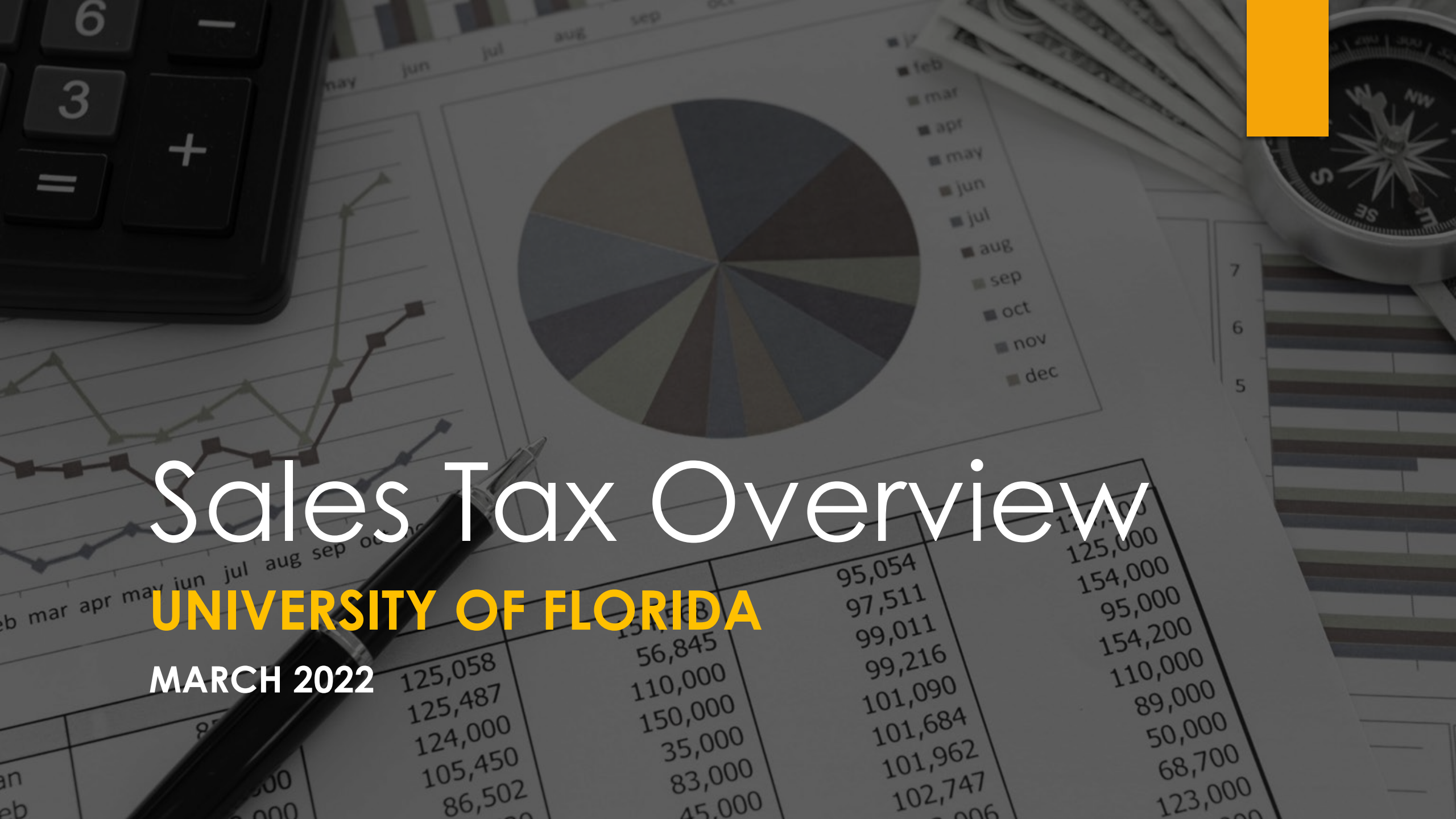


Sales Tax Overview

UNIVERSITY OF FLORIDA

MARCH 2022



151,568	95,054	117,000
56,845	97,511	125,000
110,000	99,011	154,000
150,000	99,216	95,000
35,000	101,090	154,200
105,450	101,684	110,000
86,502	101,962	89,000
	102,747	50,000
		68,700
		123,000

Agenda

Florida Sales and Use Tax

County Surtax

FL Sales Tax Calculation

UF Sales Tax Exemption Certificates

Internal Sales

Delivery Location

UF Sales Tax Reference Guide

Examples

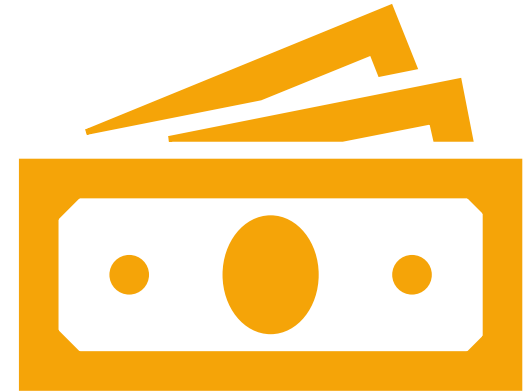
Local Option Transient Rental Tax

Resources

Florida Sales and Use Tax

Sales tax in Florida is a tax on the right to engage in a business activity.

Florida sales and use tax applies to a sale, admission, rental/lease/license to use goods, certain services, commercial real property, and living/sleeping accommodations within Florida, (unless the transaction is exempt.)



Florida Sales and Use Tax

Florida's general state sales tax rate is **6.0%**.

Sales tax is added to the selling price of taxable goods or services and is collected from the purchaser at the time of sale.

Auxiliary Accounting compiles monthly and remits a single consolidated tax return to the Florida Department of Revenue that includes all UF departments.

