

# W&M Tax Department Unrelated Business Income (UBIT) Questionnaire

## **Purpose of the Form**

The completed questionnaire will be used to assist the Tax Department in determining whether an activity should be included in the University's Exempt Organization Business Income Tax Return (Form 990-T) filed with the IRS.

## **Contact Information**

Department Name: \_\_\_\_\_

Contact Name: \_\_\_\_\_

Contact Email & Phone: \_\_\_\_\_

## **Unrelated Business Income**

Though the University is recognized as exempt for federal income tax purposes, it still may be liable for tax on its unrelated business income. Unrelated business income is considered taxable if ***ALL THREE*** of the conditions below are met:

1. The income is from an activity considered as a trade or business.
2. The activity is regularly carried on.
3. The activity is not substantially related to the University's exempt educational, research, or public service mission.

What is the nature of the activity?

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## **Trade or Business**

A trade or business activity is one in which you intend to make a profit. Is the activity expected to generate income in excess of expenses?

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## **Regularly Carried On**

A trade or businesses is considered regularly carried on if it's conducted frequently. For examples, the monthly rental of University space would be considered regularly carried on. Casual sales that occur as part of an activity such as fundraising would not be considered regularly carried on.

Is this activity one that will be carried on regularly?

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How often will the activity take place?

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**Substantially Related to the University's Exempt Purpose**

If an activity does not play an important part in contributing to the University's educational, research, or public service mission, it may be considered as not substantially related. Some examples of activities that have been considered not to be substantially related include:

1. Dormitory rentals to the public
2. Athletic or recreational facility use for non-university customers; facilities use by the public
3. Operation of a parking lot serving non-university customers
4. Advertising – generally any message designed to get the viewer to buy the advertiser's product.  
(Income from advertising would generally be subject to UBI)

Does the business have substantial relationship to the University's exempt purpose?

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**UBIT TEAM ASSESSMENT**

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Final Determination:    UBIT Activity                    \_\_\_ YES                    \_\_\_ NO