
UNRELATED BUSINESS INCOME TAX (UBIT) QUESTIONNAIRE

TO: ALL DEPARTMENT HEADS AND BUDGET MANAGERS

FROM: EDGAR SALAZAR - ASSOCIATE CONTROLLER/TAX COMPLIANCE SERVICES

RE: TAX COMPLIANCE - UBIT QUESTIONNAIRE FOR FISCAL YEAR ENDING JUNE 30, 2024

DATE: SEPTEMBER 13, 2024

Please read this UBIT questionnaire and complete, sign, and return all pages of this document to the Controller's Office/Tax Compliance Services no later than October 4, 2024. Please sign and complete even if certain sections do not apply to your department . The completed questionnaire and the supporting Excel income statements should be sent to tax@fiu.edu. Thank you in advance for your assistance and please contact me if you have any questions.

UNRELATED BUSINESS INCOME (UBI) - Florida International University is exempt from taxation under Section 115 of the Internal Revenue Code. However, the University is required to pay Federal income tax on net income from activities unrelated to the exempt mission of the University: education, research, and public service. This questionnaire is intended to assist departments in identifying activities that may generate unrelated business taxable income (UBIT) for fiscal year 2023/2024. Activities determined to be taxable must be reported on the University's annual Exempt Organization Business Income Tax Returns (Form 990-T) filed with the Internal Revenue Service (IRS). It is very important that all unrelated business activities of the University be reported on the Federal tax return. The IRS can assess costly penalties and interest for underpayment of taxes. Three elements must be considered to determine if an activity may be subject to unrelated business income tax (UBIT). The activity must:

1. Be conducted as a trade or business, AND
2. Be regularly carried on by the University, AND
3. Not be substantially related to the tax exempt mission of the University.

Trade or Business: Includes any activity carried on for the production of income from selling goods or performing services. Generally, a trade or business has a profit motive.

Regularly Carried On: UBIT applies only to a business activity that is regularly carried on, as opposed to transactions that are only infrequent. An activity is considered regularly carried on if it is conducted with a frequency and manner comparable to a similar activity conducted by a taxed business.

Not Substantially Related: The activity must not be substantially related to the exempt mission of the University. To decide if an activity is related or unrelated, determine the nature of the activity and how essential it is for accomplishing the mission of the University: education, research and public service.

Certain activities which meet this three-part test may still be exempt from UBIT if they qualify for one of the exemptions found in the Internal Revenue Code and its regulations.

**FLORIDA INTERNATIONAL UNIVERSITY
UNRELATED BUSINESS INCOME QUESTIONNAIRE
FISCAL YEAR ENDING JUNE 30, 2024**

The questions below are designed to help assess the revenue producing activities conducted in your department during the fiscal year ending June 30, 2024. Only consider revenue from sources outside FIU; do not report revenue from sales of goods and services to other University departments. If you believe (after reading the questionnaire and the UBIT memorandum and IRS Publication available on the Tax Services website) that your department's activities are tax-exempt (e.g. substantially related, not operated as a trade or business, not regularly conducted, etc.) then answer the questions in the section labeled "Exempt Activities" and sign where indicated.

The Tax Compliance Department will review the completed questionnaires, and you may be asked to provide further information about potentially unrelated activities.

UNRELATED BUSINESS INCOME ACTIVITIES

The following are examples of activities that are generally **not related** to the exempt mission of the University and are, therefore, **subject to unrelated business income tax**. Does your department generate external revenues from any of the following activities? (do not include revenue from sales to other University departments, but do include external revenue even if net result is a loss after deducting the related expenses) **Yes** _____ **No** _____

- A. Advertising
- B. Affinity card programs where service is provided to a card vendor
- C. Athletic or recreational facility use for non-FIU events; facilities use by the public
- D. Bookstore and gift shop sales to the public
- E. Catering and food service sales to the public
- F. Commercially sponsored research
- G. Computing resource leasing (i.e. software maintenance and support)
- H. Dormitory rentals to the public
- I. Entertainment events (i.e. concerts, movies, etc...)
- J. Exclusive provider and sponsor agreements
- K. Hotel or restaurant services provided to the public
- L. Leasing and rental activities
- M. Licensing agreements where services are provided to the licensee
- N. Merchandising operations
- O. Other sales and services provided to the public
- P. Parking revenue from private companies or contract arrangements
- Q. Participation or ownership in a partnership or joint venture with a non-Florida International entity
- R. Travel tour programs
- S. Other activities that are not directly related to the tax-exempt purposes of the University. The IRS provides that the exempt purposes of state universities include: charitable, scientific, testing for public safety, literary, educational, fostering national or international amateur sports competition, and the prevention of cruelty to children or animals.