Florida Sales and Use Tax

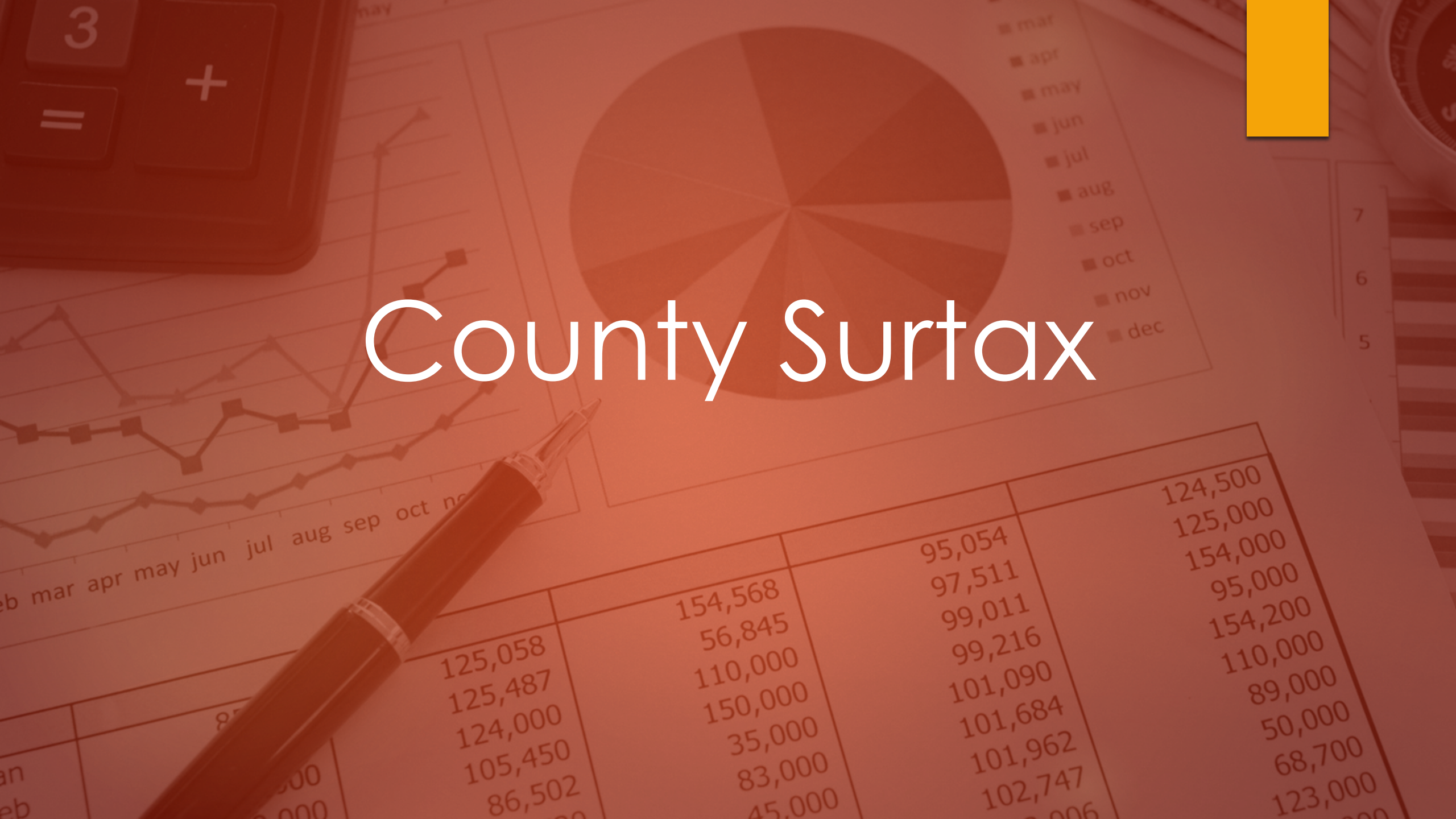
For calendar year **2021**:

~ 75 Department IDs (monthly)

\$1.6 million paid to Florida
Department of Revenue



County Surtax



	125,058	154,568	95,054	124,500
	125,487	56,845	97,511	125,000
	124,000	110,000	99,011	154,000
	105,450	150,000	99,216	95,000
	86,502	35,000	101,090	154,200
		83,000	101,684	110,000
		45,000	101,962	89,000
			102,747	50,000
				68,700
				123,000

County Discretionary Sales Surtax

Most Florida counties have a discretionary sales surtax (county tax) which applies to transactions that are also subject to sales tax.

The county surtax rate applies to a taxable item or service sold in or delivered into any Florida county that imposes a surtax.

The Florida Department of Revenue updates the Discretionary Sales Surtax Information (**Form DR-15DSS**) annually.

County Discretionary Sales Surtax



Discretionary Sales Surtax Information for Calendar Year 2022

- A county with more than one surtax is shaded in gray.
- A new, revised, extended, or expiring surtax is printed in bold.

County	Total Surtax Rate		Effective Date	Expiration Date	County	Total Surtax Rate		Effective Date	Expiration Date
Alachua	1%	(.5%)	Jan 1, 2017	Dec 31, 2024	Lafayette	1%		Sep 1, 1991	None
		(.5%)	Jan 1, 2019	Dec 31, 2030	Lake	1%		Jan 1, 1988	Dec 31, 2032
Baker	1%		Jan 1, 1994	None	Lee	.5%		Jan 1, 2019	Dec 31, 2028
Bay	1%	(.5%)	Jan 1, 2011	Dec 31, 2030	Leon	1.5%	(1%)	Dec 1, 1989	Dec 31, 2039
		(.5%)	Jan 1, 2017	Dec 31, 2026			(.5%)	Jan 1, 2003	Dec 31, 2027
Bradford	1%		Mar 1, 1993	None	Levy	1%		Oct 1, 1992	None
Brevard	1%	(.5%)	Jan 1, 2015	Dec 31, 2026	Liberty	1.5%	(1%)	Nov 1, 1992	None
		(.5%)	Jan 1, 2017	Dec 31, 2026			(.5%)	Jan 1, 2017	Dec 31, 2026
Broward	1%		Jan 1, 2019	Dec 31, 2048	Madison	1.5%	(1%)	Aug 1, 1989	None
Calhoun	1.5%	(1%)	Jan 1, 1993	None			(.5%)	Jan 1, 2007	None
		(.5%)	Jan 1, 2009	Dec 31, 2028	Manatee	1%	(.5%)	Jan 1, 2003	Dec 31, 2032
Charlotte	1%		Apr 1, 1995	Dec 31, 2026			(.5%)	Jan 1, 2017	Dec 31, 2031
Citrus	None				Marion	1%		Jan 1, 2017	Dec 31, 2024
Clay	1.5%	(1%)	Feb 1, 1990	Dec 31, 2039	Martin	.5%		Jan 1, 2019	Dec 31, 2025
		(.5%)	Jan 1, 2021	Dec 31, 2050	Miami-Dade	1%	(.5%)	Jan 1, 1992	None
Collier	1%		Jan 1, 2019	Dec 31, 2025			(.5%)	Jan 1, 2003	None
Columbia	1%		Aug 1, 1994	None	Monroe	1.5%	(1%)	Nov 1, 1989	Dec 31, 2033
DeSoto	1.5%	(1%)	Jan 1, 1988	None			(.5%)	Jan 1, 1996	Dec 31, 2025
		(.5%)	Jan 1, 2015	Dec 31, 2035	Nassau	1%		Mar 1, 1996	None

County Discretionary Sales Surtax

Discretionary sales surtax applies to the first \$5,000 of the amount on a sale, use, lease, rental, or license to use any item of tangible personal property.
(A per transaction limit)

DEFINITION - Tangible personal property

Is personal property that you can see, weigh, measure, or touch or is in any manner perceptible to the senses, including electric power or energy.

County Discretionary Sales Surtax

The \$5,000 limit does not apply to the following example transactions.

Surtax is due on the full sale amount.

