



## UT System Administration Policy Library – Policy UTS103 **Unrelated Business Income Tax**

Responsible Officer: Executive Vice Chancellor for Business Affairs  
Sponsoring Office: Office of General Counsel and Controller's Office  
Effective Date: March 1, 1990  
Last Reviewed: January 2, 2008  
Next Scheduled Review: January 14, 2011  
Errors or changes to: [policyoffice@utsystem.edu](mailto:policyoffice@utsystem.edu)

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## **POLICY STATEMENT**

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Each institution must submit to the Office of General Counsel (OGC) and the Office of the Controller information and data each fiscal year related to all activities (1) with a potential for generating unrelated business income (loss) for a determination of whether the activities conducted by the institutions are unrelated business income reportable and (2) generating unrelated business income (loss) for inclusion in The University of Texas System's Exempt Organization Business Income Tax Return (Form 990-T).

Accompanying are detailed instructions concerning the form and content of the information and data to be submitted. These take the form of a non-financial questionnaire and transmittal letter to the Office of General Counsel, and if the activity is determined to generate unrelated business income, financial worksheets, which are used to report the revenue and expenditures related to the activity.

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## **RATIONALE**

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The University of Texas System must annually file Form 990-T, Exempt Organization Business Income Tax Return, if it has gross income from an unrelated trade or business of \$1,000 or more during the fiscal year.

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## **SCOPE**

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All Institutions and UT System Administration

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## **WEBSITE ADDRESS FOR THIS POLICY**

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<http://www.utsystem.edu/policy/policies/uts103.html>

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## **RELATED STATUTES, POLICIES, REQUIREMENTS OR STANDARDS**

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None

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## CONTACTS

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If you have any questions about UT System Administration Policy UTS 103, *Unrelated Business Income Tax*, contact the following offices

<b>Subject</b>	<b>Office Name</b>	<b>Telephone Number</b>	<b>Email/URL</b>
Non-Financial Questionnaire	Office of General Counsel	512-499-4462	
Financial Worksheets	Office of the Controller	512-499-4527	
Unrelated Business Income Tax Questions	Office of the Controller	512-499-4527	
	Office of General Counsel	512-499-4462	

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## DEFINITIONS

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None

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## RESPONSIBILITIES

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### **Institutional Tax Coordinator**

- Completes a Non-financial Questionnaire for each activity with a potential for generating unrelated business income (or loss) during the current fiscal year.
- Completes a Transmittal Letter listing all new unrelated business activities conducted by the institution during the fiscal year then ended and all unrelated activities from the previous year.
- Completes financial worksheet for all activities that must be included in the UT System's unrelated business income tax return.

### **Office of General Counsel**

- Reviews all Non-financial Questionnaires and makes determination of taxable or nontaxable.

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## PROCEDURES

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1. A Non-financial Questionnaire completed for each **new** activity with a potential for generating unrelated business income (or loss) during the current fiscal year should be submitted for review to the OGC with a copy to the Office of the Controller prior to August 31.
2. A Non-financial Questionnaire completed for each activity reviewed in a prior reporting year that was determined to be **related** to the University's exempt purpose that has changed its mode or scope of operations during the current fiscal year should be submitted for review to the OGC with a copy to the Office of the Controller prior to August 31.
3. A Non-financial Questionnaire completed for each activity reviewed in a prior reporting year that was determined to be **unrelated** to the University's exempt purpose that has changed its mode or scope of operations to the extent that the activity should now be considered related to the University's exempt purpose during the current fiscal year should be submitted for review to the OGC with a copy to the Office of the Controller prior to August 31.
4. A transmittal letter listing all new unrelated business activities conducted by the institution during the fiscal year then ended and all unrelated activities from the previous year should be submitted to the OGC prior to August 31.
5. OGC shall review all Non-financial Questionnaires submitted to it for review for a determination of whether or not the activity is reportable or exempt.
6. For those activities determined by the OGC to be includable in the University's federal tax return, a financial worksheet is to be filed with the Office of the Controller prior to November 15<sup>th</sup> for the first year of determination and each subsequent fiscal year in which the activity's status remains unchanged. The respective Institutional Tax Coordinators will be notified of which activities require financial worksheets.
7. Exempt Organization Business Income Tax Return (Form 990-T) will be prepared and submitted to IRS.
8. Any income taxes paid with the Form 990-T will be allocated to each institution on the basis of the institution's contributing income, including any available loss carryovers.

9. The Executive Vice Chancellor for Business Affairs should be kept informed as to the individual serving as your campus Institutional Tax Coordinator.

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## FORMS AND TOOLS/ONLINE PROCESSES

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### Non-Financial Questionnaire and Related Forms

[General Instructions](#)

[Questionnaire](#)

[Guidelines](#)

[Examples of Possible Unrelated Activities](#)

[Example of Transmittal Letter](#)

### Financial Worksheets

[Instructions](#)

[Exhibits A through K](#)

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## APPENDIX

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None

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Keywords: taxes, business income tax, tax, Form 990-T, accounts receivable, UBIT, unrelated business income tax

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