

SECTION I – GENERAL INFORMATION

1. Is this activity "regularly carried on" ?

To be considered a “trade or business”, activities must be regularly carried on - showing a frequency and continuity and pursued in a manner similar to for-profit entities conducting the same type of activity. An activity conducted only a few times per year is not generally seen as “regularly carried on”, unless the same frequency is common in the for-profit industry.

2. Does the department have a profit motive in conducting this activity ?

To be considered a “trade or business”, activities must be conducted with a profit motive. Operating on a “break-even” basis or merely to cover some costs of the activity is NOT showing a profit motive. In addition, not actually having a profit over time indicates lack of a profit motive. This time period is not specifically defined, but the IRS tends to look to hobby loss rules in its interpretations, meaning 2 to 3 years of consecutive losses indicate lack of a profit motive.

3. Does this activity contribute importantly to UF’s tax-exempt educational and/or research purposes and mission?

The activity must contribute importantly to UF’s tax-exempt purpose and mission. Simply producing income for UF is not considered to be contributing importantly. In addition, the size and extent of the activity must be considered. If the activity is conducted on a scale that is larger than reasonably necessary to carry out the exempt purpose, it is more likely to be found subject to UBIT.

4. Identify the percentage of revenues attributable to each of the customer groups listed to the nearest whole number. (If none, please enter “0”). The total must be 100.

a. Academic Orgs/Other Universities

These entities are generally exempted from UBIT as charitable organizations or tax-exempt entities.

b. UF Faculty / Staff, Students, or Patients

These customers are considered “internal” to UF and are exempt from UBIT.

c. General Public / Corporations

These entities are generally subject to UBIT, as for-profit entities.

d. UF Alumni

Sales to Alumni are considered “general public” by the IRS and subject to UBIT.

e. UF Departments

These customers are UF “internal sales” and not subject to UBIT.

f. UF Affiliates / DSO's

These customers are usually closely affiliated with UF and *may* be considered like to UF departments as “internal sales” not subject to UBIT.

5. Do you accept credit cards for this activity?

If the activity accepts credit cards, list all credit card providers used. If the name of your provider is not shown in the selection list, choose “Other” and add the name of the provider(s).

6. Do you charge sales tax for the activity?

While it has no impact on UBIT applicability, sales are generally subject to FL sales tax, except for specific provided services. Sales tax applicability also depends on the customer, who may have a sales tax exemption.

SECTION II – POTENTIAL EXCLUSIONS

7. Does this activity provide UF students with direct education or an educational experience?

Activities that provide students with direct education, course credit, or educational experiences are often deemed “related” to UF’s educational purpose and not subject to UBIT.

8. Is this activity primarily conducted by volunteer workforce of 85% or more?

Activities conducted primarily (85% or more) by an unpaid, volunteer workforce are exempted from UBIT.

9. Is this activity conducted as part of Student Government?

Generally, UF considers all Student Government activities to be mandated for the benefit and support of university students, thereby making them “related” and not subject to UBIT.

10. Is this activity generating revenues from University-conducted research?

The IRS provides a specific exclusion from UBIT for university-conducted research. *However, “research” does not include routine **testing or inspection of products**, as in quality control activities.*

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12. Is this activity generating revenues from the sale of animals, products, or byproducts of UF-conducted research?

The IRS provides a specific exclusion from UBIT for selling products of exempt functions or activities if they are sold in substantially the same state as when the exempt activities are completed. For instance, selling milk or cream from research cows is exempt, but selling ice cream made from the same milk or cream is considered an unrelated trade or business and is subject to UBIT. However, if the manufacturing activities themselves “contribute importantly” to the accomplishment of UF’s exempt purpose, such as students being directly involved and obtaining educational experience or degree credit, the activity may be excluded from UBIT.

SECTION III – RENTAL / LICENSE INCOME

13. Is this activity generating revenues from the rental/lease/licensing of either [real or tangible property](#)?

Rental of real property is exempt from UBIT, as long as substantial services are not provided by UF. Rental of tangible personal property is generally subject to UBIT. Rental or “mixed leases” of real and tangible personal property (TPP) together must be analyzed to determine the TPP portion of the rent received.

- If TPP is < 10% = The full rental amount is exempted from UBIT
- If TPP is 10% < 50% = only the TPP portion is subject to UBIT
- If TPP is > 50% = the entire rental payment is subject to UBIT

14. Select the type of property that is being rented/leased/licensed. (This is explained in #13 above.)

- a. Real Property only
- b. Tangible Personal Property only
- c. Both Real and Tangible Personal Property

15. Are any services provided by UF or the department in relation to the rental/lease/license?

Noncustomary services provided by UF for the benefit of the tenant can “taint” the real property exemption from UBIT.

Services	Customary/Not Service
<ul style="list-style-type: none"> • Supplying maid/linen services • Renting parking spaces where an attendant is on duty • Providing security services to a parking garage 	<ul style="list-style-type: none"> • Furnishing heat and light • Cleaning public/common areas, stairways, lobby • Collection of trash

16. Is the rental/lease/license payment calculated based on a percentage of profit?

Rents dependent on profits or net income derived by the University from rental of real property do not qualify for the exclusion, unless they are based on a fixed percentage of gross receipts or sales.

Rents based on a percentage of net profits are subject to UBIT.

17. Is the activity generating revenues from the use of sleeping/lodging facilities?

Generally, rental of sleeping/lodging facilities is considered a real property rental and is exempt from UBIT as long as no significant noncustomary services are provided by UF.

SECTION IV – ADVERTISING / SPONSORSHIP INCOME

18. Is this activity generating revenues from advertising?

“Advertising” includes any language which is an inducement to purchase a product or service and may appear in sports programs, on scoreboards, newsletters, newspapers, periodicals, websites, TV/radio broadcasts, billboards, etc.

Advertising may include:

- Qualitative or comparative language
- Pricing Information
- Indication of Savings
- Endorsements
- Call to Action

19. Is this activity generating revenues from a sponsorship?

A true sponsorship is much like a “no strings attached” gift. Other than an acknowledgement of the sponsor’s name and contact information, UF aims to avoid any “advertising” characteristics in order to maintain the UBIT exemption for sponsorship income.

20. Based on your responses to this questionnaire, do you believe that you have reportable unrelated business income subject to taxation?

The department is requested to determine to the best of its understanding whether the activity revenues may or may not be subject to unrelated business income tax (UBIT). This determination is approved by the certifier and reviewed by the Auxiliary/ EBA Accounting and Tax office.