

## **Unrelated Business Income Tax (UBIT)** <sup>[1]</sup>

### **What is UBIT?**

Even though an organization is recognized as tax exempt, it still may be liable for tax on its unrelated business income. For most organizations, unrelated business income is income from a trade or business, regularly carried on, that is not substantially related to the charitable, educational, or other purpose that is the basis of the organization's exemption.

The Tax Cuts and Jobs Act, passed in December 2017, changed the way the University reports UBIT beginning in Fiscal Year 2019. Instead of aggregating all UBIT activities, UBIT activities must be reported separately. CU is awaiting guidance from the IRS about what defines a UBIT activity.

### **Why is it Important to CU?**

If we incur unrelated business taxable income, we need to make quarterly estimated tax payments on that income during the fiscal year.

### **Do you think you have UBIT activities in your organizational unit?**

Tell us about the activity, using the form below.

## **Is it really unrelated business income?** <sup>[2]</sup>

**Describe the activity:** \*

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**Is the activity a trade or business? (Is it operated with a profit motive?) \***

- Yes
- No
- Unsure

**Is the activity regularly carried on? (Is it operated on the same schedule as a comparable commercial enterprise?) \***

- Yes
- No
- Unsure

**Is the activity not substantially related to CU's exempt purposes (education, research,**

health care, or public service)? \*

Yes

No

Unsure

**Name \***

\_\_\_\_\_

First

\_\_\_\_\_

Last

**Email \***

**Questions/Comments**

CAPTCHA

This question is for testing whether or not you are a human visitor and to prevent automated spam submissions.

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Controller

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OUC - Tax code resources

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**Source URL:**<https://www.cu.edu/controller/tax/unrelated-business-income-tax-ubit>

**Links**

[1] <https://www.cu.edu/controller/tax/unrelated-business-income-tax-ubit>

[2] <https://www.cu.edu/controller/forms/it-really-unrelated-business-income>