- ▶ Sales of admissions
- ▶ Sales and use of services
- ▶ Leases, rentals, and licenses to use real property or transient accommodations (sleeping)
- ▶ Leases or rentals of parking or storage space for motor vehicles in parking lots or garages
- ▶ Docking or storage space in boat docks and marinas

No more “bracket system”

FL Sales Tax Calculation

Modified in July 2021, Sales tax and discretionary sales surtax are now calculated on a rounding basis for each taxable transaction.

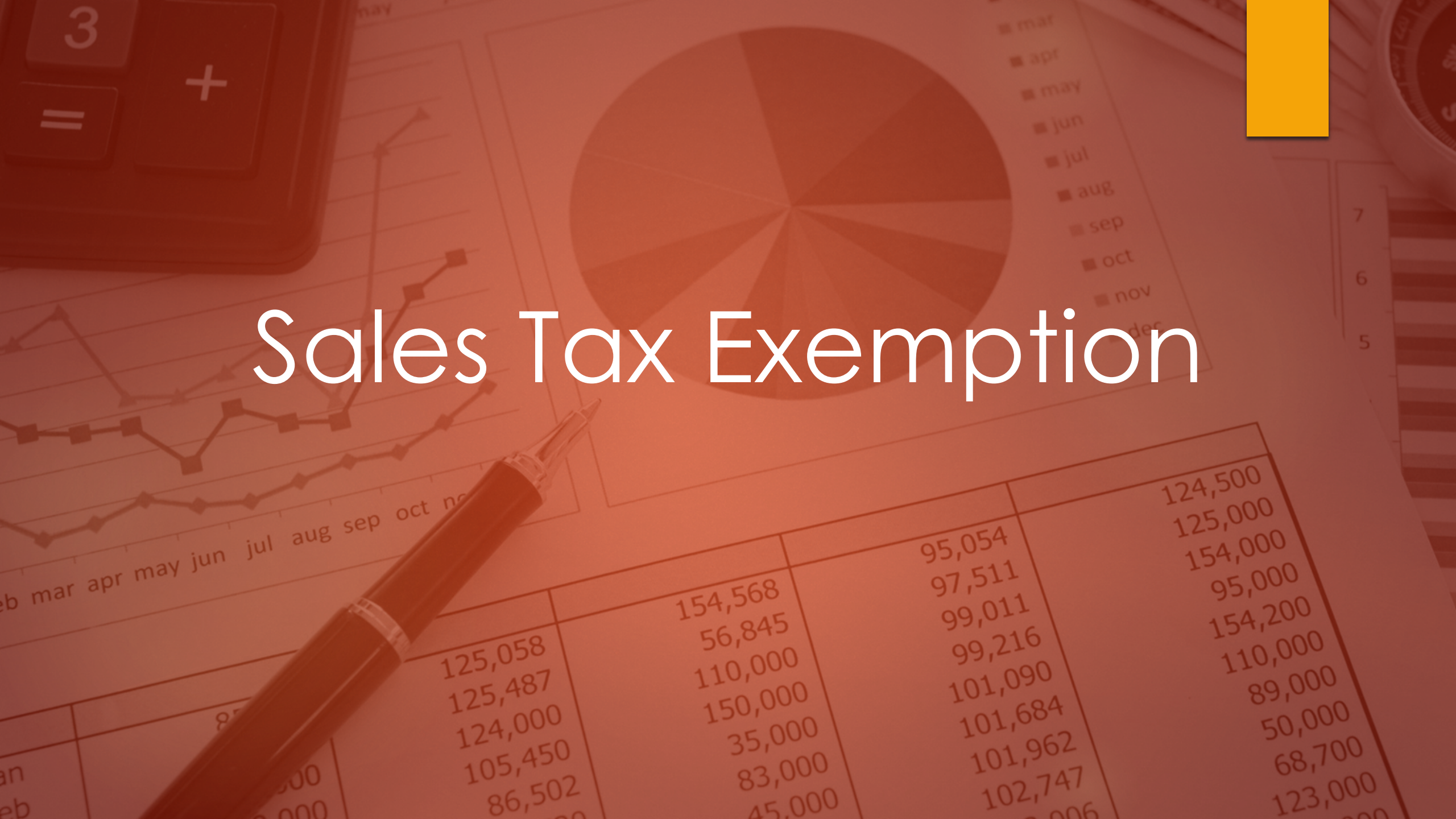
- ▶ Calculate tax to the third decimal place
- ▶ Round up to the next whole cent when the third decimal place is greater than 4

Examples:

\$5.04**5** rounds up to \$5.05

\$3.21**3** rounds down to \$3.21


Sales Tax Exemption



125,058	154,568	95,054	124,500
125,487	56,845	97,511	125,000
124,000	110,000	99,011	154,000
105,450	150,000	99,216	95,000
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			68,700
			123,000

UF Sales Tax Exemption

0000085 09/16/20



Consumer's Certificate of Exemption
Issued Pursuant to Chapter 212, Florida Statutes

DR-14
R. 01/18

85-8012646174C-8	11/30/2020	11/30/2025	SCHOOL-COLLEGE-UNIV
Certificate Number	Effective Date	Expiration Date	Exemption Category

This certifies that

UNIVERSITY OF FLORIDA
33 TIGERT HALL
GAINESVILLE FL 32611-0001

is exempt from the payment of Florida sales and use tax on real property rented, transient rental property rented, tangible personal property purchased or rented, or services purchased.

- ▶ UF holds a **FL Consumer's Certificate of Exemption (DR-14)** as a state university.
- ▶ UF is exempt on **PURCHASES** for business use, but it must still collect and remit tax on its **SALES** and other taxable transactions it makes.
- ▶ Proof of 501(c)(3) tax exempt status alone is not sufficient to grant a sales tax exemption. The entity should request an **exemption certificate** from the Florida Department of Revenue.

UF Sales Tax Exemption



Important Information for Exempt Organizations

DR-14
R. 01/18

1. You must provide all vendors and suppliers with an exemption certificate before making tax-exempt purchases. See Rule 12A-1.038, Florida Administrative Code (F.A.C.).
2. Your *Consumer's Certificate of Exemption* is to be used solely by your organization for your organization's customary nonprofit activities.
3. Purchases made by an individual on behalf of the organization are taxable, even if the individual will be reimbursed by the organization.
4. This exemption applies only to purchases your organization makes. The sale or lease to others of tangible personal property, sleeping accommodations, or other real property is taxable. Your organization must register, and collect and remit sales and use tax on such taxable transactions. Note: Churches are exempt from this requirement except when they are the lessor of real property (Rule 12A-1.070, F.A.C.).
5. It is a criminal offense to fraudulently present this certificate to evade the payment of sales tax. Under no circumstances should this certificate be used for the personal benefit of any individual. Violators will be liable for payment of the sales tax plus a penalty of 200% of the tax, and may be subject to conviction of a third-degree felony. Any violation will require the revocation of this certificate.
6. If you have questions about your exemption certificate, please call Taxpayer Services at 850-488-6800. The mailing address is PO Box 6480, Tallahassee, FL 32314-6480.

