

University of Kansas Medical Center

GENERAL GUIDELINES FOR ESTABLISHING AND MAINTAINING RESTRICTED FEE ACCOUNTS

Restricted fee accounts are established for the purpose of providing departments a means to receive remuneration for any products or services that they provide to entities outside of their own department. All costs incurred in the development and delivery of the products or services are to be charged to the restricted fee account. All revenues and expenditures from such restricted fees must comply with the State of Kansas, Department of Administration, Policies and Procedures as well as the Kansas Board of Regents Policy on Sales of Products and Services. All transactions are subject to University and State audit.

For each product or service to be provided a charge structure must be developed. This charge structure should indicate the rate that will be charged for each product or service. The rate should be determined through an analysis of the costs incurred in the production of the products or services. The cost analysis should consider all costs associated with the creation of the product or services. Some costs to be considered include, salaries, fringe benefits, supplies, rental expenses, depreciation and overhead. Overhead costs should be computed at the rate of 38%.

All activity conducted through the restricted fee accounts is subject to Federal Unrelated Business Income Tax (UBIT) and State of Kansas Sales Tax laws. UBIT imposes an income tax on the net income from activities that are unrelated to the exempt purpose of the Medical Center. The tax is designed to lessen the advantage a tax-exempt organization would have over a competing taxable entity. The Medical Center annually files a UBIT return. For additional information on UBIT contact Control and Reporting. Kansas state sales tax is generally imposed on a sale of goods to individuals or organizations that purchase such goods with non-state funds (i.e. cash, personal or corporate check). Contact Control and Reporting for additional information on sales tax.

Restricted fee accounts must be used solely for the specific approved purpose for which fees are collected. Deviations from the approved purpose will not be allowed without prior approval. The activities of each restricted fee account should be reviewed on a regular basis to ensure compliance with the specific approved purpose.