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Mr. Johnny H. Montano
Executive Secretary
State Athletic Commission
2520 E. LaMar Road
Phoenix, Arizona

Dear Mr. Montano:

In your letter of July 12, 1976 to this office, you presented a situation where a promoter failed to pay taxes on receipts from recent wrestling shows. The promoter had stated that 60% of the proceeds were going to be paid to the St. Mary's Burn Center in Tucson.

A.R.S. § 5-235(A) states:

> Any person who promotes a professional boxing or wrestling match or exhibition shall within ten days thereafter pay to the commission two per cent of the gross receipts after deduction of city, state and federal taxes, of such match or exhibition.

Exceptions to this requirement are set out in A.R.S. § 5-226, which states:

> The provisions of this article shall not apply to:
>
> 1. Any person employed by any public, private or parochial school, college, or university, or equivalent institutions of learning, when the trainee or contestant is an amateur, nor to a trainee or contestant in such educational institution.
>
> 2. Any person employed by a governmental unit, or non-profit organization when the trainee or contestant is an amateur.

3. Any amateur boxing, sparring or wrestling match or exhibition.

From your letter, it is apparent that the promoter in question is not an employee of a learning institution or of any other non-profit organization. Therefore, she is liable for the payment of the tax levied by A.R.S. § 5-235. The general rule is that every interpretation shall be against exemptions from taxation. Ebasco Services, Inc. v. Arizona State Tax Commission, 105 Ariz. 94, 459 P.2d 719 (1969). The only deductions allowed by A.R.S. § 5-235 are for city, state and federal taxes. Since proceeds paid to a charitable organization are not specified as a deduction, they may not be deducted in computing the taxable base. Therefore, in the situation you presented, the 60% of the receipts that the promoter was going to pay to the Burn Center would not be deductible from the gross receipts in establishing the proper tax under A.R.S. § 5-235.

In your letter you also asked how much of the receipts from a "charity show" would be taxable. Unless a "charity show" falls within the exceptions provided in A.R.S. § 5-226, the proceeds of such a show would be taxable the same as would any other wrestling promotion.

Sincerely,

BRUCE E. BABBITT
Attorney General

James D. Winter

JAMES D. WINTER
Chief Counsel
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JDW:FLM:lh