UF Sales Tax Exemption



Important Information for Exempt Organizations

DR-14
R. 01/18

1. You must provide all vendors and suppliers with an exemption certificate before making tax-exempt purchases. See Rule 12A-1.038, Florida Administrative Code (F.A.C.).
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6. If you have questions about your exemption certificate, please call Taxpayer Services at 850-488-6800. The mailing address is PO Box 6480, Tallahassee, FL 32314-6480.

UF Sales Tax Exemption (Resale)



2022 Florida Annual Resale Certificate for Sales Tax

DR-13
R. 10/21

This Certificate Expires on December 31, 2022

Business Name and Location Address

Certificate Number

UNIVERSITY OF FLORIDA
1 UNIVERSITY OF FLORIDA
GAINESVILLE, FL 32611-2002

11-8012091474-2

By extending this certificate or the certificate number to a selling dealer to make eligible purchases of taxable property or services exempt from sales tax and discretionary sales surtax, the person or business named above certifies that the taxable property or services purchased or rented will be resold or re-rented for one or more of the following purposes:

- Resale as tangible personal property
- Re-rental as tangible personal property
- Resale of services
- Re-rental as commercial real property
- Incorporation into tangible personal property being repaired
- Re-rental as transient rental property
- Incorporation as a material, ingredient, or component part of tangible personal property that is being produced for sale by manufacturing, compounding, or processing

- ▶ UF also holds a **Florida Annual Resale Certificate for Sales Tax (DR-13)**.
- ▶ This certificate is only valid for resale or re-renting, NOT for purchases of property or services used by the organization or used personally.
- ▶ Organizations purchasing from UF may present their DR-13 certificate for an exemption from sales tax. (e.g. plant sales to a Nursery for resale)

UF Sales Tax Exemption (Resale)

Your *Florida Annual Resale Certificate for Sales Tax* (Annual Resale Certificate) allows you or your representatives to buy or rent property or services tax exempt when the property or service is resold or re-rented. You **may not** use your Annual Resale Certificate to make tax-exempt purchases or rentals of property or services that will be used by your business or for personal purposes. Florida law provides for criminal and civil penalties for fraudulent use of an Annual Resale Certificate.

As a seller, you must document each tax-exempt sale for resale using one of three methods. You can use a different method each time you make a tax-exempt sale for resale.

1. Obtain a copy (paper or electronic) of your customer's current Annual Resale Certificate.
2. For each sale, obtain a transaction authorization number using your customer's Annual Resale Certificate number.
3. Each calendar year, obtain annual vendor authorization numbers for your regular customers using their Annual Resale Certificate numbers.

Internal Sales



125,058	154,568	95,054	124,500
125,487	56,845	97,511	125,000
124,000	110,000	99,011	154,000
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	45,000	101,962	89,000
		102,747	50,000
			68,700
			123,000

Internal Sales (Exempt)

- ▶ Sales made to and paid directly by **other UF Departments** are “internal sales” and exempt from sales tax. A copy of the DR-14 certificate does not need to be kept.
- ▶ Sales made to **UF Affiliates or DSO’s** are not exempt, unless they are paid for directly by a UFLOR Business Unit.
 - ▶ These organizations may also present a valid DR-14 or DR-13 for the corresponding exemption.

Internal Sales (Exempt)

- ▶ A copy of the exemption certificate must be kept as audit documentation (Recommend at least 3 years.)
- ▶ Remember that any purchases made personally on behalf of an organization are still taxable, even if the individual will be reimbursed later by that organization.

Location, Location, Location



125,058	154,568	95,054	124,500
125,487	56,845	97,511	125,000
124,000	110,000	99,011	154,000
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Delivery Location Matters



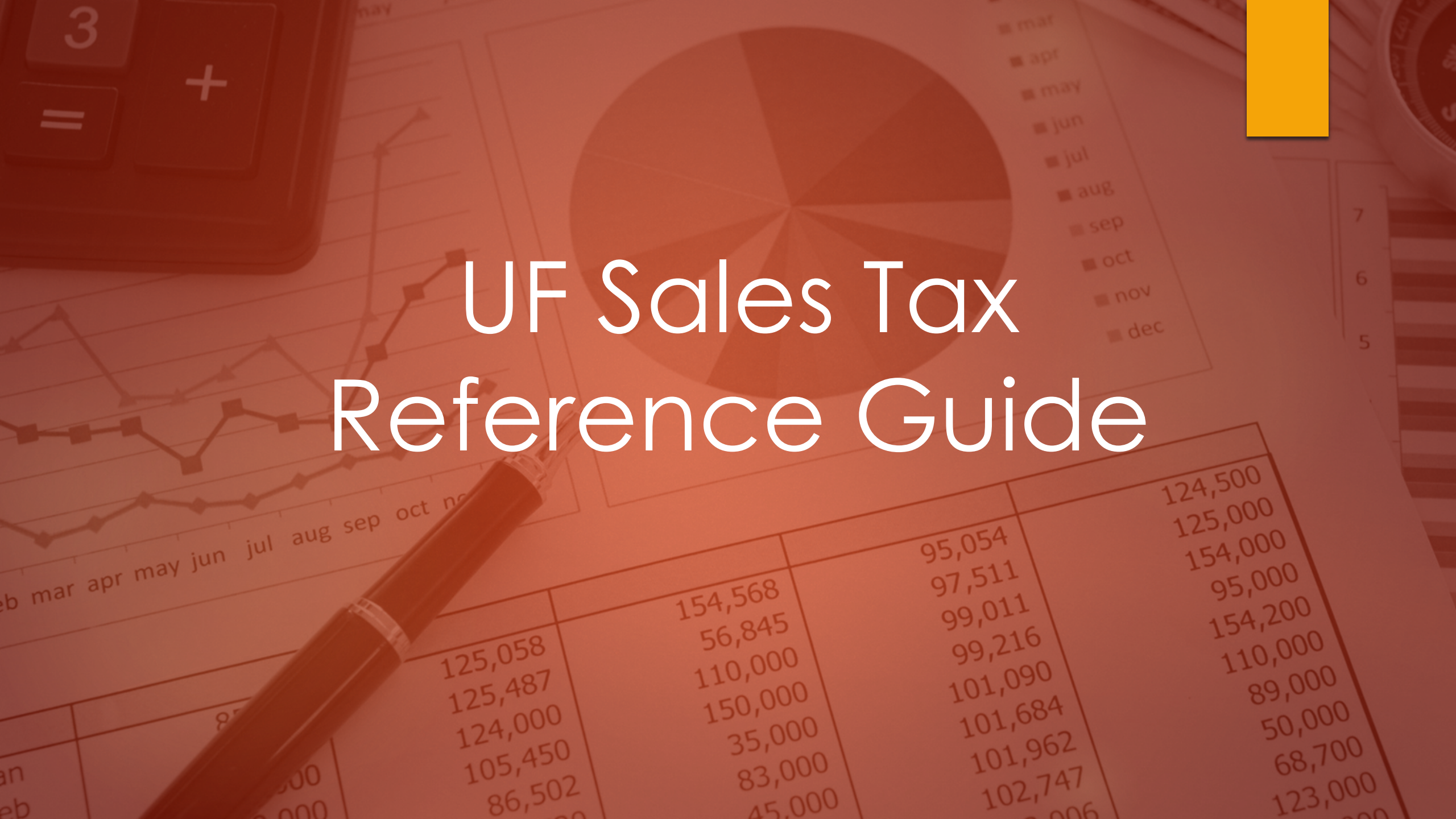
Sales of goods that are shipped directly for delivery to an address outside of Florida are not subject to Florida sales and use tax.

