

Rev. Rul. 60-169, 1960-1 C.B. 621

In lieu of the filing of a separate annual return, Form 990, Return of Organization Exempt from Income Tax, by each of the individual Federal Credit Unions, a group information return, Form 990, may be filed by the Bureau of Federal Credit Unions covering all of the exempt Federal credit unions under its supervision.

Revenue Ruling 55-133, C.B. 1955-1, 138, superseded.

The Internal Revenue Service has been requested to reconsider its position expressed in Revenue Ruling 55-133, C.B. 1955-1, 138, which requires each individual Federal Credit Union, listed by the Bureau of Federal Credit Unions as exempt from Federal income tax, to file an annual information return, Form 990, Return of Organization Exempt from Income Tax.

The Federal Credit Union Act, as amended, 12 U.S.C. 1751, provides that Federal Credit Unions organized thereunder are not subject to Federal income tax. The Act further provides that each Federal Credit Union organized thereunder shall act as fiscal agent of the United States, when requested by the Secretary of the Treasury, and shall perform such services as the Secretary may require in connection with the collection of taxes and other obligations due the United States. The Bureau of Federal Credit Unions under the Department of Health, Education, and Welfare is required to maintain supervision over the individual Federal Credit Unions.

Section 6033(a) of the Internal Revenue Code of 1954 provides, in part, that every organization, with certain exceptions, exempt from taxation under section 501(a) shall file an annual return stating specifically the items of gross income, receipts, and disbursements, and such other information as the Secretary of the Treasury or his delegate may by forms or regulations prescribe. The one exception pertinent here is an organization described in section 501(c)(1), if such organization is a corporation wholly owned by the United States or any agency or instrumentality thereof, or a wholly-owned subsidiary of such a corporation.

The Service has held that Federal Credit Unions organized and operated in accordance with the Federal Credit Union Act are recognized as instrumentalities of the United States within the meaning of section 501(c)(1) of the Code. However, since they are not wholly owned by the United States or any agency or instrumentality thereof within the intendment of section 6033(a) of the Code, they are required to file annual information returns on Form 990. See Rev. Rul. 55-133.

Section 1.6033-1 of the Income Tax Regulations provides that a central, parent, or like organization exempt under section 501(a) of the Code and described in section 501(c), although required to file a separate annual return for itself under section

6033, may file annually, in addition to such separate annual return, a group return on Form 990. Such group return may be filed for two or more of the local organizations which are (1) chartered by, or affiliated or associated with, such central organization at the close of its annual accounting period, (2) subject to the general supervision of, and examination by, the central organization, and (3) exempt from taxation under section 501(a) and described by the same provision of section 501(c) as the central organization.

The regulations also provide that the filing of such a group return shall be in lieu of the filing of separate returns by each of the local organizations included in the group return. The group return shall include only those local organizations which in writing have authorized the central organization to include them in the group return and which have filed statements with the central organization specifically stating their items of gross income, receipts, and disbursements, and such other information relating to them as is required to be stated in the group return.

The regulations provide further that there shall be attached to the group return and made a part thereof a schedule showing the name and address of each of the local organizations and the total number thereof included in such return, as well as a schedule showing the name and address of each of the local organizations and the total number thereof not included in the group return. Prior to or simultaneously with the filing of a group return, the central organization shall notify each District Director of Internal Revenue for the internal revenue district in which is located the principal place of business or principal office of each local organization included in or excluded from such group return that the local organization has or has not been, or will or will not be, included in such group return. The filing with each District Director concerned of a copy of the above mentioned schedule shall constitute the required notice.

As stated above, the Bureau of Federal Credit Unions is an agency of the Federal government under the Department of Health, Education, and Welfare. Therefore, it is not required to file an annual information return, Form 990, covering its activities. The Bureau, however, does prepare annually a 'Report of Operations, Federal Credit Unions' from information submitted by all of the individual Federal Credit Unions under its supervision, pursuant to the requirement of the Federal Credit Union Act, including therein all financial information with respect to the operation of the respective individual Federal Credit Unions.

In view of the above, it is held that the Bureau of Federal Credit Unions may annually file a group information return, Form 990, covering all of the exempt Federal Credit Unions under its supervision, which will be in lieu of a separate annual return by each of the individual Federal Credit Unions. A copy of the 'Report of Operations, Federal Credit Unions,' for the year involved, must be attached to the Form 990. This group return

shall be filed with the District Director of Internal Revenue at Baltimore, Maryland, and should clearly indicate that it is applicable only to those individual Federal Credit Unions under the supervision of the Bureau of Federal Credit Unions.

In addition, it will be necessary for the Bureau of Federal Credit Unions to prepare and file with each District Director a schedule showing the names and mailing addresses of each included Federal Credit Union located in such district as of the close of the year for which the return is filed.

Revenue Ruling 55-133, which requires the filing of an annual information return, Form 990, by each of the individual Federal Credit Unions, is hereby superseded.