



NATIONAL CREDIT UNION ADMINISTRATION

WASHINGTON, D.C. 20456

February 13, 1992

Kathleen Hennon
Business Manger
Shea Federal Credit Union
1000 SW 84th Avenue
Pembroke Pines, Florida 33025

Re: ~~Tax Exemption~~ (Your January 28, 1992, Letter)

Dear Ms. Hennon:

You have asked whether you have to file Florida tax forms. As you know, federal credit unions are non-profit organization and pursuant to Section 122 of the FCU Act (12 U.S.C. Section 1768), are exempt from all taxes imposed by the United States or by any State, Territorial, or local taxing authority except for local real or personal property tax. Furthermore, Section 501(c)(1) of the Internal Revenue Code explicitly exempts federal credit unions from federal income tax.

The instructions for Form F-1120 states that:

Non-profit organizations which are fully exempt from the federal income tax and have a "determination letter" from the Internal Revenue service to that effect, must file a copy of the determination letter attached to Form F-1120 for the first year they qualify as an exempt organization or the first year subject to the Florida Income Tax Code. Additional returns will not be required as long as they continue to qualify for exemption from federal income tax.


Although the FCU is clearly exempt from the Florida income tax, we recommend you contact the Florida Department of Rev-

FOIA V B, 4 Taxation

Kathleen Hennon
February 13, 1992
Page 2

enue and inquire what form they require of you since federal credit unions do not receive determination letters from the Internal Revenue Service ("IRS"). Enclosed, as you requested, are the tax forms you asked us to review. Also enclosed are two letters which may prove helpful; Letter to Credit Unions #100 with an enclosed letter from the IRS to NCUA stating that FCUs are 501(c)(1) tax exempt organizations and a recent letter on the tax exempt status of federal credit unions signed by the NCUA General Counsel.

Sincerely,



Hattie M. Ulan
Associate General Counsel

Enclosures

GC/MM:sg
SSIC 3601
92-0203

NCUA

LETTER TO CREDIT UNIONS

NCUA LETTER NO. 100

DATE: October 27, 1988

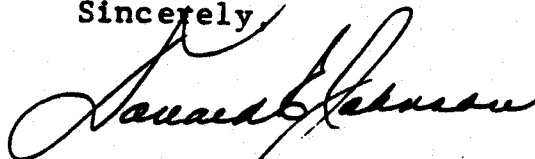
TO OFFICIALS OF THE FEDERAL CREDIT UNION ADDRESSED:

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.

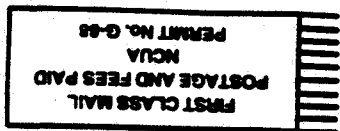
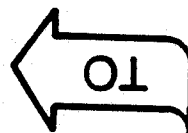
Because NCUA and the exempt federal credit unions it supervises are not required to file annual information returns, the disclosure requirements under section 6104(e) of the Code, which discusses the availability of such returns for inspection, are not applicable. In direct response to your inquiry, 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



NATIONAL CREDIT UNION ADMINISTRATION

WASHINGTON, D.C. 20456

TO WHOM IT MAY CONCERN:

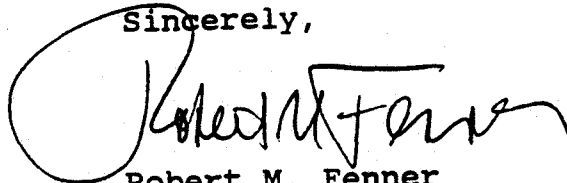
On behalf of the National Credit Union Administration, the Federal government agency established by Congress to regulate federal credit unions in accordance with the Federal Credit Union Act, this certifies that federal credit unions are exempt from all taxes imposed by the United States or by any State, Territorial, or local taxing authority except for local real or personal property tax. This exemption includes municipal taxes such as hotel taxes and night occupancy taxes where the legal incidence of the tax falls on the federal credit union (FCU). Furthermore, a federal credit union is entitled to the tax exemption regardless of whether the federal credit union pays (including FCU reimbursable payment by federal credit union officials and employees engaging in official credit union business) by cash, check, credit card, debit card, charge card or any other method of acceptable payment. Section 1768 of Title 12 of the United States Code, the authority which exempts all federal credit unions, is reprinted below:

12 USC 1768

"The Federal credit unions organized hereunder, their property, their franchises, capital, reserves, surpluses, and other funds, and their income shall be exempt from all taxation now or hereafter imposed by the United States or by any State, Territorial, or local taxing authority; except that any real property and any tangible personal property of Federal credit unions shall be subject to Federal, State, Territorial and local taxation to the same extent as other similar property is taxed. Nothing herein contained shall prevent holdings in any Federal credit union organized hereunder from being included in the valuation of the personal property of the owners or holders thereof in assessing taxes imposed by authority of the State or political subdivision thereof in which the Federal credit union is located; but the duty or burden of collecting or enforcing the payment

of such a tax shall not be imposed upon any such Federal credit union and the tax shall not exceed the rate of taxes imposed upon holdings in domestic credit unions."

Sincerely,

A handwritten signature in black ink, appearing to read "Robert M. Fenner". The signature is written in a cursive style with a large, looping initial "R".

Robert M. Fenner
General Counsel
National Credit Union
Administration

GC/MM:sg
SSIC 3600
92-0109