Delivery Location Matters



- ▶ **Where** a delivery is made is the key to determining the correct county surtax rate to charge.
- ▶ County surtax is assessed at the rate where the delivery is made, unless the county has no discretionary sales surtax.

UF Sales Tax Reference Guide



125,058	154,568	95,054	124,500
125,487	56,845	97,511	125,000
124,000	110,000	99,011	154,000
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UF Sales Tax Reference Guide

A quick summary of sales tax with examples of taxable and non-taxable transactions

<https://www.fa.ufl.edu/directives/sales-and-use-tax-2/>

SALES AND USE TAX

DIRECTIVE STATEMENT

Fee-for-Service Educational Activity (EBA) units are responsible for reporting and paying sales and use taxes on sales with external customers. Departments should submit the Sales and Use tax reports to the Auxiliary Accounting Office **no later than the 10th of every month** via email (g--aux@ad.ufl.edu).

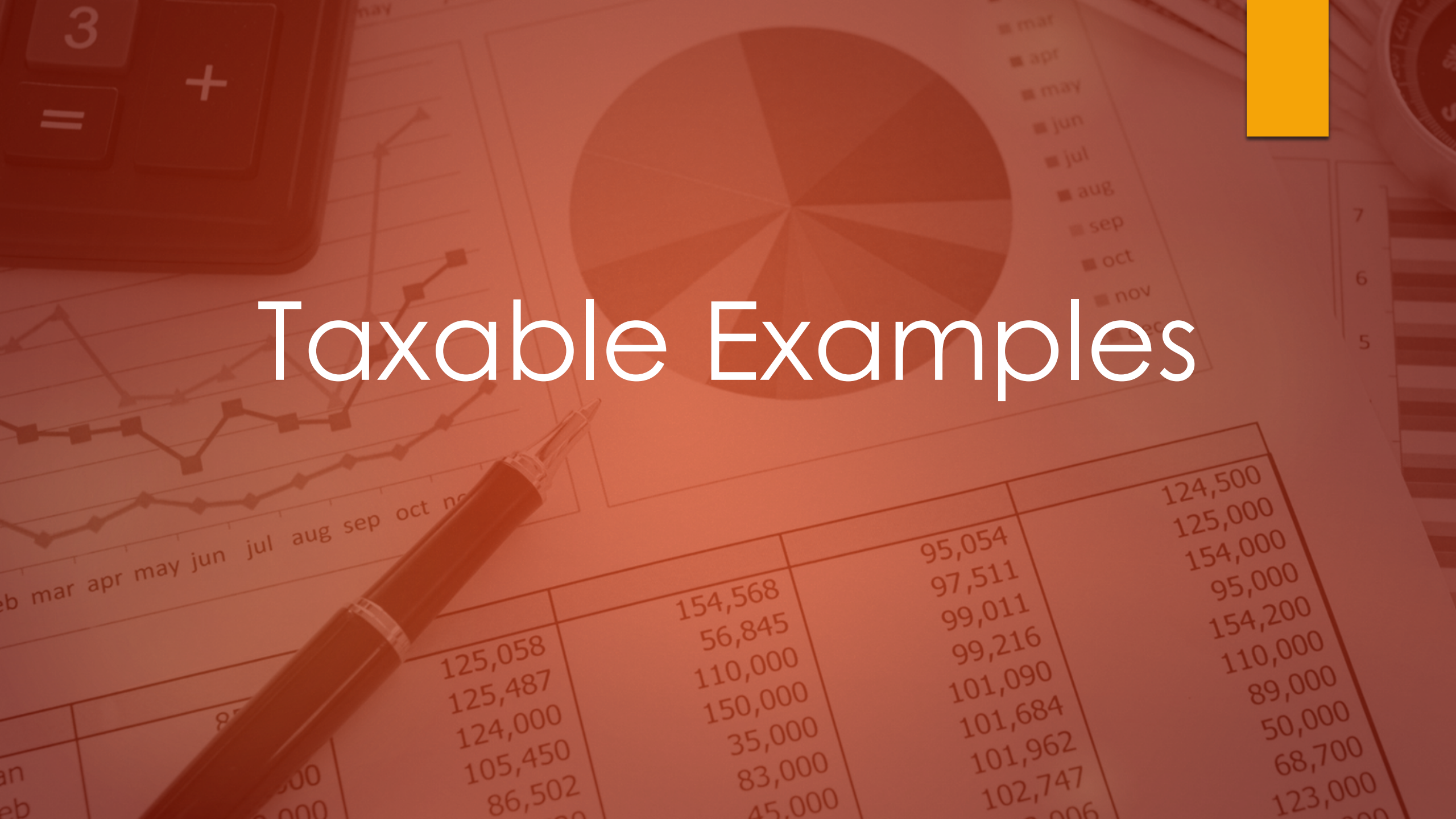
Periodically the Auxiliary Accounting Office conducts a review of the FSEA sales based on the Department of Revenue Guidelines for Colleges and Universities to ensure all required sales taxes are remitted to the Florida Department of Revenue.

Attachments

- [Report Sales Use Tax - Long Form](#)
- [Report Sales Use Tax - Short Form](#)
- [Florida Sales Tax Fact vs Fiction Webinar](#)
- [UF Sales Tax Reference Guide.pdf](#)



Taxable Examples



125,058	154,568	95,054	124,500
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			68,700
			123,000

Common **Taxable** Transactions

- ▶ Sale of t-shirts, hats, shoes, general clothing, books, tapes, CDs, computers, and other tangible personal property
- ▶ Sale of **ornamental** seeds, plants, flowers, or trees not suitable for human consumption
- ▶ Concessions (prepared foods, soft drinks, milkshakes, candy, fresh popped popcorn, etc.)

