

Unrelated Business Income Tax Returns, Tax Year 2012



by Jael Jackson

For Tax Year 2012, tax-exempt organizations reported \$12.0 billion in gross unrelated business income, a 6-percent increase from Tax Year 2011. Total unrelated business income tax liability increased by 17 percent over the same period, to \$429 million. Filers classified as charitable organizations, which are tax exempt under Internal Revenue Code section 501(c)(3), made up the most common Form 990-T filers and represented more than one-third (35 percent) of all organizations that filed the return for Tax Year 2012. These organizations reported 66 percent of all gross unrelated business income for the year, claimed nearly 68 percent of deductions, and accounted for a little more than half (58 percent) of all unrelated business income tax liability. Filers classified as corporations, whose returns comprised nearly 71 percent of all Tax Year 2012 Forms 990-T, reported the majority of gross unrelated business income, investment income, total deductions, and unrelated business income tax for the year.

Tax-exempt organizations generally operate for charitable or other beneficial purposes, with most income exempt from tax under the Internal Revenue Code (IRC). Tax-exempt organizations are permitted to engage in income-producing activities considered unrelated to their exempt purposes. However, to prevent potentially unfair competition between tax-exempt organizations and taxable for-profit entities, income derived from these unrelated activities is taxable. An organization that receives \$1,000 or more in gross unrelated business income in a tax year is required to file Form 990-T, *Exempt Organization Business Income Tax Return*, to determine the amount of unrelated business income tax liability.

Unrelated business income is produced from an activity that is conducted on a regular basis and is not directly related to an organization's tax-exempt mission. Income earned by an organization is treated as unrelated business income if it meets two basic requirements. First, the income is derived from a trade or business that is regularly carried on by the organization. Second, the income is earned from a trade or business that is not substantially related to the performance of the organization's exempt purpose or function. Even if profits from such activities are used by tax-exempt organizations to finance their exempt purposes, income that meets both of these two requirements generally is treated as unrelated business income. However, certain activities are excluded from taxation, such as business activities in which substantially all of the work is performed by volunteer

labor, sales of merchandise that the organization received as a gift or contribution, and the operation of certain games of chance, as specified in the Internal Revenue Code.¹

For Tax Year 2012, some 46,168 tax-exempt organizations filed Form 990-T to report unrelated business income, an increase of nearly 2 percent from Tax Year 2011 (Figure A). Between Tax Years 2011 and 2012, both gross unrelated business income—that is, the total of all unrelated business income prior to deductions—and reported deductions increased. For Tax Year 2012, tax-exempt organizations reported a 6-percent increase in the total gross unrelated business income received (\$12.0 billion). In aggregate, deductions of \$11.7 billion offset this amount. After reducing their gross unrelated business income by allowable deductions, only about half of all organizations that were required to file Form 990-T for Tax Year 2012 reported unrelated business income tax liability. Tax-exempt organizations reported \$428 million in unrelated business income tax liability, a 17-percent increase from Tax Year 2011.

The total tax reported on Forms 990-T—that is, the sum of unrelated business income tax and certain additional taxes less credits—increased sharply in 2012, to \$426.2 million (see Figure B). The additional taxes included \$16.4 million of alternative minimum tax, \$1.5 million of “proxy tax” on certain nondeductible lobbying and political expenditures, and \$0.54 million of “other” taxes.² To arrive at the total tax amount, total tax credits were subtracted from the sum of unrelated business income tax plus additional taxes. Total tax credits equaled

Highlights

- Over 46,000 tax-exempt organizations filed a Form 990-T with the IRS for Tax Year 2012.
- Over half of all organizations that filed Form 990-T did not report unrelated business income tax liability after subtracting deductions from gross unrelated business income.
- Charitable organizations, exempt under Internal Revenue Code section 501(c)(3), accounted for the most common Form 990-T filers.
- Organizations classified as 501(c)(3) accounted for nearly two-thirds (65 percent) of all unrelated business income, two-thirds (68 percent) of all deductions, and over half (58 percent) of all unrelated business income tax liability.

¹ See “Gross unrelated business income” in “Explanation of Selected Terms” for additional information.

² A membership organization that was tax exempt under Internal Revenue Code sections 501(c)(4), 501(c)(5), or 501(c)(6) was liable for the proxy tax in cases where it did not notify its members of the entire amount of the shares of their dues that were allocated to the nondeductible lobbying and political expenditures. The proxy tax of \$1.4 million used in the total tax computation includes only proxy tax reported by Form 990-T filers with gross unrelated business income greater than the \$1,000 filing threshold. Filers that reported gross unrelated business income less than the \$1,000 threshold were not eligible for selection into the Statistics of Income (SOI) sample. Therefore, proxy tax reported by organizations that had no unrelated business income or those that had unrelated business income less than the filing threshold is not included.



Figure A
Unrelated Business Income (UBI) Tax Returns: Selected Items
from Forms 990-T, Tax Years 2011 and 2012

[Money amounts are in thousands of dollars]

Item	2011	2012	Percentage change
	(1)	(2)	
Number of returns, total	45,384	46,168	1.7
With gross unrelated business income of \$10,000 or less [1]	21,103	21,520	2.0
With gross unrelated business income over \$10,000 [1]	24,281	24,648	1.5
With unrelated business taxable income	21,660	22,727	4.9
Without unrelated business taxable income [2]	23,724	23,441	[P]
Gross unrelated business income	11,371,974	12,066,356	6.1
Total deductions [3]	11,229,268	11,703,675	4.2
Unrelated business taxable income (less deficit)	142,705	362,681	154.1
Unrelated business taxable income	1,354,719	1,584,782	17.0
Deficit	1,212,014	1,222,101	0.8
Unrelated business income tax	364,470	428,918	17.7
Total tax	350,770	426,272	21.5

[1] Organizations with gross unrelated business income (UBI) between \$1,000 (the filing threshold) and \$10,000 were not required to report itemized expenses and deductions, or to complete return schedules. Those with gross UBI over \$10,000 were required to fill out a more detailed "complete" return.

[2] Includes returns with deficits and returns with equal amounts of gross unrelated business income and total deductions.

[3] Includes both expenses and deductions reported on Form 990-T, lines 13(B), 29, 31, and 33. Excludes cost of sales and services, which was subtracted from gross receipts from sales and services in computing gross profit from sales and services. Gross profit from sales and services is a component of gross unrelated business income (upon which the filing requirement is based). Total cost of sales and services was \$2.9 billion for 2011 and \$2.7 billion for 2012.

[P] Percentage change is not provided if the current-year data contains a positive value (income) compared to a prior-year negative value (deficit).

NOTES: Detail may not add to totals because of rounding. See the "Explanation of Selected Terms" section of this article for definitions of gross unrelated business income, total deductions, unrelated business taxable income (less deficit), unrelated business income tax, and total tax.

SOURCE: IRS, Statistics of Income Division, Tax-Exempt Organizations, Unrelated Business Income, March 2015.

\$23.0 million for Tax Year 2012, exceeding the amount of additional taxes reported. Tax credits included the foreign tax credit (\$15.0 million), general business credit (\$7.5 million), credit for prior-year minimum tax (\$.2 million), and "other" credits (\$0.3 million).

Composition of Filers

A variety of tax-exempt organizations file Form 990-T to report unrelated business income and the associated tax (Figure C). For Tax Year 2012, organizations classified by the Internal Revenue Code as 501(c)(3), which are known as charitable organizations,

made up the largest share of Form 990-T filers, accounting for 35 percent of returns filed (Figure D). This category does include churches, which are tax exempt under IRC section 501(c)(3) but are not required to apply for exemption. However, churches are required to file Form 990-T if they received \$1,000 or more of gross income from business activities that are considered unrelated to their religious purposes.³

In addition to filing the most returns, 501(c)(3) charitable organizations accounted for even higher percentages of gross unrelated business income, total unrelated business income tax, and other financial items. A look at selected financial items for Tax Year 2012—including gross unrelated business income and its components, the ratio of investment income to gross unrelated business income, total deductions, and unrelated business income tax—shows that charitable organizations accounted for 66 percent of the almost \$12.0 billion in gross unrelated business income reported for the year (Figure F). They also claimed 68 percent of total deductions and reported 57 percent of total unrelated business income tax and 92 percent of total investment income.

Traditional Individual Retirement Accounts (IRAs), exempt under section 408(e), totaled 24 percent, accounting for the second largest percentage of returns filed. Generally, organizations that were organized as tax-exempt trusts derived larger percentages of their gross unrelated business income from

Total tax and gross unrelated business income increased in 2012 to their highest levels since 2008.

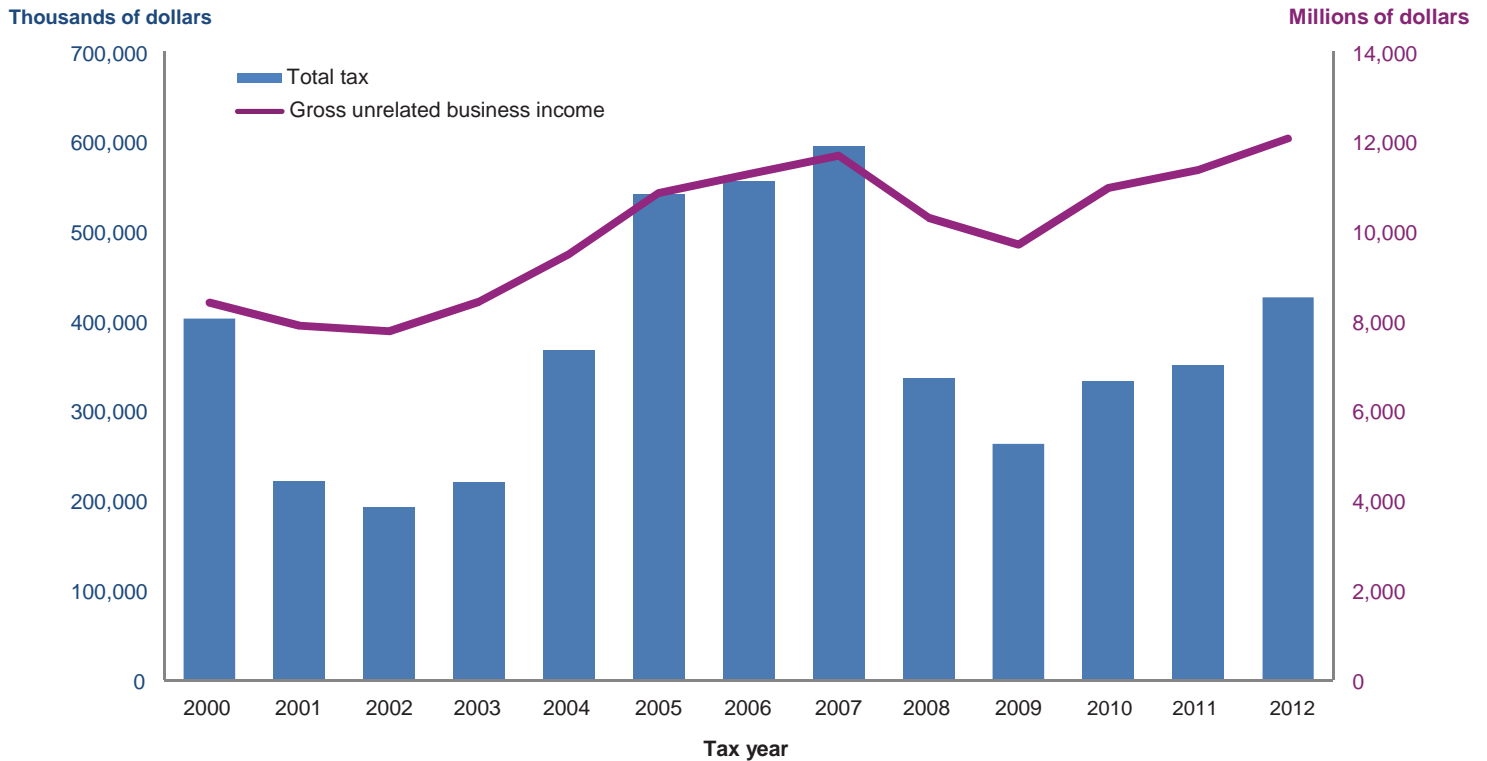
investments. For example, traditional IRAs reported more than 96 percent of their gross unrelated business income as investment income. Business leagues, chambers of commerce and real estate boards (which are exempt under section 501(c)(6)), and social and recreational clubs (exempt under section 501(c)(7)) would each represent 11 percent and thereby complete the list of top filed returns.

