

Unrelated Business Income Tax (UBIT)

If an exempt organization regularly carries on a trade or business **not** substantially related to its exempt purpose, except that it provides funds to carry out that purpose, the organization is subject to tax on its income from unrelated trade or business.

Some consulting activities undertaken by faculty members might be determined by the contracting team to be categorized as UBIT activities. In these cases, all revenues and expenses related to those consulting activities will be tracked in a separate Fund 29 UBIT speedtype within the faculty member's department. It will be the department's responsibility to ensure they expense applicable costs to the same speedtype that revenue for the consulting activity is credited to.

The tax on an unrelated business activity is calculated on the net income (revenues minus directly connected expenses) for each unrelated business activity. As this relates to consulting, each department with consulting activities determined to be UBIT, will be taxed on the net income for each Fund 29 UBIT speedtype at the end of each year, and it will be the department's responsibility to ensure proper review and allocation of expenses against their revenue in each of their designated Fund 29 UBIT speedtypes.

Below are University and general links to additional information and resources on UBIT:

[Unrelated Business Income Tax \(UBIT\)](#)

[IRS Unrelated Business Income Course](#)

[Campus Administrative Policy 2034 Unrelated Business Income Tax](#)