*The sale of plain drinking water is exempt



Common **Taxable** Transactions

Florida sales tax at the rate of 6.0%, plus any applicable discretionary sales surtax, is due on the **renting/leasing** of:

- ▶ parking or storage spaces for motor vehicles in parking lots or garages
- ▶ storage facilities for towed vehicles
- ▶ docking or storage spaces for boats in docks or marinas
- ▶ tie-down or storage space for aircraft

Common **Taxable** Transactions

- ▶ **Rental/lease** of parking, equipment, tools, vehicles, guns, other tangible goods, or of real property (like buildings, rooms, storage spaces)
 - ▶ Tax on the **rental of commercial real property** is currently **5.5%** (effective 1/1/2020), plus any applicable county surtax.
 - ▶ Sales tax is due on the total rent charged, which includes all consideration due and payable for the privilege or right to use or occupy the real property.

Common **Taxable** Transactions

▶ **BOOTH RENTALS?**

- ▶ Renting space to a vendor for a fee is the **rental of commercial real property**
- ▶ **Tax Rate:** 5.5%, plus applicable county surtax.



Common **Taxable** Transactions



Rental/lease of living or sleeping accommodations for a period of six months or less are taxable at 6.0% + county surtax (with limited exemptions for full-time students and military personnel on active duty)



Admission tickets to sporting events, concerts, dinners/banquets

Did you know? All sales tax on tickets to athletic events sponsored by a state university are retained by the university to support women's athletics.

Common **Taxable** Transactions

Most **services** provided in Florida are **exempt**. However, the following are some services that are **taxable**:

- ▶ Nonresidential insect or pest control services

- ▶ Nonresidential interior cleaning services

 - **EXCEPTION: Carpet cleaning is exempt.

 - **EXCEPTION: **Residential** and **transient rental** cleaning services are exempt.

- ▶ Detective or Investigative services

Common **Taxable** Transactions

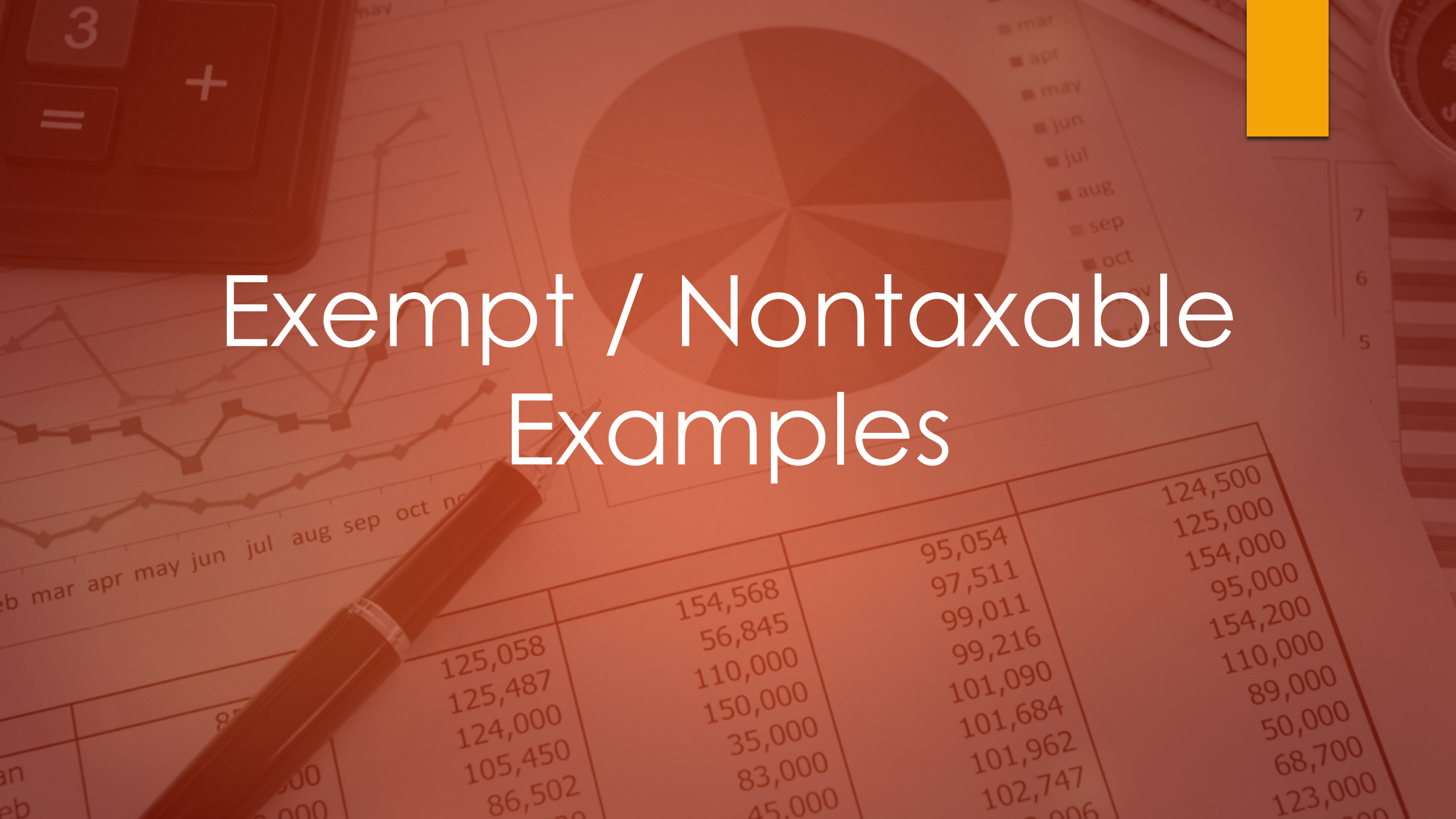
▶ Car washes are **taxable**

(But only when a wax or similar protective coating or film is also applied)

****Remember, a car wash conducted strictly for donations are not “sales” and are not taxable.**



Exempt / Nontaxable Examples



eb mar apr may jun jul aug sep oct no

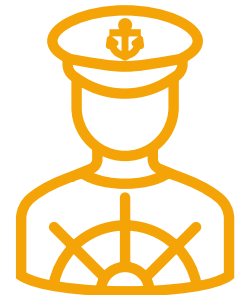
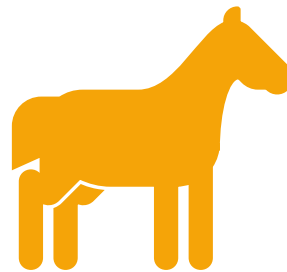
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Common Exempt Transactions

- Sale of gift certificates (UF discourages)
- Sale of feeds for poultry, ostriches, livestock, racehorses, and dairy cows
- Sale of plants for food (fruit or vegetable seeds, plants, or trees suitable for human consumption)
- Charters of any boat or vessel with a crew for the purpose of fishing



Common Exempt Transactions

- ▶ Specific general groceries and medical items (see FLDOR DR-46NT)

DR-46NT
R. 01/18
Page 3

General Groceries - continued

Cheese and cheese products
Cocoa
Coffee and coffee substitutes
Condiments and relishes, including seasoning sauces and spreads, such as mayonnaise, ketchup, or mustard
Cookies, including chocolate-coated or cream-filled
Crackers
Dairy products
Dairy substitutes

General Groceries - continued

Meat and meat products
Meat substitutes
Milk and milk products, including products intended to be mixed with milk
Natural fruit juices containing 100 percent fruit juices (Fruit drinks labeled ades, beverages, cocktails, drink or fruit or vegetable flavor, flavored, or flavorings are TAXABLE.)
Peanut butter

Bakeries, Pastry Shops, or Similar Establishments

Bakery products sold by bakeries, pastry shops, or similar establishments that do not have eating facilities are EXEMPT.