Income Information, by Entity Type

A number of criteria, such as point of origination and membership status, contribute to a tax-exempt entity's choice of organizational structure. Organizations that hold funds in trust for beneficiaries are typically organized as trusts. For example, a Voluntary Employee Beneficiary Association (VEBA), exempt under Internal Revenue Code section 501(c)(9), provides a variety of supplemental employee benefits such as health, life, or

³ Most tax-exempt organizations with receipts more than \$50,000 are required to file an annual Form 990, *Return of Organization Exempt From Income Tax*, or Form 990-EZ, *Short Form Return of Organization Exempt From Income Tax* (used by organizations with annual gross receipts of less than \$500,000 and total end-of-year assets of less than \$200,000). Private foundations, which are exempt under section 501(c)(3), file the information return Form 990-PF, *Return of Private Foundation or Section 4947(a)(1) Nonexempt Charitable Trust Treated as a Private Foundation*. Charitable remainder trusts, a type of Internal Revenue Code section 4947(a)(2) "split-interest trust," were required to report unrelated business income on Form 1041, *Estate and Trust Income Tax Return*, rather than Form 990-T, for tax years before 2007. Beginning with Tax Year 2007, charitable remainder trusts were required to report unrelated business income on Form 4720, *Return of Certain Excise Taxes Under Chapters 41 and 42 of the Internal Revenue Code*. Published statistical reports on charitable and other nonprofit organizations, private foundations, and split-interest trusts are available from the Tax Stats pages of the IRS Website at <http://www.irs.gov/taxstats> and are also available on the site in a "snapshot" page that provides data highlights and products.

Figure B
Unrelated Business Income (UBI) Tax Returns: Gross Unrelated Business Income and Total Tax, Tax Years 2000–2012



SOURCE: IRS, Statistics of Income Division, Tax-Exempt Organizations, Unrelated Business Income, March 2015.

accident insurance. However, for most groups, a corporate organizational structure is more beneficial, because it offers features such as liability protection and lower tax rates.

Generally, organizations are taxed based upon their structures, and tax-exempt organizations' unrelated business taxable income is subject to the same tax rates as income reported by for-profit filers with similar organizational structures. Those organizations classified as tax-exempt trusts pay taxes on their unrelated business income at the same rates as estate and trust filers, while all other exempt organizations classified as non-profit corporations pay taxes at the corporate rate. Tax-exempt organizations that paid taxes at the corporate rate accounted for nearly 73 percent of all Forms 990-T filed for Tax Year 2012, with tax-exempt trusts accounting for the balance. Traditional

business taxable income, and unrelated business income tax. For Tax Year 2012, corporate filers reported a modest 4 percent increase in gross unrelated business income to \$10.7 billion, \$11.0 billion in total deductions, and \$279.0 million in unrelated business income tax. Trust filers reported a more significant increase of 32 percent in gross unrelated business income. Investment income represented 90 percent of gross unrelated income reported by trusts, compared to less than 12 percent for corporations (Figure G). Of the \$2.5 billion in investment income reported for Tax Year 2012, corporate filers reported the majority, \$1.3 billion. The \$1.2 billion in investment income reported by trusts represents an increase of 33 percent over the previous year.

Both the total number of Forms 990-T returns filed and the number of 501(c)(3) returns filed have fluctuated in recent years.

Data Sources and Limitations

For trusts, as defined in Internal Revenue Code sections 220(e), 401(a), 408(e), 408A, and 530(a), the required reporting period for unrelated business income of \$1,000 (the filing threshold) or more for Tax Year 2012 was Calendar Year 2012, and the Form 990-T filing deadline was April 15, 2013. For all other organizations filing full-year returns, the required reporting period was any accounting period beginning in Calendar Year 2012 and, thus, ending between December 2012 and November 2013. The associated required due dates for filing Tax Year 2012 Forms 990-T generally fell between May 2013 and April 2014, but the IRS routinely granted filing extensions beyond this period to

Figure C

Types of Tax-Exempt Organizations Subject to the Unrelated Business Income Tax Provisions, by Internal Revenue Code Section

Code section	Description of organization	General nature of activities
220(e)	Archer Medical Savings Accounts (MSA)	Fiduciary agent for accounts used in conjunction with high-deductible health insurance plans to save funds for future medical expenses
401(a)	Qualified pension, profit-sharing, or stock bonus plans	Fiduciary agent for pension, profit-sharing, or stock bonus plans
408(e)	Traditional Individual Retirement Accounts (IRA)	Fiduciary agent for retirement funds
408A	Roth Individual Retirement Accounts (IRA)	Fiduciary agent for retirement funds; subject to same rules as traditional IRA, except contributions are not tax-deductible and qualified distributions are tax-free
501(c)(2)	Title-holding corporations for exempt organizations	Holding title to property for exempt organizations
(3)	Religious, educational, charitable, scientific, or literary organizations; organizations that test for public safety; also, organizations that prevent cruelty to children or animals, or foster national or international amateur sports competition	Activities of a nature implied by the description of the class of organization
(4)	Civic leagues, social welfare organizations, and local associations of employees	Promotion of community welfare and activities from which net earnings are devoted to charitable, educational, or recreational purposes
(5)	Labor, agricultural, and horticultural organizations	Educational or instructive groups whose purpose is to improve conditions of work, products, and efficiency
(6)	Business leagues, chambers of commerce, real estate boards, and like organizations	Improving conditions in one or more lines of business
(7)	Social and recreational clubs	Pleasure, recreation, and social activities
(8)	Fraternal beneficiary societies and associations	Lodges providing for payment of life, health, accident, or other insurance benefits to members
(9)	Voluntary employees' beneficiary associations (including Federal employees' voluntary beneficiary associations formerly covered by section 501(c)(10))	Providing for payment of life, health, accident, or other insurance benefits to members
(10)	Domestic fraternal beneficiary societies and associations	Lodges, societies, or associations devoting their net earnings to charitable, fraternal, and other specified purposes, without life, health, or accident insurance benefits to members
(11)	Teachers' retirement fund associations	Fiduciary associations providing for payment of retirement benefits
(12)	Benevolent life insurance associations, mutual ditch or irrigation companies, mutual or cooperative telephone companies, and like organizations	Activities of a mutually beneficial nature implied by the description of the class of organization
(13)	Cemetery companies	Arranging for burials and incidental related activities
(14)	State-chartered credit unions and mutual insurance or reserve funds	Providing loans to members or providing insurance of, or reserve funds for, shares or deposits in certain banks or loan associations
(15)	Mutual insurance companies or associations other than life, if written premiums for the year do not exceed \$350,000	Providing insurance to members, substantially at cost
(16)	Corporations organized to finance crop operations	Financing crop operations in conjunction with activities of a marketing or purchasing association
(17)	Supplemental unemployment benefit trusts	Fiduciary agent for payment of supplemental unemployment compensation benefits
(18)	Employee-funded pension trusts (created before June 25, 1959)	Providing for payments of benefits under a pension plan funded by employees
(19)	Posts or organizations of past or present members of the armed forces	Providing services to veterans or their dependents; advocacy of veteran's issues; and promotion of patriotism and community service programs
(21)	Black Lung Benefit Trusts	Providing funds to satisfy coal mine operators' liability for disability or death due to black lung disease
(22)	Withdrawal liability payment funds	Providing funds to meet the liability of employers withdrawing from a multiple-employer pension fund
(23)	Associations of past and present members of the armed forces founded before 1880	Providing insurance and other benefits to veterans or their dependents
(24)	Trusts described in section 4049 of the Employee Retirement Income Security Act of 1974	Providing funds for employee retirement income

Footnotes at end of figure.

Figure C

Types of Tax-Exempt Organizations Subject to the Unrelated Business Income Tax Provisions, by Internal Revenue Code Section—Continued

(25)	Title-holding corporations or trusts with no more than 35 shareholders or beneficiaries and only one class of stock or beneficial interest	Acquiring real property and remitting all income earned from such property to one or more exempt organizations; pension, profit-sharing, or stock bonus plans; or governmental units
(26)	State-sponsored high-risk health insurance plans	Providing coverage for medical care on a not-for-profit basis to residents with pre-existing medical conditions that resulted in denied or exorbitantly priced traditional medical care coverage
(27)	State-sponsored workers' compensation reinsurance plans	Pooled employers' funds providing reimbursements to employees for losses arising under workers' compensation acts; also, State-created, -operated, and -controlled organizations providing workers' compensation insurance to employers
529(a)	Qualified State tuition plans	State- and agency-maintained plans that allow individuals to purchase credits or certificates, or make contributions to an account, to pay for future educational expenses
530(a)	Coverdell Education Savings Accounts	Fiduciary agent for accounts created for the purpose of paying qualified higher education expenses of a designated beneficiary

NOTES: Corporations that are organized under an Act of Congress, and are instrumentalities of the United States, described in section 501(c)(1) of the Internal Revenue Code, are not subject to unrelated business income taxation. Prepaid legal service funds, previously described in section 501(c)(20) of the Internal Revenue Code, were no longer tax exempt effective for tax years beginning after June 30, 1992.

SOURCE: IRS, Statistics of Income Division, Tax-Exempt Organizations, Unrelated Business Income, March 2015.

