



BULLETIN

Colorado Division of Financial Services

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Issued to: State-Chartered Credit Unions

Subject: Form 990 Tax Filing Requirement

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Due to recent changes brought about by the Internal Revenue Service (IRS), each state chartered credit union will individually be responsible to make all IRS filings beginning with the 2006 tax year. This includes form 990. The Division of Financial Services (Division) has filed the 990 form in the past under a group exemption number.

Background

The IRS notified the Division that any state chartered credit union that files 250 returns annually or having assets of \$10 million or more is required to file form 990 electronically for the 2006 tax year. Credit unions not exceeding these minimum thresholds may file a paper 990 form. In addition, there appears to be increased scrutiny by the IRS on the operations and transparency of reporting with regard to UBIT, Board and Management information. In years past, the Division was able to omit such information when filing form 990 under the group exemption number. New IRS requirements will not allow incomplete information or an exemption for the Division from filing electronically. This makes it impossible for the Division to continue to file a group return. To obtain and verify information required on the 990 tax forms for each credit union is beyond the resources the Division has to devote to such a task.

Reporting Expectations

Credit unions exceeding the IRS minimum thresholds are expected to file form 990 electronically using one of the IRS approved software vendors. A list of providers can be found at <http://www.irs.gov/efile/lists/0,,id=119598,00.html>. The IRS directed us to this list. Your tax advisor may be qualified to make the electronic filing with the use of approved software. The Division highly recommends that each credit union seek the advice of an experienced tax advisor when completing the tax forms.

Going Forward

The Division is disappointed that it will no longer be able to file the group form on behalf of our state chartered credit unions. We will continue to keep abreast of this issue and to provide any new information to the industry on a timely basis. Please contact this office if you have any questions.