Bakery products sold by bakeries, pastry shops, or similar establishments that have eating facilities are TAXABLE, except when sold for consumption off premises. Bakery products sold in quantities of five (5) or fewer are TAXABLE.

Tourist Development Tax



feb mar apr may jun jul aug sep oct nov

mar
apr
may
jun
jul
aug
sep
oct
nov
dec

125,058	154,568	95,054	124,500
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Local Option Transient Rental Tax (Tourist Development Tax)

- ▶ Individual Florida counties and certain cities may impose a local option tax on the rental or lease of **living, sleeping or housekeeping accommodations** for a term of six months or less.
- ▶ These taxes, often called **local option transient rental taxes**, include the tourist development tax, convention development tax, tourist impact tax, and municipal resort tax (They go by many names...)



Local Option Transient Rental Tax (Tourist Development Tax)

- ▶ The local tax imposed is in addition to the 6.0% state sales tax and any applicable county discretionary sales surtax.
- ▶ Each FL county's tax rate is summarized on FLDOR Form [DR-15TDI](#)

Local Option Transient Rental Tax (Tourist Development Tax)



DEPARTMENT OF REVENUE

FLORIDA

Local Option Transient Rental Tax Rates (Tourist Development Tax Rates)

DR-15TDT
R. 03/22

Individual Florida counties and certain cities may impose a local option tax on the rental or lease of living, sleeping or housekeeping accommodations for a term of six months or less. These taxes, often called **local option transient rental taxes**, include the tourist development tax, convention development tax, tourist impact tax, and municipal resort tax. The local tax imposed is in addition to the 6% state sales tax and any applicable discretionary sales surtax.

For the counties shaded in **gray** in the chart below, the local option transient rental taxes are reported and remitted to the Florida Department of Revenue (DOR). For all other counties, the local option transient rental taxes are reported and remitted directly to the county; however, sales tax and discretionary sales surtax on transient rentals are always reported and remitted to the Department.

If the local option transient rental tax is collected by the county, contact that county to verify the tax rate. Not all counties notify the Department of changes in their local option transient rental tax rate.

County Name	Local Option Transient Rental Tax Rate	Collected By
Alachua	5.0%	County
Baker	3.0%	County
Bay (1)	5.0%	County
Bradford	4.0%	DOR
Brevard	5.0%	County
Broward	6.0%	County
Calhoun	0.0%	N/A

County Name	Local Option Transient Rental Tax Rate	Collected By
Lee	5.0%	County
Leon	5.0%	County
Levy	4.0%	DOR
Liberty	0.0%	N/A
Madison	5.0%	DOR
Manatee	5.0%	County
Marion	4.0%	County



Resources

- ▶ UF Sales and Use Tax Website

<http://www.fa.ufl.edu/departments/auxiliary-and-service-center/tax-resources-for-departments/sales-and-use-tax/>

- ▶ Florida Department of Revenue (FLDOR)

<http://floridarevenue.com/pages/default.aspx>

- ▶ FLDOR Sales Tax Forms (DR-) and Guidance (GT-)

http://floridarevenue.com/Pages/forms_index.aspx

- ▶ Florida Statutes (Chapter 212 Tax on Sales, Use, and Other Transactions)

http://www.leg.state.fl.us/Statutes/index.cfm?App_mode=Display_Statute&URL=0200-0299/0212/0212ContentsIndex.html&StatuteYear=2021&Title=%2D%3E2021%2D%3EChapter%20212



Sales Tax Questions?

UNRELATED BUSINESS INCOME TAX

UBIT

March 2022





OBJECTIVES

- **Background & Basics of UBI**
- UBI Exclusions
- Potential UBI-Generating Activities
- Applicable “Real Life” Examples





BACKGROUND & BASICS OF UBI

The University of Florida is tax-exempt as an instrumentality of the State of Florida.

This is an exemption from **federal** income taxation, totally separate from UF's sales tax exemption with the State.

Teaching, Research, and Public Service are included in UF's tax-exempt mission and purpose.

UBIT DEFINED

A corporate tax on “Income from a trade or business, regularly carried on, that is not substantially related to the charitable, educational or other purpose that is the basis of the organization’s exemption.”

UBIT DEFINED

ALL OF THE FOLLOWING CRITERIA MUST BE PRESENT:

- 1 A **trade** or business
- 2 **Regularly** carried on
- 3 **Not** substantially related





IS YOUR ACTIVITY A TRADE OR BUSINESS?

“**Trade or business**” – Any activity carried on for the production of income by selling goods or performing services.

- Internal sales are always **exempt**.
- **Sales or services** to customers outside of the **UF**LOR Business Unit (external sales) may be taxable.



Important Factor To Consider:

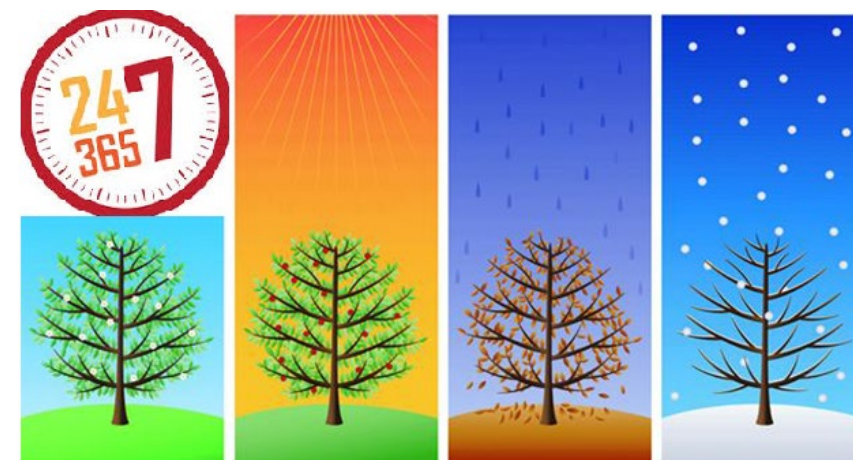
Does a Profit Motive really exist?

Are we simply covering *some* of our costs or trying to “break even”?

2

IS YOUR ACTIVITY REGULARLY CARRIED ON?

- Regularly carried on – **frequency and continuity** similar to comparable commercial activities of for-profit organizations.
- If an activity is typically conducted year-round by a for-profit entity, the same activity conducted by UF for only a few weeks during the year will not be considered “regularly carried on.”



