



Credit Unions Act 1979

1979 CHAPTER 34

General and miscellaneous

25 Taxation

- (1) After section 340 of the Income and Corporation Taxes Act 1970 there shall be inserted the following section—

“340A Credit Unions.

- (1) Subject to subsection (2) below, in computing for the purposes of corporation tax the income of a credit union for any accounting period—
- (a) neither the activity of the credit union in making loans to its members nor in placing on deposit or otherwise investing from time to time its surplus funds shall be regarded as the carrying on of a trade or part of a trade ; and
 - (b) interest received by the credit union on loans made by it to its members shall not be chargeable to tax under Case III of Schedule D or otherwise.
- (2) Paragraph (b) of subsection (1) above shall not apply to an accounting period of a credit union for which the credit union is obliged to make a return under section 340(5) of this Act and has not done so within three months after the end of that accounting period or such longer period as the inspector shall allow.
- (3) No share interest, loan interest or annuity or other annual payment paid or payable by a credit union in any accounting period shall be deductible in computing for the purposes of corporation tax the income of the credit union for that period from any trade carried on by it or be treated for those purposes as a charge on income.
- (4) A credit union shall not be regarded as an investment company for the purposes of section 304 or section 306 of this Act (management expenses and capital allowances).

Status: This is the original version (as it was originally enacted).

- (5) In the case of a credit union registered under the Industrial and Provident Societies Act (Northern Ireland) 1969 before the passing of the Credit Unions Act 1979, the preceding provisions of this section shall apply to the accounting period beginning on or after 1st October 1979.
- (6) For the year 1978-79 and the next six following years of assessment there shall be disregarded for all purposes of the Income Tax Acts any share interest paid to a member by a credit union and a credit union shall not be obliged under section 340(5) of this Act to make a return in respect of any such payment.
- (7) In this section—
- " credit union " means a society registered as a credit union under the Industrial and Provident Societies Act 1965 or the Industrial and Provident Societies Act (Northern Ireland) 1969;
- " share interest " and " loan interest " have the same meaning as in section 340 of this Act;
- " surplus funds ", in relation to a credit union, means funds not immediately required for its purposes;
- and references to the payment of share interest or loan interest include references to the crediting of such interest."
- (2) In section 340 of the Income and Corporation Taxes Act 1970 (industrial and provident societies, etc.)—
- (a) in subsection (1) (share and loan interest to be deductible or constitute a charge on income) after the words " subject to subsection (6) below " there shall be inserted the words " and to section 340A(3) of this Act " ; and
- (b) at the beginning of subsection (3) (share and loan interest to be chargeable under Case III of Schedule D) and at the beginning of subsection (5) (duty to make return of payments made without deduction of tax) there shall be inserted the words " Subject to section 340A(6) of this Act. " .