

Unrelated Business Income

Summary/Purpose: Units of the university having activities generating unrelated business income will be responsible for all applicable income taxes.

The Internal Revenue Code states a college or university is generally deemed to have unrelated business taxable income when it realizes income from any regularly conducted trade or business that is not substantially related to its exempt purposes.

Each activity generating unrelated business income must be able to document all revenues as well as all expenses incurred in creating those revenues. The expenses must include both the expenditures directly charged to the business activity as well as expenditures that may have been charged elsewhere but still are associated with the business activity.

The Office of Accounting will consult with departments having unrelated business income to identify all reporting requirements and will facilitate all calculations of income and expenses.