

A State agency may file a group information return, Form 990, Return of Organization Exempt from Income Tax, covering all of the exempt State-chartered credit unions under its control and supervision, which will be in lieu of each individual credit union filing a separate information return.

Advice has been requested whether the principle of Revenue Ruling 60-169, C.B. 1961-1, 62, may be extended to permit a State instrumentality to file an annual group information return, Form 990, Return of Organization Exempt from Income Tax, covering all of the exempt, State-chartered credit unions which are under its control and supervision.

Revenue Ruling 60-169, holds that the Bureau of Federal Credit Unions, an agency of the Federal government under the Department of Health, Education and Welfare, may file, annually, 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, although the Bureau is not itself subject to Federal income tax and is not required to file an information return covering its own activities.

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.

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 prior, (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 provisions 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.

Neither section 6033 of the Code nor section 1.6033-1 of the regulations provides specifically for the filing of group information returns by State agencies. However, the situation in State-chartered credit union cases is closely analogous to that in the Federal Credit Union cases since the controlling State agency is not subject to Federal income tax and is not required to file Form 990, in its own behalf.

Accordingly, it is held that a State agency may file with the District Director in whose district the principal office of the State agency is located, a group information return, Form 990, Return of Organization Exempt from Income Tax, covering all of the exempt State-chartered credit unions under its control and supervision, which will be in lieu of each individual credit union filing a separate information return.

However, only those State credit unions, under the supervision of the State agency, whose exempt status has been established under section 501(a) of the Code, may be included in such a group information return. In addition, there must be attached to the Form 990 a combined financial report of all of the credit unions included in the group return. A copy of a published combined report, if any, may be furnished for this purpose.