Summary of legal considerations (see “Legal” for details):

Generally, dividends, interest, payments with respect to securities loans, annuities and other substantially similar income from routine and ordinary investments, and all deductions that come from such investment, are excluded in determining unrelated business taxable income.

However, if income from rent is derived from property that is financed by debt, those rents *are* taxable unrelated business income. For example, if a non-profit organization uses a loan to purchase a housing complex where its clients live and pay rent, the organization would have to pay unrelated business tax on that rent money it earns. However, if that same housing complex was paid for without debt (grant or donor money) the rents derived from it are *not* unrelated expenses and the organization would *not* pay taxes on those rents.

There are other exceptions to this exception to unrelated business income tax. It is recommended that you consult with a legal advisor if you are unsure.