



Protect the credit union tax status

HOW CREDIT UNIONS OPERATE

Credit unions are member-owned, democratically governed, not-for-profit financial cooperatives with a specified mission of promoting healthy financial habits and providing access to credit to their members.

Credit unions have a “people helping people” mission, making a positive impact on the communities since before the Great Depression. State and federally chartered credit unions are exempt from the federal income tax on profits because of their not-for-profit structure. Congress granted credit unions this tax status to support and sustain a system of member-owned, cooperative financial services – designed to serve people from all walks of life, including the underserved and working families.



WHAT'S AT RISK?

The credit union tax status is a vital part of credit unions' structure. Removing it would threaten the survival of the nation's 4,500 credit unions, erode the financial well-being of more than 140 million credit union members nationwide, and impact the broader benefits credit unions provide to their communities and consumers overall.

CREDIT UNIONS BY THE NUMBERS

Credit unions
serve more than
140 million
Americans

The credit union
tax status delivers a
1,300% return on
investment

Credit unions deliver
\$35.9 billion in
benefits to consumers
(members and non-members)

CREDIT UNION TAX STATUS IMPACT

The financial benefits that credit unions provide far exceed the cost of the credit union federal tax status. In fact, the credit union tax status' annual "cost" of \$2.8 billion (estimated by the Joint Committee on Taxation) delivers an approximate 1,300% return on investment, with **\$35.9 billion in member and non-member benefits** for the year ending June 2024.

These benefits to members and non-members come from the credit union structure. Without stockholders demanding a market return on their investment – like banks – member-owners get lower loan interest rates, higher savings yields, fewer/lower fees, and more. Many branches work with their members to waive fees during hard financial times and offer financial literacy programs to equip them with healthy financial habits.

The credit union federal tax status allows credit unions to provide safe and affordable financial services to people from all walks of life. For non-members, credit unions provide options and a needed check-and-balance on for-profit financial institutions, giving them access to more consumer-friendly prices.

Credit unions' place in financial services is critical for those left behind by banks.

CREDIT UNIONS DO PAY TAXES

While credit unions don't pay corporate income taxes, they **DO** pay a host of other federal and state taxes. Credit unions accounted for roughly \$23 billion in federal taxes in 2023, along with \$13 billion in state and local taxes. Any new tax on credit unions is a tax on the more than 140 million credit union member-owners, including the many teachers, police, firefighters, small business owners, veterans, soldiers and sailors served by our nation's credit unions.



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OUR ASK:

We urge Congress to oppose any new taxes on credit unions, and to preserve and protect the credit union tax status.