

**MICHIGAN STATE UNIVERSITY
GENERAL ACTIVITY UBI WORK AIDE**

Revenue generated by activities not related to MSU’s tax-exempt purposes of education, research, and public service may be unrelated business income (UBI) that is subject to federal tax. Per the IRS, UBI activities meet three criteria: 1) Activity is a trade or business (i.e. generate a profit), 2) Regularly carried on, and 3) Not substantially related to the organization's exempt purpose.

Please use the following questions to determine whether the department has activities that should be evaluated for UBI concerns by the Office of Tax Services. For more information, please contact the Office of Tax Services (TaxReporting@ctrl.msu.edu or 517-355-0010).

SECTION 1 - EXTERNAL INCOME *(Go through all questions)*

| | YES | NO |
|--|---|---|
| 1. From non-MSU sources, does the department receive: | | |
| a. Sales income from products/services? | Go to Section 2 | If no income from non-MSU sources, then no UBI concerns |
| b. Rental income? | Go to Section 3 | |
| c. Royalty income? <i>(i.e. payments for use of intangible property, such as trademarks, patents, copyrights, etc.)</i> | Go to Section 4 | |
| d. Contribution/sponsorship income? | Go to Section 5 | |
| e. Research/testing income? | Complete the Fee for Service UBI Work Aide and send to the Office of Tax Services | |
| f. Investment income? <i>(i.e. interest, dividends, capital gains, etc.)</i> | No UBI concerns | |
| g. Other income? | Contact the Office of Tax Services | |

SECTION 2 - SALES INCOME *(Go through questions if the answer to #1a was "Yes")*

| | YES | NO |
|--|------------------------------------|-----------------|
| 2. Is the sales activity directly related to instruction of students or conducted by students as part of an educational program? | No UBI concerns | Go to #3 |
| 3. Is the sales activity conducted by volunteers at least 85% of the time? | No UBI concerns | Go to #4 |
| 4. Does the sales activity involve donated merchandise? | No UBI concerns | Go to #5 |
| 5. Is the sales activity conducted with an intent to profit? <i>(i.e. operated in a competitive, commercial manner)</i> | Contact the Office of Tax Services | No UBI concerns |

SECTION 3 - RENTAL INCOME (Go through questions if the answer to #1b was "Yes")

| | YES | NO |
|--|------------------------------------|-----------------|
| 6. Does the department rent real property to customers? <i>(i.e. building, room, office space, etc.)</i> | Go to #7 | Go to #8 |
| 7. Does the department provide services for the convenience of the renter as part of the rental agreement? <i>(i.e. maid service, etc.)</i> | Contact the Office of Tax Services | Go to #8 |
| 8. Does the department rent personal property to customers? <i>(i.e. tables, chairs, equipment, etc.)</i> | Contact the Office of Tax Services | No UBI concerns |

SECTION 4 - ROYALTY INCOME (Go through questions if the answer to #1c was "Yes")

| | YES | NO |
|--|------------------------------------|-----------------|
| 9. Does the department provide substantial services that indicate active involvement in generating the revenue? <i>(i.e. administrative services, etc.)</i> | Contact the Office of Tax Services | No UBI concerns |

SECTION 5 - CONTRIBUTION/SPONSORSHIP INCOME (Go through questions if the answer to #1d was "Yes")

| | YES | NO |
|--|------------------------------------|-----------------|
| 10. Does the department use or acknowledge the sponsor's name or logo? | Go to #11 | Go to #12 |
| 11. Does the use or acknowledgement of the sponsor's name or logo include advertising of the sponsor's products/services? <i>(i.e. qualitative or comparative language, price or savings information, call to action, endorsement, inducement to buy/sell/rent/lease sponsor's product/service, etc.)</i> | Contact the Office of Tax Services | Go to #12 |
| 12. Does the department provide any other substantial benefit to the sponsor? <i>(i.e. exclusive provider arrangement, tickets, discounts, etc.)</i> | Contact the Office of Tax Services | Go to #13 |
| 13. Is payment from the sponsor contingent on factors that indicate a degree of public exposure? <i>(i.e. level of attendance at event, broadcast rating, etc.)</i> | Contact the Office of Tax Services | No UBI concerns |