

Policy 3411 Joint Venture

Responsible Office	Tax Department	Effective Date	6/30/09
Responsible Official	Office of the General Counsel	Last Revision	6/30/09

Policy Statement

Certain arrangements between the University and third parties may be characterized as “joint ventures” for purposes of U.S. tax laws applicable to the University by virtue of its status as an exempt organization under Section 501(c)(3) of the Internal Revenue Code. Under this Policy Statement, engaging in activities that constitute a joint venture requires prior legal and tax analysis and specific University approvals

The starting point for identifying a joint venture is a relationship between the University and a third party to undertake a joint activity. The relationship may be embodied in a contract or may be based on a verbal or other understanding. The third party may be a for-profit or non-profit entity.

The University engages in many varying collaborative activities and works with many third parties. Only certain types of joint activities will constitute a “joint venture” and raise problematic tax issues for the University. If a joint activity has any of the following characteristics, additional reviews and approvals should be sought prior to entering into such arrangement to ensure proper structuring to protect the University’s tax-exempt status:

- revenue sharing with a third party;
- a third party exercising control over a program or project;
- a third party being given the right to use the University’s name or logos outside of routine licensing arrangements regularly carried on by the University;
- the University guarantying the debt of a third party;
- the University engaging in activities that could be interpreted as outside of its charitable mission to conduct education and research activities; or
- joint ownership of a business or other types of enterprise with a third party.

Any proposal that the University engage in a joint venture requires careful structuring in reliance on advice from the University’s Tax Department, Office of General Counsel and the Tax-Exempt Bond Compliance Committee, as well as the approval of the officers of the University and the Yale Corporation.

Contacts

Subject	Contact	Phone
Tax Department		432-5530
Office of the General Counsel		432-4949

Revision History

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