Figure D

Unrelated Business Income (UBI) Tax Returns: Form 990-T Filers, by Size of Gross Unrelated Business Income, Gross Unrelated Business Taxable Income, Type of Entity, and Type of Organization, Tax Years 2011 and 2012

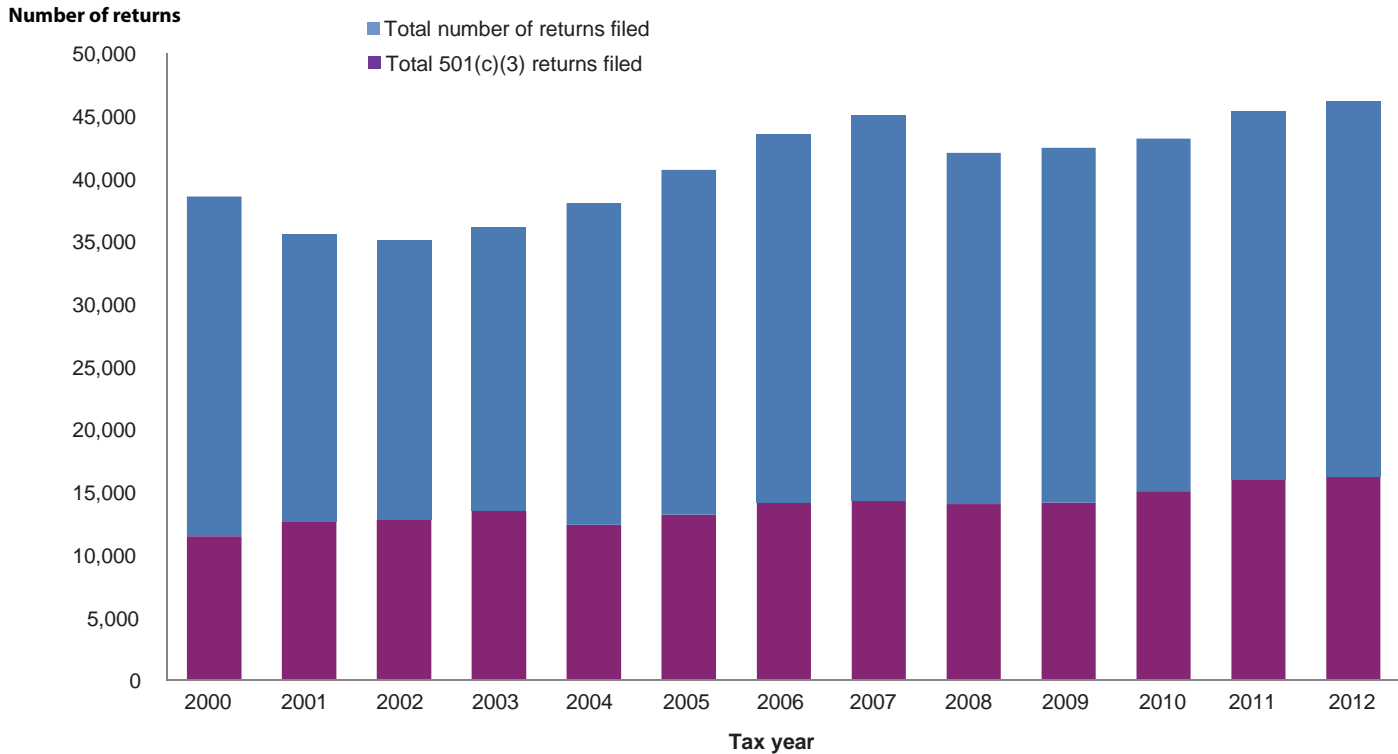
Category	Item	2011		2012		2011 to 2012 number of returns, percentage change
		Number of returns	Percentage of total	Number of returns	Percentage of total	
		(1)	(2)	(3)	(4)	(5)
All Forms 990-T	All returns	45,384	100.00	46,168	100.00	1.7
Type of organization	All returns, by type of organization	45,384	100.0	46,168	100.0	1.7
	501(c)(3) Religious, educational, charitable, scientific, or literary organizations	15,981	35.2	16,261	35.2	1.8
	501(c)(4) Civic leagues and social welfare organizations	1,626	3.6	1,366	3.0	-16.0
	501(c)(5) Labor, agricultural, and horticultural organizations	1,934	4.3	1,495	3.2	-22.7
	501(c)(6) Business leagues, chambers of commerce, and real estate boards	5,057	11.1	5,033	10.9	-0.5
	501(c)(7) Social and recreational clubs	5,584	12.3	4,978	10.8	-10.9
	501(c)(19) War veterans' posts or organizations	1,601	3.5	1,643	3.6	2.6
	408(e) Traditional Individual Retirement Accounts	9,364	20.6	10,872	23.5	16.1
	Other [1]	4,237	9.3	4,520	9.8	6.7
Type of entity	All returns, by type of entity	45,384	100.0	46,168	100.0	1.7
	Corporation	32,172	70.9	32,712	70.9	1.7
	Trust	13,212	29.1	13,456	29.1	1.8
Size of gross unrelated business income	All returns, by size of gross unrelated business income	45,384	100.0	46,168	100.0	1.7
	With gross unrelated business income of \$10,000 or less	21,103	46.5	21,520	46.6	2.0
	With gross unrelated business income over \$10,000	24,281	53.5	24,648	53.4	1.5
Presence of unrelated business taxable income (less deficit)	All returns, with and without unrelated business taxable income	45,384	100.0	46,168	100.0	1.7
	With unrelated business taxable income	21,660	47.7	22,727	49.2	4.9
	Without unrelated business taxable income	23,724	52.3	23,441	50.8	-1.2

[1] This category includes organizations described under sections 501(c)(2), 501(c)(8)-(18), 501(c)(21)-(27), as well as Archer Medical Savings Accounts, exempt under section 220(e); qualified pension, profit-sharing, or stock bonus plans, exempt under section 401(a); Roth Individual Retirement Arrangements, exempt under section 408A; state-sponsored qualified tuition plans, exempt under section 529(a); and Coverdell Education Savings Accounts, exempt under section 530(a). See Figure C for additional information on the types of organizations that are required to file Form 990-T.

NOTES: Detail may not add to totals because of rounding. See the "Explanation of Selected Terms" section of this article for definitions of gross unrelated business income and unrelated business taxable income (less deficit).

SOURCE: IRS, Statistics of Income Division, Tax-Exempt Organizations, Unrelated Business Income, March 2015.

Figure E
Unrelated Business Income (UBI) Tax Returns: Number of Returns Filed and Number of 501 (c)(3) Returns Filed



SOURCE: IRS, Statistics of Income Division, Tax -Exempt Organizations, Unrelated Business Income, March 2015.

Figure F
Unrelated Business Income (UBI) Tax Returns: Selected Items for Unrelated Business Income Tax of Tax-Exempt Organizations, by Subsection Code, Tax Year 2012

[Money amounts are in thousands of dollars]

Item	Subsection code								
	All	501(c)(3)	501(c)(4)	501(c)(5)	501(c)(6)	501(c)(7)	501(c)(19)	408(e)	Other [1]
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Number of returns	46,168	16,261	1,366	1,495	5,033	4,978	1,643	10,872	4,520
Gross unrelated business income (UBI)	12,066,356	7,961,514	625,652	229,750	945,458	678,291	179,190	98,422	1,348,079
Total investment income [2]	2,537,573	1,430,566	16,924	22,627	81,210	61,288	6,768	95,025	823,165
Investment income to gross UBI (percentage)	21.0	18.0	2.7	9.8	8.6	9.0	3.8	96.5	61.1
Total deductions	11,703,675	7,970,019	625,665	220,793	995,176	623,622	178,360	33,779	1,056,261
Unrelated business taxable income (less deficit)	362,681	-8,505	-13	8,957	-49,717	54,669	830	64,643	291,817
Unrelated business taxable income	1,584,782	855,717	20,897	24,229	79,573	85,031	9,951	65,816	443,568
Deficit	1,222,101	864,222	20,910	15,272	129,290	30,362	9,121	1,173	151,751
Unrelated business income tax	428,918	247,677	5,947	6,074	22,282	23,509	2,097	18,522	102,811
Total tax	426,272	236,963	5,672	5,968	23,822	22,924	2,054	18,866	110,003

[1] This category includes organizations described under sections 501(c)(2), 501(c)(8)-(18), 501(c)(21)-(27), as well as Archer Medical Savings Accounts, exempt under section 220(e); qualified pension, profit-sharing, or stock bonus plans, exempt under section 401(a); Roth Individual Retirement Arrangements, exempt under section 408A; state-sponsored qualified tuition plans, exempt under section 529(a); and Coverdell Education Savings Accounts, exempt under section 530(a). See Figure C for additional information on the types of organizations that are required to file Form 990-T.

[2] Total investment income includes net capital gain income, combined partnership and S corporation income, unrelated debt-financed income, and investment income of Internal Revenue Code section 501(c)(7),(9), and (17) organizations. Other types of tax-exempt organizations' investment income ordinarily are not taxed, unless the investments were purchased with borrowed funds, i.e., debt-financed.

NOTES: Detail may not add to totals because of rounding. See the "Explanation of Selected Terms" section of this article for definitions of gross unrelated business income, total deductions, unrelated business taxable income (less deficit), unrelated business income tax, and total tax.

SOURCE: IRS, Statistics of Income Division, Tax-Exempt Organizations, Unrelated Business Income, March 2015.

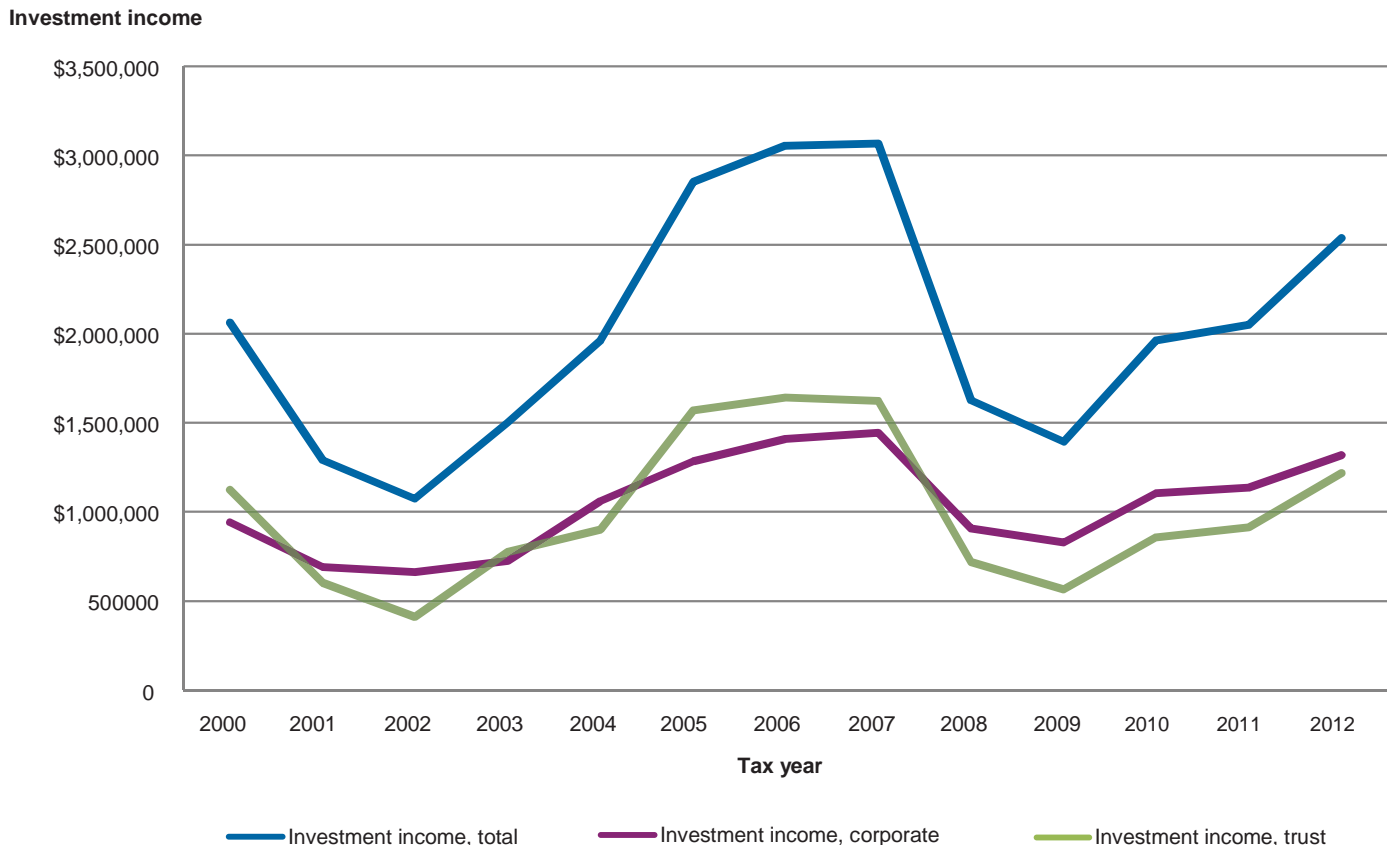
many organizations. Corresponding to the required filing dates, the SOI Tax Year 2012 study sample was drawn from Forms 990-T processed by the IRS throughout Calendar Years 2012 and 2013. Because of the various accounting periods reported by organizations filing a Tax Year 2012 return, the financial activities covered in this article span the period January 2012 through November 2013, although 55 percent of Form 990-T filers had Calendar Year 2012 accounting periods.

