



STATE OF IOWA

KIM REYNOLDS, GOVERNOR
ADAM GREGG, LT. GOVERNOR

IOWA DEPARTMENT OF COMMERCE
DIVISION OF CREDIT UNIONS
KATIE AVERILL, SUPERINTENDENT

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Iowa Division of Credit Unions Regulatory Advisory Bulletin

2022 Call Report Changes Impact on Moneys and Credits Tax:

Iowa law requires each Iowa state-chartered credit union to maintain a legal reserve account. See Iowa Code sections 533.303 533.329. The 2022 Call Report changes removed the call report line for regular reserves. The Iowa Division of Credit Unions instructs credit unions to comply with the following treatment for undivided earnings and legal reserves.

Account Treatment: The actual undivided earnings account and any legal reserve account, may **not** be combined within the credit union's accounts. Iowa law requires each Iowa state-chartered credit union to maintain a legal reserve account. See Iowa Code 533.303 and 533.329. Combination of the undivided earnings account and the regular reserve account, as reported on previous call reports, may prevent proper moneys and credits tax reporting, will require itemization, and may result in additional regulatory action.

Call Report Treatment: In order to properly maintain accurate reporting for moneys and credits taxes, credit unions should ensure balances used in previous moneys and credits calculations continue to be included as a separate line item on the call report for future tax filings. For future call reports, any amount reported previously as regular reserves should be reported in the "other reserve" line on the call report page 3, line 10. Anything currently listed in the "other reserve line" should be combined with the undivided earnings on the call report page 3, line 9.

Future moneys and credits tax filings will require additional attestation that the information reported in "other reserves" is a correct and accurate report of the former regular reserve account used to meet legal reserve requirements in accordance with Iowa Code section 533.303. The IDCU will continue to review Moneys and Credits Tax Return Form during examinations.

Please address any questions regarding reporting or confirmation of treatment to your Examiner In Charge (EIC).

A handwritten signature in black ink, appearing to read "Katie Averill".

Katie Averill
Superintendent of Credit Unions

KA/jcp