

**University of New Mexico**  
**UNM Taxation Issues**  
<http://www.unm.edu/~taxweb/>

## **UBIT Activities and Responsibilities**

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# UNM Revenue May be Subject to Two Types of Taxes

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- # NM Governmental Gross Receipts Tax (GGRT) is a state tax (5%-five percent) on gross receipts from specific types of sales. See <http://www.unm.edu/~taxweb/taxggrt.html> for more info. Please contact [tax@unm.edu](mailto:tax@unm.edu) if you have any GGRT questions.
- # Unrelated Business Income Tax (UBIT) is a federal tax (15-35%) on net income from specific types of activities, as defined and determined by the IRS. <http://www.unm.edu/~taxweb/taxubit.html>

# What Activities May Create UBIT?

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- # One of the determining factors is the nature of the activity itself.
- # Activities substantially unrelated to UNM's exempt purposes may be subject to UBIT.
- # It is irrelevant that the proceeds from an activity go to fund education or research.
- # What is related activities - UBPP 1000, 3. Mission of UNM

# UBPP 1000, 3. Mission of UNM

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The mission of The University of New Mexico is to serve the educational needs of the citizens of the state, and those of the nation and world. This mission involves four (4) interrelated dimensions:

(1) The University develops and offers comprehensive educational programs at the associate, baccalaureate, master, and doctoral levels in a wide range of academic, professional, and occupational fields.

(2) The University, a designated Carnegie I research university, conducts research and engages in scholarly and other creative activities to support undergraduate, graduate, and professional educational programs, and to create, interpret, apply, and accumulate knowledge.

# UBPP 1000, 3. Mission of UNM (continued)

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(3) The University contributes to the quality of life in New Mexico by providing selected services to the public that are part of, contribute to, or originate from the University's teaching and scholarly activity programs.

(4) The University Health Sciences Center is a valuable resource to New Mexico. Added value is provided to health care through leadership in providing innovative, collaborative education; advancing the frontiers of science through research critical to the future of health care; delivering health care services that are at the forefront of science; and facilitating partnerships with public and private biomedical and health enterprises.

# Unrelated Activities

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- # UNM Taxation staff will assist you in determining whether your department activity is unrelated or not...
- # ...and if these activities are taxable. (Not all unrelated activities are subject to UBIT.)

# Problem Areas for Colleges and Universities

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- # Agreements that allow the sale of merchandise to the general public
- # Travel tours
- # Links from UNM Web Pages – Recent releases from the IRS demonstrate a focus on where the link leads. For example, if the link leads to the main web page of a sponsor or advertiser, the IRS may be less likely to view this as revenue subject to UBIT.

# Problem Areas for Colleges and Universities (continued)

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- # Sponsorships vs Advertising – for a payment to constitute a qualified sponsorship (no UBIT), there must be no call to action, coupons for discounts or free items, or qualitative language. This includes any revenue received from advertising a discount with presentation of ticket stubs or Lobo ID cards.
  
- # Rental Income:
  - Space rentals with substantial services provided
  - Equipment rentals

# Tax Reporting Responsibility

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- # If it appears to you a department may be conducting an activity that is subject to tax, please contact Unrestricted Accounting – Main 277-2018.
- # <http://www.unm.edu/~taxweb/>
- # Unrestricted Accounting – Main, taxation staff files UNM's IRS Form 990-T annually to report UBIT.