**Unrelated Business Income Tax (UBIT)**

Lehigh University is an exempt organization under section 501 (c) (3) of the Internal Revenue Code, i.e., Lehigh University is not required to pay federal income tax on income related to its exempt purposes, including its primary mission activities of education and research.

The University does engage in other activities that do not directly relate to exempt purposes, thus generating unrelated business income (UBI) on which it is subject to income tax under Section 511 of the Internal Revenue Code (IRC).

To generate unrelated business income (UBI), a revenue-producing activity must meet a three-part test:

1. The activity must be a "*trade or business*"
2. The activity must be "*regularly carried on*" and
3. The conduct of the activity must be "*not substantially related*" to the University’s tax-exempt mission.

Some examples of unrelated business income would be:

1. Advertising
2. Rentals of personal property to external parties
3. Commercial testing services
4. Sales or services that are peripheral with the University’s tax-exempt mission
5. Travel Tours

Please note this is not an all-inclusive list of unrelated business income. If you are considering a new revenue generating activity, and you’re not sure if it’s unrelated business income, please contact Assistant Controller Debi Burkholder at [deb310@lehigh.edu](mailto:deb310@lehigh.edu) or Tax Analyst Brandon Maximowicz at [bdm223@lehigh.edu](mailto:bdm223@lehigh.edu).