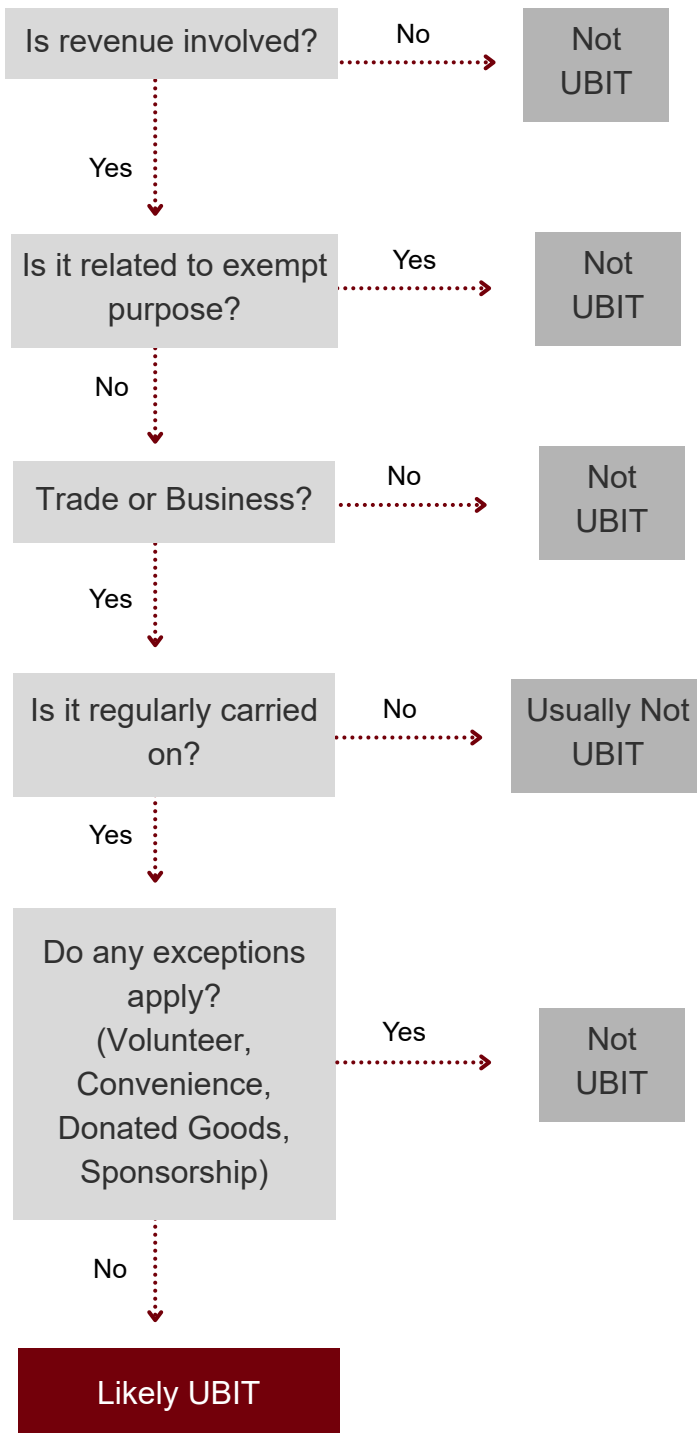




Office of the Controller

UBIT Decision Flow Chart

Use this guide to help determine whether an event or activity may generate Unrelated Business Income Tax (UBIT). If the outcome indicates 'Likely UBIT,' please contact the Tax Department at tax@mailbox.sc.edu for review.



Key Definitions

Related to Exempt Purpose: An activity contributes importantly to the university’s mission (education, research, or public service), beyond simply generating revenue. *Would we do this even without payment because it supports our mission?*

Trade or Business: An activity carried on for the production of income from selling goods or providing services, similar to how a commercial business operates. *Is this something a business in the private sector would normally charge for?*

Regularly Carried On: An activity is conducted with frequency and continuity similar to a commercial business. *Is this happening repeatedly or on an ongoing basis?*

Exception Applies: Certain IRS rules may exclude an activity from UBIT even if it appears commercial (e.g., convenience of students, volunteer-run activities, sale of donated goods, or qualified sponsorships). *Does this qualify for a special exclusion that avoids UBIT?*

Note: This tool is for initial guidance only and does not replace formal tax review.