SOI drew on the population of Forms 990-T for the sample from Tax Year 2012 records posted to the IRS Business Master File system during 2012 and 2013. Generally, SOI excluded returns filed after Calendar Year 2013 from the sample. However, in some cases, SOI added large income-size case returns (over \$500,000 or more of gross unrelated business income) filed after the sampling period closed, before selecting a sample of 7,794 returns from a population of 46,496. After excluding returns that were selected for the sample but later rejected, the resulting sample size was 7,730 returns, and the estimated population size was 46,168. Rejected returns included those that had gross unrelated business income less than the \$1,000 filing threshold; were filed for a part-year 2012 accounting period and a full-year 2012 return was also filed; or were filed for a part-year accounting period that began in a year other than 2012.

The Statistics of Income (SOI) Form 990-T study incorporated a two-stage sample design consisting of a stratified random sample and a special “integrated” sample. SOI designed the stratified random sample to represent the entire population of Form 990-T filers reporting unrelated business income. It designed the integrated sample to gather information on “related” (tax-exempt) and “unrelated” (taxable) income and expenses for IRC section 501(c)(3) nonprofit charitable organizations that filed both Form 990 (or Form 990-EZ) and Form 990-T. This integrated sampling program ensured that the SOI sample of Forms 990-T included any unrelated business income tax returns (with gross unrelated business income of \$1,000 or more) filed by organizations whose Form 990 or Form 990-EZ information returns were selected for the separate SOI sample of section 501(c)(3) nonprofit charitable organizations. Organizations exempt under other Code sections were not subjected to the integrated sampling program.

The Form 990-T returns were initially divided into strata, based on gross unrelated business income, and selected using Bernoulli sampling, with sample rates ranging from 3.65 percent to 100 percent. IRC section 501(c)(3) returns not selected randomly were then matched to returns in the Forms 990/990-EZ sample. These linked returns, along with any randomly

Figure G
Investment Income for Tax-Exempt Corporate and Trust Entities, Tax Years 2000–2012



SOURCE: IRS, Statistics of Income Division, Tax-Exempt Organizations, Unrelated Business Income, March 2015.

selected Forms 990-T that also had counterparts in the Forms 990/990-EZ sample, formed the “integrated” IRC section 501(c) (3) portion of the Form 990-T sample.⁴

SOI obtained the information presented in this article from returns as originally filed with the Internal Revenue Service. The amount of total tax liability originally reported on Forms 990-T, as stated in these statistics, may not necessarily be the amount ultimately paid to the IRS. Changes in tax liability assessments can be made after the original return is filed—by the taxpayer on an amended return, by the IRS after examination, or through litigation. The data were subjected to comprehensive testing and correction procedures in order to improve statistical reliability and validity. In most cases, due to time constraints, changes made to the original return as a result of administrative processing, audit procedures, or a taxpayer amendment were not incorporated into the database.

Because the data are based on a sample, they are subject to sampling error. To use these statistics properly, the magnitude of the sampling error, measured by the coefficient of variation

(CV), should be taken into account. Figure H shows CVs for selected financial data estimates derived from the Form 990-T stratified random sample. A discussion of the reliability of estimates based on samples, as well as of methods for evaluating both the magnitude of sampling and nonsampling error and the precision of sample estimates, can be found in SOI Sampling Methodology and Data Limitations, at www.irs.gov/uac/SOI-Tax-Stats-Statistical-Methodology.

Explanation of Selected Terms

This section provides definitions to help the reader understand the terms contained in the article and in Tables 1 through 8 at the end of this article. In some of the following explanations, tax-exempt organizations are cited by the Internal Revenue Code section under which they are described. Figure C shows the various types of tax-exempt organizations subject to the unrelated business income tax provisions.

Charitable contributions—To the extent permissible under the Internal Revenue Code, a deduction was allowed for

Figure H
Unrelated Business Income Tax Returns: Coefficients of Variation by Number of Returns, Gross Unrelated Business Income, Total Deductions, Unrelated Business Taxable Income (Less Deficit), Unrelated Business Taxable Income, and Total Tax, by Type of Tax-Exempt Organization, Tax Year 2012

Coefficients of variation are in percentages]

Type of tax-exempt organization, as defined by Internal Revenue Code section	Number of returns	Gross unrelated business income (UBI)	Total deductions		Unrelated business taxable income (less deficit)		Unrelated business taxable income [1]		Total tax	
			Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
All organizations	0.15	0.20	0.15	0.37	0.19	9.84	0.31	0.89	0.31	0.92
501(c)(2) Title-holding corporations for exempt organizations [2]	28.86	11.31	28.86	12.25	31.12	203.15	41.94	12.58	41.95	6.57
501(c)(3) Religious, educational, charitable, scientific, or literary organizations	2.58	0.32	2.58	0.48	2.99	306.48	4.51	0.99	4.43	0.97
501(c)(4) Civic leagues and social welfare organizations	11.58	1.62	11.58	1.70	13.46	*	19.50	10.67	19.46	7.62
501(c)(5) Labor, agricultural, and horticultural organizations	11.49	4.19	11.49	4.32	12.59	30.27	17.14	8.32	17.12	5.42
501(c)(6) Business leagues, chambers of commerce, and real estate boards	6.22	1.86	6.24	2.02	7.53	20.69	11.03	5.09	10.77	4.31
501(c)(7) Social and recreational clubs	6.23	2.75	6.27	3.06	7.22	12.69	8.91	6.28	9.28	6.30
501(c)(8) Fraternal beneficiary societies and associations	15.10	7.83	15.10	9.10	17.96	105.32	25.11	12.30	25.88	8.07
501(c)(9) Voluntary employees' beneficiary associations	16.94	1.18	16.99	1.93	19.67	1.58	20.54	1.48	20.45	1.70
501(c)(10) Domestic fraternal beneficiary societies and associations	40.36	15.28	40.36	18.73	49.12	48.60	38.76	0.00	37.99	0.00
401(a) Qualified pension, profit-sharing, or stock bonus plans	15.82	2.29	15.82	6.47	17.54	20.38	19.07	5.02	18.57	4.64
408(e) Traditional Individual Retirement Accounts	4.13	7.81	4.12	10.67	4.52	9.96	4.09	9.75	4.20	10.38
Other [3]	7.51	2.61	7.50	3.16	8.31	18.09	13.59	7.85	13.70	6.97

[1] Includes data from returns with positive amounts of unrelated business taxable income only.

[2] Corporations that are organized under an Act of Congress and are instrumentalities of the United States, described in section 501(c)(1) of the Internal Revenue Code, are not subject to unrelated business income taxation.

[3] This category includes organizations described under sections 501(c)(11)-(19), 501(c)(21)-(27), as well as Archer Medical Savings Accounts, exempt under section 220(e); Roth Individual Retirement Accounts, exempt under section 408A; state-sponsored qualified tuition plans, exempt under section 529(a); and Coverdell Education Savings Accounts, exempt under section 530(a).

*Estimate is not precise because denominator is relatively small due to positive and negative amounts.

NOTE: For more complete descriptions of the types of tax-exempt organizations filing Form 990-T, by the Internal Revenue Code section describing them, see Figure C of this article.

SOURCE: IRS, Statistics of Income Division, Tax Exempt Organizations, Unrelated Business Income, October 2016.

⁴ For additional information on the Forms 990 and 990-T integrated sample design, see James M. Harte and Cecelia H. Hilgert, “Enriching One Sample While Improving Another: Linking Differently Stratified Samples of Documents Filed by Exempt Organizations,” *Statistics of Income: Compendium of Studies of Tax-Exempt Organizations, 1989–1998*, 2002.

contributions or gifts actually paid within the tax year to, or for the use of, another entity that was a charitable or Governmental organization described in Code section 170(c). A tax-exempt corporation was allowed a deduction for charitable contributions up to 10 percent of its unrelated business taxable income computed without regard to the deduction for contributions. A tax-exempt trust was generally allowed a deduction for charitable contributions under the rules applicable to individual taxpayers, with this exception: the limit on the deduction was determined in relation to unrelated business taxable income computed without regard to the contributions deduction, rather than in relation to adjusted gross income. Contributions in excess of the respective corporate or trust limitations may be carried over to the next 5 taxable years, subject to certain rules. The contributions deduction was allowed whether or not the donated income was directly connected with the carrying on of a trade or business.

Cost of sales and services—Cost of sales and services may have included depreciation, salaries and wages, and certain other types of deductible items. For this reason, the total amount shown for some of the separately reported components of total deductions (such as “salaries and wages”) may be understated. Cost of sales and services was subtracted from gross receipts from sales and services in computing gross profit (less loss) from sales and services, which is a component of gross unrelated business income.

Gross unrelated business income—This was the total gross unrelated business income, prior to reduction by allowable deductions, that was used in computing unrelated business taxable income. All organizations were required to report detailed sources of gross unrelated business income. The components of gross unrelated business income included: gross profit (less loss) from sales and services; capital gain net income; net gain (less loss) from sales of noncapital assets; net capital loss deduction (trusts only); and income (less loss) from partnerships and S corporations. It also included: rental income; unrelated debt-financed income; investment income (less loss) of Internal Revenue Code sections 501(c)(7), (9), and (17) organizations; income (annuities, interest, rents, and royalties) from controlled organizations; “exploited exempt activity” income, except advertising; advertising income; and “other” income (less loss).

A tax-exempt organization’s income was treated as unrelated business income if it came from a trade or business that was regularly carried on by the organization and that was not substantially related to the performance of the organization’s exempt purpose or function (other than the organization’s need for the profits derived from the unrelated activity). The term “trade or business” generally comprised any activities carried on for the production of income from selling goods or performing services. These activities did not lose their identity as trades or businesses merely because they were carried on within a larger aggregate of similar activities or within a larger complex of other endeavors that may, or may not, have been related to the exempt purposes of the organization. Soliciting, selling, or publishing commercial advertising, for example, is identified as a trade or business, even though the advertising is published in an exempt

organization’s periodical that contains editorial material related to the organization’s exempt purpose.

Investment income (less loss)—Only organizations exempt under Internal Revenue Code sections 501(c)(7), (9), and (17) reported this income. Investment income (less loss) included income such as gross unrelated debt-financed income, gross income from the ownership or sale of securities, and set-asides deducted from investment income in previous years that were subsequently used for a purpose other than that for which a deduction was allowed. All gross rents (except those that were exempt-function income) from investment property of sections 501(c)(7), (9), and (17) organizations were treated as unrelated business income and were reported as “rental income.” Organizations exempt under sections other than 501(c)(7), (9), and (17) did not report “investment income (less loss).” Generally, these organizations’ investment income (dividends, interest, rents, and annuities) and royalty income were not taxed as unrelated business income, unless it was income (other than dividends) from a controlled organization or debt-financed income, or the rents were of the type described in the explanation of rental income.

