America's Credit Unions

Credit Unions and IRS Form 990 Filing

- Federally-Chartered credit unions (FCUs) are not required to file an IRS Form 990 because they have been deemed federal instrumentalities. However, even if they did not have that designation there is no clear reason to have FCUs file Form 990s because they already are required to make quarterly filings with the National Credit Union Administration (NCUA) that go well beyond the requirements of the Form 990.

- FCUs have significant and burdensome reporting requirements that substantially overlap with IRS Form 990. For example, FCUs file a quarterly Call Report that contains approximately 3,400 fields. These fields include detailed financial data on loans, investments, deposits, income, expenses, etc. They also file Form 4501A with the NCUA that contains approximately 400 fields on, among other things, product and service offerings, directors, senior staff, branch locations, and key vendors like core processors.

- IRS Form 990 contains approximately 250 fields, many of which overlap with current FCU reporting or supervisory requirements. For example, the financial data included in Parts I, VIII, IX, X, and XI of the 990 that is relevant to credit unions is all available through the Call Report. The senior officers and directors listed in Parts VI and VII are available on the NCUA 4501A form. The compliance checklist in Parts IV and V may have value for other types of non-profits, but not for highly-regulated financial institutions that face routine audits and examinations from regulators.

- It is also important to note that most banks are not required to disclose compensation for their senior executives. This includes Subchapter S banks that do not pay federal income tax. Only publicly traded banks must make compensation disclosures, and that is in their SEC filings. Requiring federal credit unions to spend more resources filling out redundant and unnecessary IRS disclosures does not benefit the working Americans the rely on credit unions for safe, affordable financial services, and it serves no policy purpose.

- Bankers continue to push to have credit unions file Form 990 because they know it would create a new regulatory burden that will impose costs and take resources away from serving credit union members. For banks, it is about weakening their competition. As noted above, filing Form 990 does not provide any additional pertinent tax information to the IRS, nor provide any additional critical information or benefit that is not already accessible via other channels.