



TAXES ON BOXING AND MIXED MARTIAL ARTS EVENTS REGULATED BY THE STATE ATHLETIC COMMISSION

The purpose of this publication is to provide guidance on West Virginia tax law as it relates to ring sports events. This publication is meant to be a source of general information and not a substitute for tax laws or regulations.

AUTHORITY OF THE COMMISSION

The State Athletic Commission (formerly the State Boxing Commission) consists of five members appointed by the Governor. The Commission has regulatory authority over all professional and amateur boxing, sparring and mixed martial arts contests, matches and exhibitions in West Virginia, except amateur matches conducted by any high school, college or university.

LICENSE FEES

The Athletic Commission imposes various license fees on promoters and participants in the events it regulates. For information and application forms, visit the Commission's website at athleticcommission.wv.gov.

REPORTS

Each promoter of a boxing match or mixed martial arts contest in West Virginia must file a report with the Athletic Commission within 24 hours after the event is held. See the Athletic Commission website for information and forms.

TAXES:

BUSINESS REGISTRATION All promoters of athletic events in West Virginia must have a West Virginia business registration certificate. To register a business with the Tax Department, the promoter must complete an "Application for Registration Certificate" (Form WV/BUS APP, which is available on Tax's website at www.tax.wv.gov and pay a \$30.00 registration fee. A copy of the business registration certificate must be posted at the site of each event.

Professional athletes are considered independent businesses and must also obtain a West Virginia business registration certificate, unless they are considered employees of a sports team or another business entity, such as a loan-out company. In that case, the employing business entity must be registered to do business in West Virginia.

CONSUMERS SALES AND SERVICE TAX AND USE TAX

For sales and service tax purposes, boxing matches and mixed martial arts contests are considered amusement or entertainment services. Unless otherwise exempted, all sales of tangible personal property, amusement services and other services rendered in the operation of a place of amusement or entertainment are subject to the Consumers Sales and Service Tax. The promoter or operator of the place of amusement or entertainment must collect and remit tax. The responsibility of remitting the sales tax should be set forth in the contract between the promoter and the facility management. Taxable sales include admission tickets, as well as sales of concessions, programs, souvenirs and novelties by the promoter or operator of the facility.

Complimentary tickets or tangible personal property given away for promotional purposes are subject to the Use Tax, which is imposed at the same rate as the Consumers Sales and Service Tax. In the case of complimentary tickets, the amount subject to the tax is the sales price of the ticket -- the amount for which a similar ticket would have been sold. In the case of tangible goods, the amount subject to the Use tax is the cost of the goods to the promoter or operator. In addition to the State

Consumers Sales and Service Tax, many West Virginia municipalities impose a Municipal Sales and Use Tax that applies to the same sales of tangible items and services subject to the State tax. Any applicable Municipal Sales tax must be remitted to the State Tax Department along with State sales tax. If a contest is held in a municipality, that municipality's sales and use tax must be remitted together with the State sales tax.

EXAMPLE

Boxing Unlimited is the promoter of a boxing match in Clarksburg, West Virginia. It sells 350 tickets to the event at \$10 a ticket and provides fifty complimentary tickets to various people. \$1,500 worth of concessions and \$1,000 of t-shirts and other memorabilia are sold to attendees of the event, and the promoter also gives away t-shirts and other memorabilia that he paid \$200 to purchase. The promoter must collect and remit \$469 in sales tax to the State of West Virginia on Form CST/WV 200CU. The \$469 in sales tax is calculated as follows:

Sale of tickets	(350x\$10)	\$3500
Complimentary tickets	(50x\$10)	\$500
Sale of concessions	(Money from sales)	\$1500
Sale of t-shirts and other Memorabilia	(Money from sales)	\$1000
Complimentary t-shirts and Memorabilia	(Cost of goods)	\$200
CALCULATION OF TOTAL TAX DUE	(\$3500+\$500+\$1500+\$1000+\$200) = \$6700	
	\$6700x 7%*	\$469

*7% consists of 6% state sales tax and 1% municipal sales tax for the city of Clarksburg

OTHER LOCAL TAXES

Municipalities may not impose a local license tax on events licensed by the State Athletic Commission. However, a municipality may have a Business and Occupation Tax that applies to the gross income from such events. Also, municipalities may impose an Amusement Tax on admissions fees charged the public. The State Tax Department does not administer these local taxes and the promoter should contact local tax authorities to ascertain what local taxes may apply to the event.

PERSONAL INCOME TAX

For purposes of West Virginia Personal Income Tax, prize money and reimbursed expenses generated from activity in this State are considered income from West Virginia sources, and therefore subject to this State's personal income tax to the extent includible in federal adjusted gross income. Any fees paid to a participant are subject to personal income tax. The promoter is also subject to West Virginia personal income tax.

For assistance or additional information, you may call a Taxpayer Service Representative at:

1-800-WVA-TAXS (1-800-982-8297)

www.tax.wv.gov