Other deductions—This included all types of unrelated business deductions that the organization was not specifically required to report elsewhere on the tax return. Examples are fees for accounting, legal, consulting, or financial management services; insurance costs (if not for employee-related benefits); equipment costs; mailing costs; office expenses, such as janitorial services, supplies, or security services; rent; travel expenses; educational expenses; and utilities.

Other income (less loss)—This included all types of unrelated business income that the organization was not specifically required to report elsewhere on the tax return. Examples are insurance benefit fees; member support fees; commissions; returned contributions that were deducted in prior years; income from insurance activities that was not properly set aside in prior years; recoveries of bad debts; and refunds of State or local government tax payments, if the payments were previously reported as a deduction.

Proxy tax—This was a tax on certain nondeductible lobbying and political expenditures. A membership organization that was tax-exempt under Internal Revenue Code sections 501(c)(4), 501(c)(5), or 501(c)(6) was liable for the proxy tax under one of two conditions: if the organization did not notify its members of the shares of their dues that were allocated to the nondeductible lobbying and political expenditures, or if the notice did not include the entire amount of dues that was allocated. The proxy tax was computed as 35 percent of the aggregate amount of nondeductible lobbying expenditures that was not included in the notices sent to the organization’s members. The proxy tax was required to be reported on Form 990-T and was included in total tax; however, there was no connection between the proxy tax and the taxation of income from an organization’s unrelated business activities.

Proxy tax—This was a tax on certain nondeductible lobbying and political expenditures. A membership organization that was tax exempt under Internal Revenue Code sections 501(c)(4),

501(c)(5), or 501(c)(6) was liable for the proxy tax under one of two conditions: if the organization did not notify its members of the shares of their dues that were allocated to the nondeductible lobbying and political expenditures, or if the notice did not include the entire amount of dues that was allocated. The proxy tax was computed as 35 percent of the aggregate amount of nondeductible lobbying expenditures that was not included in the notices sent to the organization's members. The proxy tax was required to be reported on Form 990-T and was included in total tax; however, there was no connection between the proxy tax and the taxation of income from an organization's unrelated business activities.

Rental income—For organizations tax exempt under Internal Revenue Code sections other than 501(c)(7), (9), and (17), this was the amount of (1) gross rents from personal property (e.g., computer equipment or furniture) leased with real property, if the rental income from the personal property was more than 10 percent, but not more than 50 percent, of the total rents from all leased property; or (2) gross rents from both real property and personal property leased with real property if the personal property was more than 50 percent of the total rents from all leased property.

Total deductions—Total deductions included both deductions reported on the main part of Form 990-T and expense items reported on any of six supporting schedules, which were also part of the tax form. It excluded the costs of sales and services, which the organization subtracted from gross receipts from sales and services in computing gross profit (less loss) from sales and services. (See the explanation of Cost of sales and services.)

Total tax—Total tax was unrelated business income tax less the foreign tax credit, general business credit, credit for prior-year minimum tax, and other allowable credits, and plus the "proxy tax" on certain lobbying and political expenditures, the "alternative minimum tax," and "other" taxes.

Unrelated business activity—A business activity is considered unrelated if it does not contribute importantly (other than the production of funds) to accomplishing an organization's charitable, educational, or other purpose that is the basis for the organization's tax exemption. In determining whether activities contribute importantly to the accomplishment of an exempt purpose, the size, extent, and nature of the activities involved must be considered in relation to the size, extent, and nature of the exempt function that they intend to serve. To the extent an activity is conducted on a scale larger than is reasonably necessary to perform an exempt purpose, it does not contribute importantly to the accomplishment of the exempt purpose. The part of the activity that is more than needed to accomplish the exempt purpose is an unrelated trade or business. Whether an activity contributes importantly depends in each case on the facts involved. See IRS Publication 598, *Tax on Unrelated Business Income of Exempt Organizations*, for additional information on unrelated business income and tax.

The following is a case example from Publication 598. An American folk art museum operates a shop in the museum that sells reproductions of works in the museum's own collection

and works from the collections of other art museums. In addition, the museum sells souvenir items of the city where the museum is located. The sale of the reproductions, regardless of which museum houses the original works, is considered to be "related" because it contributes importantly to the achievement of the museum's exempt educational purpose: it makes works of art familiar to a broader segment of the public, thereby enhancing the public's understanding and appreciation of art. However, the sale of souvenir items depicting the city in which the museum is located is considered to be "unrelated" because it has no causal relationship to art or to artistic endeavor, and, therefore, does not contribute importantly to the accomplishment of the museum's exempt educational purposes.

Unrelated business income—See definition of Gross unrelated business income.

Unrelated business income tax—This was the tax imposed on unrelated business taxable income. It was determined based on the regular corporate or trust income tax rates that were in effect for the 2010 Tax Year, as shown in the following schedules. Trusts that were eligible for the maximum 28-percent tax rate on capital gain net income figured their tax based on Schedule D of Form 1041, *U.S. Income Tax Return for Estates and Trusts*.

Tax Rates for Corporations

Amount of unrelated business taxable income is:

Over—	But not over—	Tax is:	Of the amount over—
\$ 0	\$50,000	+ 15%	\$ 0
50,000	75,000	\$7,500 + 25%	50,000
75,000	100,000	13,750 + 34%	75,000
100,000	335,000	22,250 + 39%	100,000
335,000	10,000,000	113,900 + 34%	335,000
10,000,000	15,000,000	3,400,000 + 35%	10,000,000
15,000,000	18,333,333	5,150,000 + 38%	15,000,000
18,333,333	—	35%	0

Tax Rates for Trusts

Amount of unrelated business taxable income is:

Over—	But not over—	Tax is:	Of the amount over—
\$ 0	\$2,400	+ 15%	\$ 0
2,400	5,600	\$360 + 25%	2,400
5,600	8,500	1,160.00 + 28%	5,600
8,500	11,650	1,972.00 + 33%	8,500
11,650	—	3,011.50 + 35%	11,650

Unrelated business taxable income (less deficit)—This was gross income derived from any unrelated trade or business regularly carried on by an exempt organization, less deductions directly connected with carrying on the trade or business, and less other allowable deductions not directly connected. On a return-by-return basis, the result of this computation was either positive (unrelated business taxable income), negative (deficit), or zero. Taxable income was subject to the unrelated business income tax.

Jael Jackson is an economist with the Tax-Exempt and Estate Tax Section. This article was prepared under the direction of Blaire Crowley, Acting Chief.

Table 1. Unrelated Business Income (UBI) Tax Returns: Number of Returns, Gross Unrelated Business Income, Total Deductions, Unrelated Business Taxable Income (Less Deficit), Unrelated Business Taxable Income, and Total Tax, by Type of Tax-Exempt Organization, Tax Year 2012

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Type of tax-exempt organization, as defined by Internal Revenue Code section	Number of returns	Gross unrelated business income	Total deductions [1,2]		Unrelated business taxable income (less deficit) [3]		Unrelated business taxable income [4]		Total tax [5]	
			Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
All organizations	46,168	12,066,356	45,939	11,703,675	35,523	362,681	22,727	1,584,782	22,262	426,272
220(e) Archer Medical Savings Accounts	d	d	d	d	d	d	d	d	d	d
401(a) Qualified pension, profit-sharing, or stock bonus plans	821	334,904	821	259,026	691	75,878	579	106,164	595	35,054
408(e) Traditional Individual Retirement Accounts	10,872	98,422	10,872	33,779	8,822	64,643	8,512	65,816	8,132	18,866
408(A) Roth Individual Retirement Accounts	284	10,462	284	1,192	219	9,270	156	9,310	156	2,463
501(c)(2) Title-holding corporations for exempt organizations [6]	275	36,013	275	36,574	235	-561	157	3,704	157	1,064
501(c)(3) Religious, educational, charitable, scientific, or literary organizations	16,261	7,961,514	16,133	7,970,019	12,257	-8,505	6,368	855,717	6,427	236,963
501(c)(4) Civic leagues and social welfare organizations	1,366	625,652	1,366	625,665	977	-13	434	20,897	435	5,672
501(c)(5) Labor, agricultural, and horticultural organizations	1,495	229,750	1,495	220,793	1,245	8,957	653	24,229	654	5,968
501(c)(6) Business leagues, chambers of commerce, and real estate boards	5,033	945,458	5,001	995,176	3,465	-49,717	1,609	79,573	1,692	23,822
501(c)(7) Social and recreational clubs	4,978	678,291	4,909	623,622	3,849	54,669	2,621	85,031	2,438	22,924
501(c)(8) Fraternal beneficiary societies and associations	1,029	88,216	1,029	85,640	730	2,576	398	9,314	367	2,246
501(c)(9) Voluntary employees' beneficiary associations	374	487,803	373	211,855	308	275,948	253	282,488	254	59,442
501(c)(10) Domestic fraternal beneficiary societies and associations	d	d	d	d	d	d	d	d	d	d
501(c)(11) Teachers' retirement fund associations	0	0	0	0	0	0	0	0	0	0
501(c)(12) Benevolent life insurance associations and certain mutual companies	323	64,359	323	65,654	237	-1,295	141	8,603	141	2,545
501(c)(13) Cemetery companies	d	d	d	d	d	d	d	d	d	d
501(c)(14) State-chartered credit unions	1,199	300,974	1,199	364,804	1,092	-63,830	236	21,758	236	6,554
501(c)(15) Mutual insurance companies	0	0	0	0	0	0	0	0	0	0
501(c)(16) Corporations organized to finance crop operations	0	0	0	0	0	0	0	0	0	0
501(c)(17) Supplemental unemployment benefit trusts	0	0	0	0	0	0	0	0	0	0
501(c)(18) Employee-funded pension trusts	d	d	d	d	d	d	d	d	d	d
501(c)(19) War veterans' posts or organizations	1,643	179,190	1,643	178,360	1,215	830	492	9,951	460	2,054
501(c)(21) Black Lung Benefit Trusts [7]	0	0	0	0	0	0	0	0	0	0
501(c)(22) Withdrawal liability payment funds	0	0	0	0	0	0	0	0	0	0
501(c)(23) Veterans' associations founded before 1880	0	0	0	0	0	0	0	0	0	0

Footnotes at end of table.

