying for a reduced withholding rate.

Where to Obtain Forms

The forms referred to in the above chart are:

- Form CT-588, Athlete or Entertainer Request for Reduced Withholding
- Form CT-590, Athlete or Entertainer Request for Waiver of Withholding
- Form CT-595, Notice to Designated Withholding Agent

Forms CT-588 and CT-590 may be obtained from:

- The [Quick Forms](#) web page
- The [Connecticut Department of Revenue Services](#) web page:
<http://www.drs.state.ct.us/forms/withholding.html>.

Forms CT-595 are issued by the DRS.

4 – Attach Appropriate Completed Form to Request for Payment

Submit the form to Accounts Payable with the request for payment

See Step 2 to determine if an exception to the A&E tax applies and Step 3 to determine which form is required for the University to exempt the payment from tax or withhold at a reduced rate. Once the appropriate completed form is obtained, submit it to Accounts Payable with the request for payment as described below.

Form CT-590, Athlete or Entertainer Request for Waiver of Withholding

The performer or performing entity must complete the appropriate sections of Form CT-590, sign the form where indicated and submit it to the University department that will request payment.

The requesting department should attach the signed Form CT-590 to the request for payment (e.g., Check request form) and indicate clearly on the face of the payment request: *“Form CT-590 attached—Payment is exempt from Connecticut athlete and entertainer withholding tax.”* Also indicate the performance date(s) on the face of the payment request.

Form CT-595, Notice to Designated Withholding Agent

The DRS will send Form CT-595 to the University if it approves a performer’s or performing entity’s request for reduced withholding rate or waiver of the A&E tax. The requesting department should attach the Form CT-595 to the request for payment (e.g., Check Request form) and indicate clearly on the face of the payment request that the DRS has granted a reduced withholding rate or waiver of the A&E tax, as appropriate:

“Form CT-595 attached—Reduced Connecticut athlete and entertainer withholding tax rate applies”

or

“Form CT-595 attached—Payment is exempt from Connecticut athlete and entertainer withholding tax.”

Contact A/P or Tax Department for answers to questions

For answers to questions regarding this procedure, contact:

- Accounts Payable 432- (see attached chart)
- University Tax Department 432-5530

The official version of this information will only be maintained in an on-line web format. Any and all printed copies of this material are dated as of the print date. Please make certain to review the material on-line prior to placing reliance on a dated printed version.
