



Tullamore
Credit Union Ltd.

**TAXATION OF
ACCOUNTS WITH
CREDIT UNIONS**



Tullamore Credit Union Ltd.

WHAT IS THE CURRENT POSITION?

Members who hold shares in the credit union have the option of having the annual dividend paid out gross or net of D.I.R.T Tax. At present all members' savings, except that held in CUID accounts, are held as shares.

Interest paid on Deposit Accounts is always paid after deduction of DIRT.

WHAT ARE THE OPTIONS?

Option 1 – Share Account

Under this option, members can have their dividend paid out without deduction of DIRT Tax. The member is still obliged to pay tax on the dividend at his/her marginal rate of tax. (This can be 0%, 20% or 41% depending on the individual circumstances). The amount of dividend must be included in the member's annual tax return to the Revenue.

Option 2 – Special Share Account

Members can also opt for a Special Share Account where all dividend payments will be liable for DIRT tax at the prevailing rate. This DIRT tax will be deducted by the Credit Union before the dividend is credited to the member's account. This will fully satisfy all tax liabilities of the member for that dividend, and the member does not have to include that income in his/her tax return.

WHAT DO I DO NOW?

It is up to each individual member to decide on the option that best suits their own circumstances. Any member who has not already opted to transfer to a Special Share Account now holds a Share Account.

HOW DO I TRANSFER TO A SPECIAL SHARE ACCOUNT?

A member must inform the credit union, in writing, of his/her wish to have DIRT deducted and to transfer to a Special Share account. A form for this purpose is available from any of our offices. No change of account number is required.



ARE CERTAIN PEOPLE EXEMPT FROM PAYING DIRT TAX?

Yes, since 2007 certain members, who are aged 65 or over, or are permanently incapacitated, may be exempt from paying DIRT Tax, subject to certain conditions.

WHAT ARE THESE CONDITIONS?

Category A – Members Aged over 65

- You, or your spouse must be aged 65 or over
- Your total annual income must not exceed €20,000 for an individual or €40,000 for a married couple.
- This income limit may be increased if you have a dependent child, or children:
 - Under 18 years of age.
 - Over 18 and in full time education
 - Incapacitated either physically or mentally

Category B - Members Permanently Incapacitated

This exemption is also available to any member who, or whose spouse is, permanently incapacitated.

Joint accounts only qualify for the exemption if they satisfy the above criteria, and the account holders are husband and wife.

I'M NOT SURE WHETHER I QUALIFY FOR AN EXEMPTION. WHAT SHOULD I DO?

If you are unclear as to whether you qualify for the exemption, then you should seek a ruling from the Tax Office. Alternatively you could seek the assistance of a qualified tax specialist.

HOW DO I APPLY FOR AN EXEMPTION?

A special application form (Revenue Form DE1) is available from the credit union offices in Tullamore and Kildbeggan. The completed form should be returned to the Credit Union, where it will be retained. This form is subject to inspection by the revenue authorities.

WHAT HAPPENS IF MY CIRCUMSTANCES CHANGE AND I NO LONGER QUALIFY FOR THE EXEMPTION?

It is your responsibility to inform the credit union of any change in your circumstances as a result of which you no longer qualify for the exemption.

ARE DETAILS OF MY ACCOUNT REPORTED TO THE REVENUE?

In May 2008, regulations were introduced requiring banks, post offices and all other financial institutions, including credit unions, to provide the Revenue with details of the names and addresses of account holders who receive interest (or dividend) payments in excess of €635 in any year, and the amount paid to their account.

This regulation will come into operation for credit unions in respect of dividends and interest payments in the year ended September 30th 2009.

IS THIS REQUIRED EVEN IF I PAY DIRT?

This information is required irrespective of whether DIRT has been deducted or not. However the Revenue is advised if DIRT has been deducted.

WHAT HAPPENS WITH A JOINT ACCOUNT?

In the case of a joint account the details of each party to the account are returned. The amount attributed to each party is the full amount of the payment into the account. It is up to the member(s) to clarify this with the Revenue in finalising their own tax affairs.

ARE THERE ANY OTHER CHANGES IN THE REGULATIONS?

Yes. Under the new regulations, Revenue must be provided with the details of all new members who open accounts after January 1st 2009. These details will now include the member's P.P.S (tax reference) number, which will be required to open an account with any financial institution after that date.

(NOTE: This document is designed to provide basic information for members of Tullamore Credit Union Ltd. It is not meant to be a comprehensive review of current taxation issues. Members are advised to discuss their own position with the Revenue authorities, or seek the assistance of a qualified tax advisor, if in any doubt as to their liabilities.)

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