Table 1. Unrelated Business Income (UBI) Tax Returns: Number of Returns, Gross Unrelated Business Income, Total Deductions, Unrelated Business Taxable Income (Less Deficit), Unrelated Business Taxable Income, and Total Tax, by Type of Tax-Exempt Organization, Tax Year 2012

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Type of tax-exempt organization, as defined by Internal Revenue Code section	Number of returns	Gross unrelated business income	Total deductions [1,2]		Unrelated business taxable income (less deficit) [3]		Unrelated business taxable income [4]		Total tax [5]	
			Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
All organizations	46,168	12,066,356	45,939	11,703,675	35,523	362,681	22,727	1,584,782	22,262	426,272
220(e) Archer Medical Savings Accounts	d	d	d	d	d	d	d	d	d	d
401(a) Qualified pension, profit-sharing, or stock bonus plans	821	334,904	821	259,026	691	75,878	579	106,164	595	35,054
408(e) Traditional Individual Retirement Accounts	10,872	98,422	10,872	33,779	8,822	64,643	8,512	65,816	8,132	18,866
408(A) Roth Individual Retirement Accounts	284	10,462	284	1,192	219	9,270	156	9,310	156	2,463
501(c)(2) Title-holding corporations for exempt organizations [6]	275	36,013	275	36,574	235	-561	157	3,704	157	1,064
501(c)(3) Religious, educational, charitable, scientific, or literary organizations	16,261	7,961,514	16,133	7,970,019	12,257	-8,505	6,368	855,717	6,427	236,963
501(c)(4) Civic leagues and social welfare organizations	1,366	625,652	1,366	625,665	977	-13	434	20,897	435	5,672
501(c)(5) Labor, agricultural, and horticultural organizations	1,495	229,750	1,495	220,793	1,245	8,957	653	24,229	654	5,968
501(c)(6) Business leagues, chambers of commerce, and real estate boards	5,033	945,458	5,001	995,176	3,465	-49,717	1,609	79,573	1,692	23,822
501(c)(7) Social and recreational clubs	4,978	678,291	4,909	623,622	3,849	54,669	2,621	85,031	2,438	22,924
501(c)(8) Fraternal beneficiary societies and associations	1,029	88,216	1,029	85,640	730	2,576	398	9,314	367	2,246
501(c)(9) Voluntary employees' beneficiary associations	374	487,803	373	211,855	308	275,948	253	282,488	254	59,442
501(c)(10) Domestic fraternal beneficiary societies and associations	d	d	d	d	d	d	d	d	d	d
501(c)(11) Teachers' retirement fund associations	0	0	0	0	0	0	0	0	0	0
501(c)(12) Benevolent life insurance associations and certain mutual companies	323	64,359	323	65,654	237	-1,295	141	8,603	141	2,545
501(c)(13) Cemetery companies	d	d	d	d	d	d	d	d	d	d
501(c)(14) State-chartered credit unions	1,199	300,974	1,199	364,804	1,092	-63,830	236	21,758	236	6,554
501(c)(15) Mutual insurance companies	0	0	0	0	0	0	0	0	0	0
501(c)(16) Corporations organized to finance crop										

Table 2. Unrelated Business Income (UBI) Tax Returns: Number of Returns, Gross Unrelated Business Income, Total Deductions, Unrelated Business Taxable Income (Less Deficit), Unrelated Business Taxable Income, and Total Tax, by Size of Gross UBI, Tax Year 2012

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Size of gross unrelated business income	Number of returns	Gross unrelated business income	Total deductions [1,2]		Unrelated business taxable income (less deficit) [3]		Unrelated business taxable income [4]		Total tax [5]	
			Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Total	46,168	12,066,356	45,939	11,703,675	35,523	362,681	22,727	1,584,782	22,262	426,272
\$1,000 under \$10,001 [6]	21,520	79,189	21,330	78,029	16,134	1,160	12,672	22,938	12,100	4,095
\$10,001 under \$100,000	14,734	622,481	14,702	680,590	11,819	-58,109	6,204	122,116	6,233	23,892
\$100,000 under \$500,000	6,502	1,614,348	6,496	1,636,283	5,005	-21,935	2,470	205,623	2,447	53,296
\$500,000 under \$1,000,000	1,577	1,096,364	1,577	1,064,988	1,194	31,377	641	136,610	640	40,365
\$1,000,000 under \$5,000,000	1,458	3,048,722	1,457	2,868,939	1,071	179,784	581	417,021	645	126,948
\$5,000,000 or more	376	5,605,251	376	5,374,846	300	230,405	159	680,474	197	177,676

[1] Excludes cost of sales and services, which was subtracted from gross receipts from sales and services in computing gross profit from sales and services. Gross profit from sales and services was a component of gross unrelated business income (UBI). Cost of sales and services can include amounts attributable to depreciation, salaries and wages, and certain other deductible items. For all exempt organizations reporting gross UBI, cost of sales and services was \$2.8 billion.

[2] Includes both expenses and deductions reported on Form 990-T, lines 13(B), 29, 31, and 33.

[3] Excludes data from 10,645 returns with equal amounts of gross UBI and total deductions.

[4] Includes data from returns with positive amounts of unrelated business taxable income only.

[5] Total tax is the regular unrelated business income tax after reduction by any tax credits (foreign tax credit, general business credit, prior-year minimum tax credit, and other allowable credits), plus the "alternative minimum tax," the "proxy" tax on nondeductible lobbying and political expenditures, and "other" taxes. The proxy tax was reported on Form 990-T and was included in total tax; however, it had no connection to the tax on unrelated business income or an organization's involvement in unrelated business activities. For exempt organizations reporting gross UBI above the \$1,000 filing threshold, total proxy tax was \$1.5 million.

[6] The gross unrelated business income (UBI) brackets of "\$1,000 under \$10,001" and "all others" reflect the different filing requirements for organizations with gross UBI of \$10,000 or less (not required to report itemized expenses and deductions, or to complete return schedules) and all other Form 990-T filers (required to file a more detailed "complete" return). Organizations with gross UBI below \$1,000 were not required to file Form 990-T.

NOTE: Detail may not add to totals because of rounding.

SOURCE: IRS, Statistics of Income Division, Tax-Exempt Organizations, Unrelated Business Income, October 2015.

Table 3. Unrelated Business Income (UBI) Tax Returns: Number of Returns, Gross Unrelated Business Income, Total Deductions, Unrelated Business Taxable Income (Less Deficit), and Total Tax, by Size of Unrelated Business Taxable Income or Deficit, Tax Year 2012

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Size of unrelated business taxable income or deficit	Number of returns	Gross unrelated business income	Total deductions [1,2]		Unrelated business taxable income (less deficit)		Total tax [3]	
			Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Total	46,168	12,066,356	45,939	11,703,675	35,523	362,681	22,262	426,272
Deficit	12,796	4,600,039	12,796	5,822,141	12,796	-1,222,101	57	2,365
Zero [4]	10,645	2,536,481	10,645	2,536,481	0	0	250	9,940
\$1 under \$1,000	6,606	61,981	6,606	59,181	6,606	2,801	6,180	503
\$1,000 under \$10,000	9,154	337,193	8,963	302,831	9,154	34,362	8,875	5,502
\$10,000 under \$100,000	5,356	897,424	5,324	715,463	5,356	181,961	5,300	35,213
\$100,000 under \$500,000	1,109	1,070,657	1,103	818,245	1,109	252,412	1,100	74,815
\$500,000 under \$1,000,000	240	570,944	240	404,152	240	166,792	240	52,769
\$1,000,000 or more	263	1,991,636	262	1,045,182	263	946,454	261	245,165

[1] Excludes cost of sales and services, which was subtracted from gross receipts from sales and services in computing gross profit from sales and services. Gross profit from sales and services was a component of gross unrelated business income (UBI). Cost of sales and services can include amounts attributable to depreciation, salaries and wages, and certain other deductible items. For all exempt organizations reporting gross UBI, cost of sales and services was \$2.8 billion.

[2] Includes both expenses and deductions reported on Form 990-T, lines 13(B), 29, 31, and 33.

[3] Total tax is the regular unrelated business income tax after reduction by any tax credits (foreign tax credit, general business credit, prior-year minimum tax credit, and other allowable credits), plus the "alternative minimum tax," the "proxy" tax on nondeductible lobbying and political expenditures, and "other" taxes. The proxy tax was reported on Form 990-T and was included in total tax; however, it had no connection to the tax on unrelated business income or an organization's involvement in unrelated business activities. For exempt organizations reporting gross UBI above the \$1,000 filing threshold, total proxy tax was \$1.5 million.

[4] The Zero category includes 10,645 returns with equal amounts of gross unrelated business income and total deductions.

NOTE: Detail may not add to totals because of rounding.

SOURCE: IRS, Statistics of Income Division, Tax-Exempt Organizations, Unrelated Business Income, October 2015.

Table 4. Unrelated Business Income (UBI) Tax Returns: Returns with Positive Unrelated Business Taxable Income: Number of Returns, Gross Unrelated Business Income, Total Deductions, Unrelated Business Taxable Income, and Total Tax, by Type of Entity and Size of Gross UBI, Tax Year 2012

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Type of entity and size of gross unrelated business income	Number of returns	Gross unrelated business income	Total deductions [1,2]		Unrelated business taxable income	Total tax [3]	
			Number of returns	Amount		Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
ALL ENTITIES							
Total	22,727	4,929,836	22,498	3,345,054	1,584,782	21,955	413,966
\$1,000 under \$10,001 [4]	12,672	42,476	12,482	19,538	22,938	12,032	3,746
\$10,001 under \$100,000	6,204	259,469	6,173	137,353	122,116	6,172	23,877
\$100,000 under \$500,000	2,470	618,180	2,463	412,557	205,623	2,404	53,012
\$500,000 under \$1,000,000	641	443,126	641	306,516	136,610	622	40,262
\$1,000,000 under \$5,000,000	581	1,191,833	580	774,812	417,021	571	124,624
\$5,000,000 or more	159	2,374,752	159	1,694,278	680,474	155	168,446
TAX-EXEMPT CORPORATIONS							
Total	12,492	3,959,781	12,263	3,042,679	917,102	12,103	269,342
\$1,000 under \$10,001 [4]	4,010	17,333	3,819	8,782	8,551	3,751	1,250
\$10,001 under \$100,000 [4]	5,178	215,277	5,146	127,279	87,998	5,145	13,871
\$100,000 under \$500,000	2,139	533,421	2,133	391,252	142,169	2,073	35,548
\$500,000 under \$1,000,000	560	384,139	560	295,962	88,177	541	27,129
\$1,000,000 under \$5,000,000	487	996,457	486	727,190	269,267	477	87,699
\$5,000,000 or more	119	1,813,155	119	1,492,215	320,939	116	103,846
TAX-EXEMPT TRUSTS							
Total	10,235	970,055	10,235	302,375	667,680	9,852	144,625
\$1,000 under \$10,001 [4]	8,663	25,144	8,663	10,757	14,387	8,281	2,496
\$10,001 under \$100,000 [4]	1,026	44,192	1,026	10,074	34,118	1,026	10,006
\$100,000 under \$500,000	331	84,759	331	21,305	63,454	331	17,464
\$500,000 under \$1,000,000	81	58,987	81	10,554	48,433	81	13,133
\$1,000,000 under \$5,000,000	94	195,376	94	47,622	147,754	94	36,925
\$5,000,000 or more	40	561,597	40	202,063	359,534	39	64,600

[1] Excludes cost of sales and services, which was subtracted from gross receipts from sales and services in computing gross profit from sales and services. Gross profit from sales and services was a component of gross unrelated business income. Cost of sales and services can include amounts attributable to depreciation, salaries and wages, and certain other deductible items. For exempt organizations reporting positive unrelated business taxable income, cost of sales and services was \$10.3 million, 99 percent of which was attributable to tax-exempt corporations.

[2] Includes both expenses and deductions reported on Form 990-T, lines 13(B), 29, 31, and 33.

[3] Total tax is the regular unrelated business income tax after reduction by any tax credits (foreign tax credit, general business credit, prior-year minimum tax credit, and other allowable credits), plus the "alternative minimum tax," the "proxy" tax on nondeductible lobbying and political expenditures, and "other" taxes. The proxy tax was reported on Form 990-T and was included in total tax; however, it had no connection to the tax on unrelated business income or an organization's involvement in unrelated business activities. For exempt organizations reporting positive unrelated business taxable income, total proxy tax was \$1.5 million.

[4] The gross unrelated business income (UBI) brackets of "\$1,000 under \$10,001" and "all others" reflect the different filing requirements for organizations with gross UBI of \$10,000 or less (not required to report itemized expenses and deductions, or to complete return schedules) and all other Form 990-T filers (required to file a more detailed "complete" return). Organizations with gross UBI below \$1,000 were not required to file Form 990-T.