If you answered "Yes" to any of the questions above, please proceed to Sections (I -VI) below and answer all questions completely to the best of your knowledge. Use the accompanying **Excel spreadsheet** to enter revenue and expense amounts. If you have more than one source of potential unrelated business income, please complete a separate sheet for each activity (if you are uncertain whether an activity is related or unrelated, please include it and TAX will follow-up with you for final determination).

If you answered "No" to all the questions above, you can skip sections (I - VI) and proceed to section VII -Exempt Activities. Please complete certification with signature/date and return to Tax Compliance.

I. DESCRIPTION OF ACTIVITY: For any potentially unrelated activities, please include the frequency of transactions, the type of customer, a description of the goods sold or services provided and an estimate of the total revenue for the fiscal year ending June 30, 2024.

II. GENERAL QUESTIONS

	<u>YES</u>	<u>NO</u>	<u>N/A</u>
A. conducted for the purpose of producing income?	_____	_____	_____
B. conducted on a regular basis? (i.e., year-round, seasonal, etc.)	_____	_____	_____
C. related to the University's exempt purpose? (education, research, public service)	_____	_____	_____
D. only performed by volunteers?	_____	_____	_____
E. conducted via the internet?	_____	_____	_____
F. conducted for the convenience of University students, faculty, or staff (University members)? Sales of otherwise taxable items may be exempt from tax if sold to the University members as a convenience to the members (examples include on-campus vending machines, sale of sundry items by campus bookstore, etc.). Please note that Alumni are not considered University members.	_____	_____	_____
G. are students participating in the activity as part of their educational experience?	_____	_____	_____

Does the activity:

YES	NO	N/A
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

- A. involve the sale of donated merchandise?
- B. generate revenue from royalties?
- C. generate revenue from commissions?
- D. involve a technologically advanced or unique product or service?

III. ADVERTISING

_____	_____	_____
_____	_____	_____

- A. Does the activity involve advertising or corporate sponsorship?
- B. Are students participating?

IV. RENTAL OF PROPERTY

_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

- A. Is space (land, buildings, rooms) rented to non-FIU persons or entities?
- B. Is 10% or more of the rental charge attributable to personal property (e.g., furniture or equipment)?
- C. Are personal services provided (e.g., security, food, maid, or linen service, operating microphone and/or lights)?
- D. Is the leasing organization non-profit?
- E. Is the space leased for educational or research purposes?
- F. Is FIU actively involved in the presentation or programs conducted in the rented space?
- G. Is the rental rate lower than commercial rates?

V. COMMERCIALY SPONSORED RESEARCH

_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

- A. Is research performed for a person or entity other than the federal or state government?
- B. Is the research directly related to the education of students?
- C. Is the research an investigative activity done to explore an intellectual question or to validate a scientific hypothesis in which the University has an academic interest?
- D. Is the research the type ordinarily carried on incident to a commercial operation, such as ordinary testing or inspection of materials or products?

VI. PARTNERSHIPS AND JOINT VENTURES

_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

- A. Does the activity generate revenue from participation in a partnership or joint venture with a non-FIU party?
- B. Has this activity resulted in a Form K-1 being received? If yes, please provide a copy of the form to the Tax Compliance Department.
- C. Does the activity generate revenue from an entity directly related to FIU?

VII. EXEMPT ACTIVITIES (do not complete if you answered yes to any of the questions listed above)

A. Why is this activity substantially related to the tax exempt mission of the University?

B. Please use this space to add any other information that might be relevant.

Please sign the certification below and return the completed questionnaire (and Excel worksheet if applicable) to Tax Compliance in the Campus Support Complex (CSC) Room 314, or email to tax@fiu.edu.

CERTIFICATION - By signing below, I certify that:

- * To the best of my knowledge all of the information on this questionnaire is true and complete
- * I have listed all of the department's business activities that are unrelated to the mission of the University
- * I understand that the department may be responsible for paying unrelated business income tax resulting from its income-generating activities
- * I understand that failure to report UBI activities may result in IRS fines, penalties, and/or interest imposed on the department

Signature

Date

Print Name

Title

Department name