
2141 REVIEW OF AGREEMENTS FOR POTENTIAL TAX CONSEQUENCES

Effective: January 2012
Last Revision: June 2015
Last Reviewed: April 2018
Responsible Office: Research Services
Approval: Research Services

PURPOSE:

To ensure that agreements for research and other sponsored projects are reviewed for potential tax consequences.

POLICY:

1. It is the policy of the University that sponsored agreements and related funding will be in compliance with applicable requirements of the Internal Revenue Service Rev. Proc. 2007-47 and other tax regulations.
2. Under certain circumstances the IRS may view certain arrangements between the University and a for-profit entity as inappropriate private business use if the activities are housed in facilities or using assets financed with tax exempt bonds.
3. Agreements for which Penn Center for Innovation and Office of Clinical Research are responsible and designated by the Tax Office with funding from corporate (for-profit) entities will be reviewed to determine if the activity meets the conditions set forth by the IRS such that the IRS will not deem the conduct to be inappropriate private use. The Penn Center for Innovation and Office of Clinical Research will forward designated agreements to the University Tax office for review and further action.

RELATED POLICY:

2004 Unrelated Business Taxable Income

ROLES AND RESPONSIBILITIES:

PRINCIPAL INVESTIGATOR & BUSINESS ADMINISTRATOR

- Provides additional information for Tax Office review, as requested

CENTER FOR INNOVATION

- Reviews designated agreements for corporate (for profit) funding of research or other sponsored projects to identify those requiring Tax Office review; forwards copy of any designated agreement to the Tax Office.
- Ensures that Tax Office review has occurred for agreements within its scope of responsibility

OFFICE OF CLINICAL RESEARCH

- Reviews designated agreements for corporate (for profit) funding of clinical trial activities to identify those requiring Tax Office review; forwards copy of any designated agreement to the Tax Office
- Ensures that Tax Office review has occurred for agreements within its scope of responsibility

TAX OFFICE

- Reviews agreements forwarded by OCR and PCI;
- Provides advice to Faculty, Business Administrator and other School staff.
- Records agreements for review by PWC and Treasurer's Office.
- Reviews for Unrelated Business Taxable Income.

The source of this document is Research Services