NOTE: Detail may not add to totals because of rounding.

SOURCE: IRS, Statistics of Income Division, Tax-Exempt Organizations, Unrelated Business Income, October 2015.

Table 5. Unrelated Business Income (UBI) Tax Returns: Number of Returns, Gross Unrelated Business Income, Total Deductions, Unrelated Business Taxable Income (Less Deficit), Unrelated Business Taxable Income, and Total Tax, by Primary Unrelated Business Activity or Industrial Grouping, Tax Year 2012

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Primary unrelated business activity or industrial grouping	Number of returns	Gross unrelated business income	Total deductions [1,2]		Unrelated business taxable income (less deficit) [3]		Unrelated business taxable income [4]		Total tax [5]	
			Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
All activities and groupings	46,168	12,066,356	45,939	11,703,675	35,523	362,681	22,727	1,584,782	22,262	426,272
Agriculture, forestry, hunting, and fishing	215	49,605	215	33,840	155	15,766	57	22,570	57	6,954
Mining	375	58,359	375	27,774	206	30,585	201	32,671	200	6,551
Utilities	60	14,795	60	13,214	* 22	* 1,581	* 15	* 3,541	* 15	* 1,143
Construction	d	d	d	d	d	d	d	d	d	d
Manufacturing	201	53,180	201	38,445	192	14,735	109	20,645	110	4,744
Wholesale trade	73	74,511	73	44,725	73	29,785	63	37,079	63	4,488
Retail trade	1,621	999,466	1,621	1,047,224	1,283	-47,758	461	54,847	464	17,288
Transportation and warehousing	51	6,178	51	6,000	* 50	* 178	* 39	* 984	* 40	* 212
Information	588	165,041	588	171,347	49	-6,306	174	12,817	176	3,954
Finance and insurance, total	16,433	2,708,307	16,300	2,296,655	13,373	411,652	11,659	749,254	11,286	193,269
Unrelated debt-financed activities, other than rental of real estate	952	191,662	952	130,204	801	61,458	733	67,886	709	14,499
Investment activities of Code section 501(c)(7), (9), and (17) organizations [6]	2,127	605,898	2,062	321,994	1,619	283,904	1,449	286,766	1,396	60,522
Passive income activities with controlled organizations	425	240,928	394	205,362	384	35,566	315	54,909	320	19,608
Other finance and insurance	12,929	1,669,819	12,892	1,639,095	10,569	30,724	9,162	339,693	8,861	98,640
Real estate and rental and leasing, total	8,756	1,212,448	8,725	1,219,479	7,403	-7,032	4,211	157,336	4,214	43,685
Rental of personal property	370	62,042	339	67,882	303	-5,840	176	7,085	180	1,961
Other real estate and rental and leasing	8,386	1,150,406	8,386	1,151,597	7,100	-1,192	4,035	150,251	4,034	41,724
Professional, scientific, and technical services	7,959	2,169,373	7,927	2,216,284	5,178	-46,910	2,297	142,285	2,322	42,884
Management of companies and enterprises	d	d	d	d	d	d	d	d	d	d
Administrative and support and waste management and remediation services	920	535,440	920	530,832	517	4,608	205	42,571	185	14,149
Educational services	119	65,882	119	82,355	88	-16,473	* 53	* 271	* 53	* 41
Health care and social assistance	1,103	1,852,967	1,103	1,813,301	872	39,666	486	161,199	526	55,962
Arts, entertainment, and recreation	3,799	1,056,644	3,767	1,127,242	2,595	-70,598	1,259	37,819	1,209	9,211
Accommodation and food services	2,727	720,904	2,727	773,687	2,126	-52,783	838	28,532	736	7,380
Other services	666	107,450	666	110,772	593	-3,322	369	7,955	373	1,869
Exploited exempt activities	311	73,806	311	70,434	272	3,373	136	6,854	136	1,974
Other activity	121	26,340	121	11,646	88	14,695	82	15,009	82	3,358
Not allocable	d	d	d	d	d	d	d	d	d	d

*Estimate should be used with caution because of the small number of sample returns on which it is based.

d—Data were deleted to prevent disclosure of individual taxpayer data. However, the data are included in the appropriate totals.

[1] Excludes cost of sales and services, which was subtracted from gross receipts from sales and services in computing gross profit from sales and services. Gross profit from sales and services was a component of gross unrelated business income (UBI). Cost of sales and services can include amounts attributable to depreciation, salaries and wages, and certain other deductible items. For all exempt organizations reporting gross UBI, cost of sales and services was \$2.8 billion.

[2] Includes both expenses and deductions reported on Form 990-T, lines 13(B), 29, 31, and 33.

[3] Excludes data from 10,645 returns with equal amounts of gross UBI and total deductions.

[4] Includes data from returns with positive amounts of unrelated business taxable income only.

[5] Total tax is the regular unrelated business income tax after reduction by any tax credits (foreign tax credit, general business credit, prior-year minimum tax credit, and other allowable credits), plus the "alternative minimum tax," the "proxy" tax on nondeductible lobbying and political expenditures, and "other" taxes. The proxy tax was reported on Form 990-T and was included in total tax; however, it had no connection to the tax on unrelated business income or an organization's involvement in unrelated business activities. For exempt organizations reporting gross UBI above the \$1,000 filing threshold, total proxy tax was \$1.5 million.

[6] Section 501(c)(7) organizations are social and recreational clubs; section 501(c)(9) organizations are voluntary employees' beneficiary associations; and section 501(c)(17) organizations are supplemental unemployment benefit trusts. See Table 1 for separate data on each of these organizations.

NOTE: Detail may not add to totals because of rounding.

SOURCE: IRS, Statistics of Income Division, Tax-Exempt Organizations, Unrelated Business Income, October 2015.

Table 6. Unrelated Business Income (UBI) Tax Returns: Sources of Gross Unrelated Business Income, by Size of Gross UBI, Tax Year 2012

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Size of gross unrelated business income	Gross unrelated business income		Sources of gross unrelated business income (UBI)					
			Gross profit (less loss) from sales and services		Net capital gain income		Net capital loss (trusts only)	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Total	46,168	12,066,356	15,738	6,964,222	2,558	813,536	176	689
\$1,000 under \$10,001 [1]	21,520	79,189	3,458	14,933	1,206	3,498	** 84	** 251
\$10,001 under \$100,000	14,734	622,481	5,979	221,621	657	36,553	**	**
\$100,000 under \$500,000	6,502	1,614,348	4,010	873,093	291	39,933	46	207
\$500,000 under \$1,000,000	1,577	1,096,364	1,031	611,864	133	54,401	14	42
\$1,000,000 under \$5,000,000	1,458	3,048,722	989	1,743,858	185	200,670	24	167
\$5,000,000 or more	376	5,605,251	270	3,498,853	86	478,481	* 7	* 21

Size of gross unrelated business income	Sources of gross unrelated business income (UBI)—continued							
	Net gain (less loss), sales of noncapital assets [2]		Income (less loss) from partnerships and S corporations		Rental income [3]		Unrelated debt-financed income	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
Total	496	36,416	14,727	701,695	4,982	375,514	3,928	651,326
\$1,000 under \$10,001 [1]	132	401	10,863	26,424	1,298	6,060	1,225	6,288
\$10,001 under \$100,000	117	-575	2,179	33,205	2,492	83,921	1,736	62,415
\$100,000 under \$500,000	109	2,718	801	82,184	795	97,567	639	118,586
\$500,000 under \$1,000,000	44	2,550	290	59,592	188	53,236	133	58,528
\$1,000,000 under \$5,000,000	59	12,620	407	174,791	168	86,146	141	133,762
\$5,000,000 or more	35	18,702	186	325,499	41	48,583	54	271,747

Size of gross unrelated business income	Sources of gross unrelated business income (UBI)—continued									
	Investment income (less loss) [4]		Income from controlled organizations [5]		Exploited exempt activity income, except advertising		Advertising income		Other income (less loss)	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)	(25)	(26)
Total	3,447	371,017	626	106,444	851	245,973	7,411	1,192,976	5,742	607,926
\$1,000 under \$10,001 [1]	1,523	4,004	196	453	** 347	** 6,727	2,758	11,999	1,687	4,672
\$10,001 under \$100,000	788	5,431	127	5,558	**	**	2,829	113,610	2,334	54,724
\$100,000 under \$500,000	733	31,361	137	15,829	295	38,655	1,184	205,188	1,084	109,442
\$500,000 under \$1,000,000	240	28,139	53	10,717	81	27,278	305	132,514	269	57,588
\$1,000,000 under \$5,000,000	135	130,461	80	31,803	103	76,902	264	283,737	286	174,141
\$5,000,000 or more	29	171,621	33	42,084	25	96,412	71	445,929	82	207,360

*Estimate should be used with caution because of the small number of sample returns on which it is based.

**Data in adjacent size classes are combined to avoid disclosure of information about specific taxpayers.

[1] The gross unrelated business income (UBI) brackets of "\$1,000 under \$10,001" and all other brackets reflect the different filing requirements for organizations with gross UBI of \$10,000 or less (not required to report itemized expenses and deductions, except for the net operating loss deduction and the specific deduction, or to complete return schedules) and all other Form 990-T filers (required to file a more detailed "complete" return). Organizations with gross UBI below \$1,000 were not required to file Form 990-T.

[2] Property other than capital assets generally included property of a business nature, in contrast to personal property and investment property, which were capital assets.

[3] Income from real property and personal property leased with real property.

[4] Reported by Internal Revenue Code section 501(c)(7) social and recreational clubs, section 501(c)(9) voluntary employees' beneficiary associations, and section 501(c)(17) supplemental unemployment benefit trusts only. See Table 1 for separate data on each of these organizations.

[5] Annuities, interest, rents, and royalties.

NOTE: Detail may not add to totals because of rounding.

SOURCE: IRS, Statistics of Income Division, Tax-Exempt Organizations, Unrelated Business Income, October 2015.

Table 7. Unrelated Business (UBI) Income Tax Returns: Types of Deductions, by Size of Gross Unrelated Business Income, Tax Year 2012

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Item	Size of gross unrelated business income					
	Total		\$1,000 under \$10,001 [1]		\$10,001 under \$100,000	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)
Number of returns	46,168	N/A	21,520	N/A	14,734	N/A
Total deductions [2,3]	45,939	11,703,675	21,330	78,029	14,702	680,590
Organizations with gross unrelated business income (UBI) of \$1,000 under \$10,001 [1]:						
Total deductions [4]	21,330	78,029	21,330	78,029	N/A	N/A
Net operating loss deduction	3,879	8,811	3,879	8,811	N/A	N/A
Specific deduction	14,516	13,440	14,516	13,440	N/A	N/A
Organizations with gross unrelated business income (UBI) of \$10,001 or more [1]:						
Total deductions [3,5]	24,609	11,625,646	N/A	N/A	14,702	680,590
Deductions directly connected with UBI	22,922	10,962,336	N/A	N/A	13,291	643,722
Allocable to rental income [6]	2,259	272,908	N/A	N/A	1,530	53,007
Allocable to unrelated debt-financed income [6]	2,455	675,877	N/A	N/A	1,564	71,528
Allocable to investment income [6,7]	615	31,352	N/A	N/A	* 82	* 1,207
Allocable to income from controlled organizations [6]	324	80,605	N/A	N/A	127	4,944
Allocable to exploited exempt activity income, except advertising [6]	630	181,290	N/A	N/A	194	5,072
Direct advertising costs [6]	4,127	861,058	N/A	N/A	2,455	80,756
Compensation of officers, directors, and trustees	1,791	62,941	N/A	N/A	846	9,476
Salaries and wages	10,306	2,067,341	N/A	N/A	4,795	115,234
Repairs and maintenance	6,767	139,482	N/A	N/A	3,384	16,282
Bad debts	598	47,221	N/A	N/A	69	438
Interest	2,558	177,285	N/A	N/A	966	13,252
Taxes and licenses paid deduction	10,532	232,914	N/A	N/A	5,419	26,591
Depreciation	7,029	320,183	N/A	N/A	3,235	20,375
Depletion	242	14,146	N/A	N/A	177	547
Contributions to deferred compensation plans	1,144	19,695	N/A	N/A	309	494
Contributions to employee benefit programs	5,084	445,665	N/A	N/A	1,778	11,528
Net operating loss deduction	4,172	499,899	N/A	N/A	2,272	26,685
Other deductions	14,555	4,832,648	N/A	N/A	7,305	186,305
Deductions not directly connected with UBI	12,506	663,310	N/A	N/A	7,562	36,868
Specific deduction	10,610	10,255	N/A	N/A	6,556	6,339
Charitable contributions	2,377	197,506	N/A	N/A	** 1,126	** 5,207
Set-asides [7]	152	137,702	N/A	N/A	**	**
Excess exempt-activity expenses [8]	2,255	317,847	N/A	N/A	1,249	25,322

Footnotes at end of table.