3

IS YOUR ACTIVITY NOT SUBSTANTIALLY RELATED?**Related to
University's Exempt
Purpose means...**

The Activity must **contribute importantly** to the accomplishment of the exempt purpose

Size & Extent

The activity cannot be conducted on a scale **larger than is reasonably necessary** to carry out the exempt purpose

**Dual Use of Assets
& Facilities**

Assets and Facilities used for both exempt and commercial purposes will **not automatically exempt** generated income from UBIT

SUBSTANTIALLY RELATED INCOME

- New revenue-generating activities at UF are reviewed to ensure consistency with its exempt purposes and the potential for UBI.
- Annual UBI Certification Process and Questionnaire
 - Carree's Office completes this process on behalf of IFAS Extension

Unrelated Business Income (UBI) Questionnaire & Certification

BEFORE YOU BEGIN:

- ▶ Allow about 15 minutes to complete this form.
- ▶ Submission instructions are at the bottom. You can choose to answer all the questions now or save your progress and return later. In either case, you will be emailed a link to the form for your reference.

Form # Form Status

Activity Details

Fiscal Year Ended UBI #* UBI Name* Activity Category*

List all of the Department(s) for this Activity (click the ADD button at right for additional rows) Add

UBI #*	Fund#*	Dept ID#*	Dept Description*	Flex Code*	Account #*	Account Description*	GL Balance*	Dept Reported Revenue	
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="button" value="Remove"/>

Are any of the revenues reported above from a foreign (non-US) source?

Please describe the activity for which you charge customers and/or collect revenues.
 (250 char. max)*

Need more room? Add it here... (250 char. max)

List the Website URL for this activity (or Enter "N/A")

Activity Contacts

Primary Financial Contact

Enter your UFID as the person completing this form.

UFID* Name Title Email Phone

Certifier

OBJECTIVES

- Background & Basics of UBI
- **UBI Exclusions**
- Potential UBI-Generating Activities
- Applicable “Real Life” Examples



EXCLUSIONS FROM UBIT

- Volunteer Labor (85% or more)
- Convenience of University Members
- Sale of Donated Merchandise (85% or more)
Example: A University-operated Thrift Store



OTHER EXCLUDED INCOME

- Dividends, Interest, Annuities, Royalties
- Rental income from REAL PROPERTY
- Income from sponsored research

RENTAL INCOME

Mixed Rental/Lease

**Real
Property
Rental
only**

**Real
Property
+Personal
Property
Rental**

**Real
Property
+Personal
Property
+Services
Provided**

RENTAL INCOME ANALYSIS

Real Property Rental Only

General Rule: rents from REAL PROPERTY are excluded from UBI

Think “space” (conference room, building, storage, land)

Exceptions:

- Taxable if additional *non-customary* services are rendered
- Taxable if the rent depends on a percentage of profits



RENTAL INCOME ANALYSIS

Real Property + Personal Property Rental

Personal Property Rental 0-10%

- Incidental
- **Not taxable**

Personal Property Rental >10-50%

- Separate both income types
- **Personal** property portion **taxable**

Personal Property Rental >50%

- **Entire** rental income **taxable**

RENTAL INCOME ANALYSIS

Real Property + Services Provided

NON-Customary SERVICES

Taxable

- Supplying maid or linen services
- Renting parking spaces where an attendant is on duty
- Providing security services to a parking garage

Customary SERVICES

Not taxable

- Furnishing heat and light
- Cleaning public entrances, exits, stairways, or lobbies
- Garbage Collection

RESEARCH

- Grant money received by UF to perform research is excluded from UBI
- **Examples:**
 - A federal grant received to study new crop growing techniques
 - A State of Florida grant to study weather patterns and their impacts to strawberry crop yields



OBJECTIVES

- Background & Basics of UBI
- UBI Exclusions
- **Potential UBI-Generating Activities**
- Applicable “Real Life” Examples



POTENTIAL UBI- GENERATING ACTIVITIES

- Advertising (contact us)
 - inducement to purchase or call to action
- Sales of Merchandise



SALES OF MERCHANDISE

Three Major Categories:

1. Directly educational materials → nontaxable
2. Non-educational, convenience exception → nontaxable
3. Other merchandise sales → **taxable**

SALES OF MERCHANDISE

Unrelated (taxable)	Excluded (nontaxable)	Related (nontaxable)
<ul style="list-style-type: none">• IFAS Bookstore items sold to Alumni or the general public	<ul style="list-style-type: none">• Snack foods and drinks from the IFAS Bookstore sold to students (convenience exception)	<ul style="list-style-type: none">• Educational materials (e.g. textbooks or class supplies from the IFAS Bookstore sold to students)

SALES OF MERCHANDISE

Unrelated (taxable)	Excluded (nontaxable)	Related (nontaxable)
<ul style="list-style-type: none"> • VetMed Pharmacy sale of antibiotics or specialized diet food to non-patients, non-employees, general public 	<ul style="list-style-type: none"> • VetMed Pharmacy sale of antibiotics or specialized animal diet food to employees (convenience exception) 	<ul style="list-style-type: none"> • VetMed Pharmacy sale of antibiotics or specialized animal diet food for animal patients

OBJECTIVES

- Background & Basics of UBI
- UBI Exclusions
- Potential UBI-Generating Activities
- **Applicable “Real Life” Examples**



BOOKSTORE

Nontaxable items

Novelty items

jewelry, mugs, pillows, etc.
imprinted with the school's
name or seal

Incidental items

school uniforms, sweaters,
hosiery, handkerchiefs, etc.

Sundry items

newspapers, magazines,
candy, drinks, etc.



EQUIPMENT RENTAL

- Water/Sporting equipment rentals at Lake Wauburg (Rec Sports) to students and staff are **related** and **nontaxable**.
- Research equipment rental by faculty, researchers (even external researchers) is in support of UF's exempt purpose and mission of "research" and is **nontaxable**.



FACILITIES USAGE (NO LEASE)

- Rentals of the **University Auditorium** to the general public for conferences and symposiums (educational events) are **not taxable**.



Remember: All rentals to **UF departments** are considered internal sales and are **not taxable**.

- Rentals of the **Baughman Center** to the general public as a wedding venue are unrelated and *could be taxable or nontaxable*.



UBIT TAKEAWAYS

- 1 All revenue-generating activities conducted at UF must be considered for UBI

- 2 The **three criteria that** must be met to have income subject to UBI tax are:
 1. A trade or business,
 2. Regularly carried on, AND
 3. Not substantially related

- 3 Unrelated business income is ***not discouraged***. We just need to ensure that any resulting taxes are paid.





Thank You!

Contact us



MATT ELLIS

Sr. Associate Controller



BETH GROFF

Auxiliary Assistant Controller



ALEXANDER HERNANDEZ

Accountant III



BRIAN KUHL

Tax Director



DORIS FLORES

Accountant II

Sign up for the ListServ:

UF-AUX-CONTACTS-L

Phone: (352)294-7236

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