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3600

NATIONAL CREDIT UNION ADMINISTRATION

Washington, D.C. 20456

November 15, 1988

Office of General Counsel

Mr. Donald A. Deems, Jr.  
President, Arkansas Credit Union League and Service  
Corporation  
P.O. Box 425  
Little Rock, AR 72203

Re: IRS Form 990

Dear Mr. Deems:

We have received notification from the Internal Revenue Service that Federal credit unions ("FCU's") do not have to file an annual informational return (IRS Form 990) or make such return available for inspection. Accordingly, NCUA will no longer file the consolidated Form 990. Enclosed is a copy of NCUA Letter to Credit Unions No. 100 informing all FCU's of this matter.

Thank you for your input on this issue.

Sincerely,

*Hattie M. Ulan*

HATTIE M. ULAN  
Acting Assistant General Counsel

HMU:sg

Enclosure

FOIA

001. U.B. 5 Informational Returns

# NCUA LETTER TO CREDIT UNIONS

NCUA LETTER NO. 100

DATE: October 27, 1988

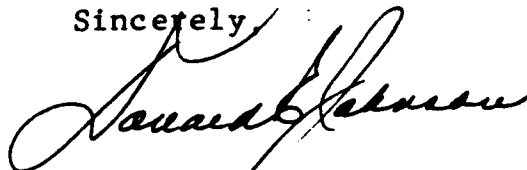
TO OFFICIALS OF THE FEDERAL CREDIT UNION ADDRESSED:

As noted in Letter to Credit Unions No. 99, for the past several years, NCUA has filed a consolidated Internal Revenue Service (IRS) Form 990 ("Return of Organization Exempt From Income Tax") -- an informational return -- for all Federal credit unions ("FCU's"). In 1987, Congress amended the Internal Revenue Code (IRC) by adding subsection (e) to Section 6104 which requires that a copy of the annual return filed by tax-exempt organizations will be made available by such organizations for inspection for three years. We have contacted the IRS to determine whether it would be appropriate for the NCUA to continue filing a consolidated Form 990 in light of the new disclosure requirements for tax-exempt organizations.

The Internal Revenue Service has now informed us that, according to their regulations, organizations that are tax exempt under Section 501(c)(1) of the IRC do not have to file an informational return or make such return available for inspection. (See Section 1.6033-2(g)(vi) of the Income Tax regulations, 26 C.F.R. 1.6033-2(g)(1)(vi).) Since FCU's are tax exempt under Section 501(c)(1) of the IRC, FCU's are not required to file or maintain an informational tax return. Accordingly, NCUA will no longer file a consolidated Form 990.

A copy of the letter from the Internal Revenue Service is attached.

Sincerely,



DONALD E. JOHNSON  
Executive Director

Attachment

**Internal Revenue Service**

**Department of the Treasury**

Washington, DC 20224

Timothy P. McCollum  
Assistant General Counsel  
National Credit Union Administration  
Washington, D.C. 20456

Person to Contact:

David F. Flavin  
Telephone Number:

202 566-4332  
Refer Reply to:

E:EO:P

Date: **AUG 23 1988**

Dear Mr. McCollum:

We are responding to your letter dated July 26, 1988, in which you requested our opinion on a matter concerning the National Credit Union Administration ("NCUA"). In your letter you inquire as to whether it is appropriate for NCUA to continue filing a consolidated Form 990 for all federal credit unions in light of the new disclosure requirements for exempt organizations.

As part of the Omnibus Budget Reconciliation Act of 1987, Congress added section 6104(e) to the Internal Revenue Code. In accordance with this provision, during a three year period, a copy of an exempt organization's annual return filed under section 6033 must be made available for inspection at the organization's principal office.

Section 6033(a)(1) of the Code generally requires every organization (with certain exceptions) to file an annual information return. For taxable years beginning after December 31, 1969, section 1.6033-2(g)(1)(vi) of the Income Tax Regulations specifically excepts all organizations described in section 501(c)(1) of the Code from the requirement of filing an annual information return. Federal credit unions are described in section 501(c)(1). Because NCUA as well as the exempt federal credit unions under its supervision are organizations described in section 501(c)(1), they are not required to file annual information returns. We are aware that Rev. Rul. 60-169, 1960-1 C.B. 621, holds that a group information return may be filed by the Bureau of Federal Credit Unions (predecessor to NCUA) in lieu of the filing of a separate Form 990 by each federal credit union. However, in view of the regulation cited above, this revenue ruling no longer reflects the current Service position.