Table 7. Unrelated Business (UBI) Income Tax Returns: Types of Deductions, by Size of Gross Unrelated Business Income, Tax Year 2012—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Item	Size of gross unrelated business income—continued							
	\$100,000 under \$500,000		\$500,000 under \$1,000,000		\$1,000,000 under \$5,000,000		\$5,000,000 or more	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
Number of returns	6,502	N/A	1,577	N/A	1,458	N/A	376	N/A
Total deductions [2,3]	6,496	1,636,283	1,577	1,064,988	1,457	2,868,939	376	5,374,846
Organizations with gross unrelated business income (UBI) of \$1,000 under \$10,001 [1]:								
Total deductions [4]	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net operating loss deduction	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Specific deduction	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Organizations with gross unrelated business income (UBI) of \$10,001 or more [1]:								
Total deductions [3,5]	6,496	1,636,283	1,577	1,064,988	1,457	2,868,939	376	5,374,846
Deductions directly connected with UBI	6,289	1,557,064	1,543	1,014,507	1,428	2,718,643	371	5,028,400
Allocable to rental income [6]	491	79,556	98	35,962	114	71,055	26	33,328
Allocable to unrelated debt-financed income [6]	588	126,048	127	57,458	126	121,789	50	299,054
Allocable to investment income [6,7]	302	4,189	138	3,436	78	11,375	* 14	* 11,145
Allocable to income from controlled organizations [6]	86	12,536	35	7,702	54	27,904	23	27,520
Allocable to exploited exempt activity income, except advertising [6]	251	32,135	70	21,701	93	57,310	22	65,071
Direct advertising costs [6]	1,076	142,817	280	96,902	248	193,876	68	346,706
Compensation of officers, directors, and trustees	587	13,891	163	7,464	161	19,278	34	12,832
Salaries and wages	3,502	368,215	896	222,921	887	568,588	226	792,383
Repairs and maintenance	2,201	31,334	516	16,105	528	34,011	137	41,749
Bad debts	220	1,316	99	3,297	152	12,514	58	29,657
Interest	1,020	12,535	262	10,884	236	20,433	74	120,182
Taxes and licenses paid deduction	3,255	49,647	853	29,785	773	54,010	231	72,882
Depreciation	2,361	58,899	630	38,802	615	85,233	188	116,873
Depletion	29	1,265	* 14	* 2,177	* 13	* 2,636	* 8	* 7,522
Contributions to deferred compensation plans	470	1,842	193	1,994	142	6,145	30	9,220
Contributions to employee benefit programs	1,895	34,805	579	28,366	648	104,209	183	266,757
Net operating loss deduction	1,118	57,197	310	46,418	385	169,161	87	200,437
Other deductions	4,576	528,837	1,196	383,134	1,162	1,159,116	317	2,575,082
Deductions not directly connected with UBI	3,183	79,219	811	50,481	745	150,296	205	346,447
Specific deduction	2,608	2,500	690	666	598	592	158	158
Charitable contributions	733	12,859	215	7,967	255	24,157	** 107	** 227,492
Set-asides [7]	40	8,954	25	11,064	27	37,508	**	**
Excess exempt-activity expenses [8]	630	54,907	153	30,783	169	88,039	54	118,797

* Estimate should be used with caution because of the small number of sample returns on which it is based.

**Data in adjacent items are combined to avoid disclosure of information about specific taxpayers.

N/A—Not applicable.

[1] Organizations with gross UBI between \$1,000 (the filing threshold) and \$10,000 were required to report only totals for expenses and deductions (except for the specific deduction and net operating loss deduction, which all organizations reported separately). Organizations with gross UBI over \$10,000 were required to report each expense and deduction item separately, as shown in rows 14 through 39.

[2] Excludes cost of sales and services, which was subtracted from gross receipts from sales and services in computing gross profit from sales and services. Gross profit from sales and services was a component of gross unrelated business income (UBI). Cost of sales and services can include amounts attributable to depreciation, salaries and wages, and certain other deductible items. For all exempt organizations reporting gross UBI, cost of sales and services was \$2.8billion.

[3] Includes both expenses and deductions reported on Form 990-T, lines 13(B), 29, 31, and 33.

[4] Excludes \$65 million of cost of sales and services reported by organizations with gross UBI of \$10,000 or less. See footnote 1 for explanation.

[5] Excludes \$2.4 billion of cost of sales and services reported by organizations with gross UBI over \$10,000. See footnote 1 for explanation.

[6] This deduction was required to be reported as a lump-sum total only and may have included component deductions that were of the same type shown elsewhere in this table. For example, if deductions "allocable to rental income" included depreciation, then that amount of depreciation would not be included in the separately reported item, "depreciation." Therefore, the total amount shown for some of the separately reported deductions may be understated.

[7] Reported by Internal Revenue Code section 501(c)(7) social and recreational clubs; section 501(c)(9) voluntary employees' beneficiary associations; and section 501(c)(17) supplemental unemployment benefit trusts only. See Table 1 for separate data on each of these organizations.

[8] Includes excess exempt-activity expenses from Form 990-T, Schedule I, and excess readership costs from Form 990-T, Schedule J.

NOTE: Detail may not add to totals because of rounding.

SOURCE: IRS, Statistics of Income Division, Tax-Exempt Organizations, Unrelated Business Income, October 2015.

Table 8. Unrelated Business Income (UBI) Tax Returns for 501(c)(3) Organizations: Number of Returns, Gross Unrelated Business Income, Total Deductions, Unrelated Business Taxable Income (Less Deficit), Unrelated Business Taxable Income, and Total Tax, by Primary Unrelated Business Activity or Industrial Grouping, Tax Year 2012

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Primary unrelated business activity or industrial grouping	Number of returns	Gross unrelated business income	Total deductions [1,2]		Unrelated business taxable income (less deficit)		Unrelated business taxable income [3]		Total tax [4]	
			Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
All activities and groupings	16,261	7,961,514	16,133	7,970,019	12,257	-8,505	6,368	855,717	6,427	236,963
Agriculture, forestry, hunting, and fishing	116	38,152	116	27,886	96	10,266	48	16,975	48	5,208
Mining	231	48,125	231	23,216	157	24,909	152	26,995	151	4,813
Utilities	d	d	d	d	d	d	d	d	d	d
Construction	d	d	d	d	d	d	d	d	d	d
Manufacturing	103	45,537	103	36,140	94	9,397	16	15,305	17	2,968
Wholesale trade	22	67,113	22	43,308	22	23,805	12	31,099	12	2,855
Retail trade	1,314	969,460	1,314	1,015,340	1,034	-45,880	340	50,680	343	16,091
Transportation and warehousing	d	d	d	d	d	d	d	d	d	d
Information	252	112,859	252	114,302	152	-1,443	64	8,291	66	2,757
Finance and insurance, total	2,244	1,123,142	2,180	1,053,174	1,791	69,967	1,496	239,973	1,539	65,157
Unrelated debt-financed activities, other than rental of real estate	371	155,666	371	112,095	256	43,570	220	49,959	226	9,870
Passive income activities with controlled organizations	182	124,868	151	106,451	150	18,417	136	31,959	138	8,702
Other finance and insurance	1,691	842,608	1,658	834,628	1,385	7,980	1,140	158,055	1,175	46,585
Real estate and rental and leasing, total	4,473	886,899	4,441	937,286	3,643	-50,387	1,683	94,240	1,693	26,541
Rental of personal property	173	44,301	141	49,408	145	-5,107	106	5,659	108	1,474
Other real estate and rental and leasing	4,300	842,598	4,300	887,878	3,498	-45,280	1,577	88,581	1,585	25,067
Professional, scientific, and technical services	3,261	1,103,167	3,261	1,127,087	2,022	-23,920	947	74,703	917	22,312
Management of companies and enterprises	d	d	d	d	d	d	d	d	d	d
Administrative and support and waste management and remediation services	423	400,131	423	392,988	264	7,143	89	37,489	101	12,677
Educational services	118	59,885	118	73,647	87	-13,762	* 53	* 271	* 53	* 41
Health care and social assistance	1,043	1,846,976	1,043	1,810,681	814	36,295	428	157,828	468	54,858
Arts, entertainment, and recreation	1,320	588,330	1,289	660,188	992	-71,859	509	13,129	511	3,261
Accommodation and food services	631	400,684	631	438,678	462	-37,993	194	14,285	167	4,355
Other services	516	94,339	516	98,965	447	-4,626	262	6,416	265	1,364
Exploited exempt activities	109	40,416	109	38,870	103	1,546	24	4,198	24	1,255
Other activity	37	19,962	37	5,697	36	14,264	35	14,276	35	3,208
Not allocable	0	0	0	0	0	0	0	0	0	0

*Estimate should be used with caution because of the small number of sample returns on which it is based.

d—Data were deleted to prevent disclosure of individual taxpayer data. However, the data are included in the appropriate totals.

[1] Excludes cost of sales and services, which was subtracted from gross receipts from sales and services in computing gross profit from sales and services. Gross profit from sales and services was a component of gross unrelated business income (UBI). Cost of sales and services can include amounts attributable to depreciation, salaries and wages, and certain other deductible items. For all exempt organizations reporting gross UBI, cost of sales and services was \$2.8 billion.

[2] Includes both expenses and deductions reported on Form 990-T, lines 13(B), 29, 31, and 33.

[3] Includes data from returns with positive amounts of unrelated business taxable income only.

[4] Total tax is the regular unrelated business income tax after reduction by any tax credits (foreign tax credit, general business credit, prior-year minimum tax credit, and other allowable credits), plus the "alternative minimum tax," the "proxy" tax on nondeductible lobbying and political expenditures, and "other" taxes. The proxy tax was reported on Form 990-T and was included in total tax; however, it had no connection to the tax on unrelated business income or an organization's involvement in unrelated business activities. For exempt organizations reporting gross UBI above the \$1,000 filing threshold, total proxy tax was \$2.4 million.

NOTE: Detail may not add to totals because of rounding.

SOURCE: IRS, Statistics of Income Division, Tax-Exempt Organizations, Unrelated Business Income, October 2015.