

UNIVERSITY OF OKLAHOMA- EXAMPLES OF COMMON UNRELATED BUSINESS INCOME ACTIVITY*

ACTIVITY TYPE	GENERAL DETERMINATION	POSSIBLE EXCEPTIONS	SPECIAL CIRCUMSTANCES
ADVERTISING	In general advertising is taxable.	<ul style="list-style-type: none"> -If University students contribute greatly to the process. -Performance programs are not considered to be regularly carried on and therefore exempt. 	
CAPITAL GAINS	In general capital gains are not taxable	<ul style="list-style-type: none"> -Inventory sales may be taxable 	Examples of Capital Gains are stock and bond transactions, sales of land, building or equipment.
CATERING ACTIVITY	In general catering activities to non-University members are taxable.		<p>-In regards to this not being a “regularly carried on” activity, you must look at the University as a whole not just an individual department. Because of catering activities of Housing and Food Services and the Oklahoma Memorial Union any catering at the University will be considered “regularly carried on”.</p>
FACILITY RENTAL INCOME	In general facility rentals income to non-University members are taxable.	<ul style="list-style-type: none"> -If no services are provided, the income may meet the rental income exception. -Rentals to nonprofit 501(c)(3) charities are considered related and not taxable. 	
INTEREST AND DIVIDENDS	In general interest and dividends are not taxable.	<ul style="list-style-type: none"> -Interest and Dividends from a controlled corporation are taxable. -Interest and dividends that are debt-financed are taxable. -Investment income (interest, dividends, rental income) attributable to property acquired with borrow funds is taxable. 	
INTERNET LINKS	In general a link to a sponsor’s website is a qualified sponsorship and is not taxable.	<ul style="list-style-type: none"> -If the link also has an endorsement about the sponsor or when you click on the link, it takes you to the sponsor’s website where there is an endorsement by the University, then it would be taxable as advertising. 	

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LICENSE AGREEMENTS	In general license fee income is not taxable.	-If the University is required to perform services the fair market value of the services will be treated as taxable, while the royalty/license portion will not be taxable.	
RENTAL INCOME (REAL PROPERTY)	In general rental of real property to non-University members is not taxable. (this pertains to continuous rentals with lease agreements)	-If Personal property is leased with the real property it may be taxable if the personal property rental portion is not 10% or less of the total rent. -If services go beyond basic maintenance services the rental may be taxable.	Rent may be based on a % of sales, but it should be gross sales not net income.
RENTAL INCOME (PERSONAL PROPERTY)	In general rental of Personal property to non-University members is taxable.		
ROYALTIES	In general royalty income is not taxable.	-If the University is required to perform services the fair market value of the services will be treated as taxable, while the royalty/license portion will not be taxable.	
SALE OF ITEMS	In general the sale of items to non-University members is considered taxable.		
SALE OF SERVICES	In general the sale of services to non-University members is considered taxable.		

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SPONSORSHIPS	In general sponsorships are exempt from tax if they are qualified.	-If there is a substantial return benefit (SRB) the sponsorship may be taxable. -examples of SRB's are <ul style="list-style-type: none"> • Advertising and exclusive provider agreements • Use of facilities, services or other goods unless de minimus • Exclusive or nonexclusive rights or license to use an intangible asset (trademarks, logos) • Complimentary tickets, donor receptions - Programming materials in connection with a sponsored event which contain qualitative or comparative language, price information, a call to action, an endorsement or an inducement to buy, sell, rent, or lease the sponsored products is taxable.	Even if there is an SRB the sponsorship may still be exempt on some other basis other than being a qualified sponsorship. Right to use an intangible asset may be exempt as a royalty.
TRAVEL TOURS	In general travel tours are considered taxable.	-If the recreational and social aspects of these tours outweigh the educational benefits the tours may be not be taxable.	

***This is not a comprehensive list of Unrelated Business Income Activity. If you have any questions, please contact Financial Services 325-4997.**