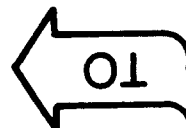
Because NCUA and the exempt federal credit unions it supervises are not required to file annual information returns, the disclosure requirements under section 6104(e) of the Code, which discusses the availability of such returns for inspection, are not applicable. In direct response to your inquiry, it is our opinion that it is not appropriate for NCUA to continue filing a consolidated Form 990 for all federal credit unions.

We hope this general information will be helpful.

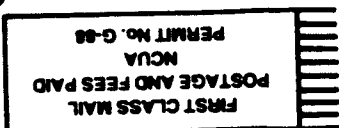
Sincerely yours,

*E. D. Coleman*

E. D. Coleman  
Director, Exempt Organizations  
Technical Division



National Credit Union  
Administration  
Washington, D.C. 20456  
OFFICIAL BUSINESS  
Penalty For Private Use, \$300





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NATIONAL CREDIT UNION ADMINISTRATION  
Washington, D.C. 20456  
July 26, 1988

Office of General Counsel

Mr. E.D. Coleman  
Director, Exempt Organizations - Technical  
Internal Revenue Service  
1111 Constitution Avenue, N.W.  
Washington, D.C. 20224

Re: Filing of consolidated Form 990 for Federal  
credit unions

Dear Mr. Coleman:

The National Credit Union Administration ("NCUA") requests your opinion on whether it is appropriate for us to continue filing a consolidated Form 990 for all Federal credit unions ("FCU's") in light of the new disclosure requirements for tax-exempt organizations.

Federal credit unions are tax-exempt organizations under Section 501(c)(1) of the Internal Revenue Code. Their exempt organization status was recognized by the IRS on June 30, 1944; a copy of the July 1, 1978, letter from the IRS updating this recognition is enclosed.

Section 6033 of the Internal Revenue Code [26 U.S.C. §6033] requires tax-exempt organizations to file an annual informational return. For the past several years, NCUA has filed a consolidated IRS Form 990 - Return of Organization Exempt From Income Tax - for all FCU's. The 1978 IRS letter enclosed approved of NCUA's filing such a "group return."

In 1987, Congress amended the Internal Revenue Code by adding Subsection (e) to Section 6104 [26 U.S.C. §6104]. Section 6104(e) states:

During the 3-year period beginning on the filing date, a copy of the annual return filed under section 6033 (relating to returns by exempt organizations) by any

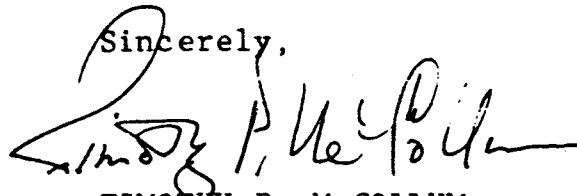
organization to which this paragraph applies shall be made available by such organization for inspection during regular business hours by any individual at the principal office of the organization and, if such organization regularly maintains 1 or more regional or district offices having 3 or more employees, at each such regional or district office.

NCUA has provided all FCU's with a copy of the 1987 consolidated Form 990 it filed for 1987; a copy is enclosed. Since the form only provides aggregated figures for all FCU's, it contains no specific information on any single FCU. However, many FCU's are small in size and staffed by volunteers, who would much prefer NCUA to continue being permitted to file a consolidated form. Several state credit union trade associations have contacted us and asked that we continue filing the consolidated 990. NCUA is willing to do so and to send copies to all FCU's if the consolidated Form 990 can be used to satisfy FCU's obligation under Sections 6033 and 6104(e) of the Internal Revenue Code.

We request your opinion on this issue as soon as possible. If FCU's are required to file their own 990's for calendar year 1988, we need to give several months' notice for them to make the necessary preparations.

Please contact Ms. Hattie Ulan of this Office at (202) 357-1030 if you need any further information.

Sincerely,



TIMOTHY P. McCOLLUM  
Assistant General Counsel

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Enclosures