

## Unrelated Business Income Tax Issues & Reporting

*Presented at 2016 University of Texas Law School Higher Education Taxation Institute*

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## Agenda



- Zero in on Risk – IRS Areas Scrutiny
- UBI Basic definition, modifications & exceptions
- Best Practices to Manage Risk
- Applying Rules to Specific Activities
- Test your knowledge

## Notice

- The information provided herein is educational in nature and is based on authorities that are subject to change. You should contact your tax adviser regarding application of the information provided to your specific facts and circumstances.

3

## Zero In on Risk



4

## IRS Areas Scrutiny-Exam Experience

- As result Colleges & University Report and IRS focus on tax GAP
- Experiencing IRS exams where:
  - Re-characterization activities: related vs. unrelated
  - Denial net operating losses
  - Questioning and limitation of expense allocations



5

## UBI – Operational Risk Analysis

- Undiscovered/misclassification UBI activities
- Determining expense allocations
- Losses- profit motive could IRS disallow offsetting profitable activities or deny NOL carryover
- Determine state filing requirements
- Making estimated tax payments



6

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4<sup>th</sup> Annual Higher Education Taxation Institute session  
"UBIT Issues and Reporting"