

Higher Education Tax Institute

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CBO UBIT Checklist and Toolkit

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AGENDA

- IRS and Congressional Scrutiny on UBIT in the Higher Education Community
- The UBIT Responsibilities Imposed on the Chief Business Officer or Executive Manager
- The Role of the Tax Professional
- UBIT Checklist
- Benefits
- Attorney-Client Privilege and Work Product Doctrine

IRS and Congressional Scrutiny on UBIT in the Higher Education Community



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“Universities are really part of a rapidly evolving sector, and as sectors evolve and the economy evolves, we’re going to periodically take a hard look.” - Douglas H. Shulman, the I.R.S. Commissioner, January 13, 2009

- **In 2011**, the IRS announced that it intended to analyze data from the Form 990-T to develop risk models.
- **In 2012**, the IRS announced that the EO Division had increased its compliance efficiencies nearly 100% over the past 9 years.
- **In 2013**, the IRS released a final report on its questionnaire and subsequent examinations of the higher education community.
- **In 2014**, ACT published a report on unrelated business income tax (UBIT) that recommended adopting a new Form 990-T.
- **In 2015**, the IRS released the SOI Bulletin that reports the number of charitable organizations that have reported UBIT during the FY 2012.

This Congressional Hearing “will allow the Subcommittee to better understand what is driving organizational complexity, and to learn about the new compliance efforts by the IRS and the UBIT rules.” - Congressman Charles Boustany, Jr. MD (R-LA)

- In **2011**, Congressman Charles Boustany, Jr. MD (R-LA), Chairman of the House Ways & Means (HW&M) Subcommittee on Oversight, sent a letter to the IRS Commissioner Douglas Shulman requesting detailed information on, among other items, UBIT pertaining to exempt organizations.
- In **2013**, Congressman Boustany held a hearing on the IRS final report.
- In **2014**, the HW&M Committee Chairman Dave Camp's (R-MI) released his comprehensive tax reform proposal which lowers the tax rates by broadening the tax base.
 - Provisions included modifications to royalties, net operating losses (NOLs) and sponsorship income, among other UBIT items.

The UBIT Responsibilities Imposed on the Chief Business Officer (CBO) or Executive Manager

“I start with the premise that the function of leadership is to produce more leaders, not more followers.” – Ralph Nader, politician and activist

- Challenges
- Responsibilities
 - Minimized Tax Risks
 - Accountability and Alignment
 - Activities Must Support the Mission and Add Value
- Expectations of the Tax Professional

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