



Credit Unions Act 1979

1979 CHAPTER 34

General and miscellaneous

24 Modifications of requirements as to audit of accounts

- (1) A credit union may display at its registered office, but only at that office, an interim revenue account or balance sheet which has not been audited, provided that—
 - (a) the latest audited revenue account and balance sheet are displayed side by side with the interim revenue account or balance sheet; and
 - (b) the interim revenue account or balance sheet so displayed is marked in clearly legible characters and in a prominent position with the words " UNAUDITED REVENUE ACCOUNT" or, as the case may be, " UNAUDITED BALANCE SHEET ".
- (2) Paragraphs (a) and (b) of subsection (5) of section 3 of the Friendly and Industrial and Provident Societies Act 1968 (requirements as to audit) shall not apply in relation to any such interim revenue account or balance sheet as is referred to in subsection (1) above and section 39(1) of the 1965 Act (annual returns) shall not apply to any such interim balance sheet

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

Status: This is the original version (as it was originally enacted).

- (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).
- (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. " .

26 Prohibition on subsidiaries

A credit union shall not have any subsidiary within the meaning of section 15 of the Friendly and Industrial and Provident Societies Act 1968.

27 Prohibition on undischarged bankrupts and other persons

A person who is an undischarged bankrupt or who has been convicted on indictment of any offence involving fraud or dishonesty shall not—

- (a) sign an application form for registration of a credit union; or
- (b) act as a member of the committee of a credit union; or
- (c) directly or indirectly take part in or be concerned in the management of a credit union ; or
- (d) permit his name to be put forward for election or appointment to any office in a credit union ;

and where a person holding any office in a credit union becomes ineligible by virtue of this section to hold that office, he shall forthwith cease to hold that office.

28 Provisions as to offences

- (1) Subject to subsections (2) and (3) below, in sections 61 to 66 and section 68 of the 1965 Act (general provisions as to offences by registered societies, their officers and others) as they apply to credit unions references to the 1965 Act shall include references to this Act.
- (2) Section 63 of the 1965 Act (continuing act or default to constitute a new offence every week) shall not apply to an offence under section 12(5) above.
- (3) Without prejudice to the operation of subsection (1) above in relation to offences under the 1965 Act committed by or in relation to a credit union, section 66(2) of that Act (extension of time limit for summary prosecutions in certain cases) shall not apply to proceedings for an offence under this Act.
- (4) Where under section 62 of the 1965 Act (offences by registered societies to be also offences by officers, etc.) as it applies by virtue of subsection (1) above an individual is convicted on indictment of an offence under this Act, he shall be liable not only to a fine but, in the alternative or in addition, to imprisonment for a term not exceeding two years.
- (5) Where an offence under this Act which has been committed by a body corporate other than a registered society is proved to have been committed with the consent or connivance of, or to be attributable to any neglect on the part of, any director, manager, secretary or similar officer of the body corporate, or any person who was purporting to act in any such capacity, he as well as the body corporate shall be guilty of that offence and shall be liable to be proceeded against and punished accordingly.
- (6) In any proceedings for an offence under this Act it shall be a defence for the person charged to prove that he took all reasonable precautions and exercised all due diligence to avoid the commission of such an offence by himself or any person under his control.

29 Orders made by the chief registrar

- (1) Any power to make an order conferred on the chief registrar by any provision of this Act, except Schedule 3 to this Act, shall be exercisable by statutory instrument which shall be subject to annulment in pursuance of a resolution of either House of Parliament.

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- (2) The Statutory Instruments Act 1946 shall apply to orders made by the chief registrar in the exercise of any power to which subsection (1) above applies notwithstanding that he is not a Minister of the Crown.

30 Expenses and fees

- (1) There shall be paid out of moneys provided by Parliament any increase attributable to this Act in the administrative expenses of the chief registrar and any assistant registrar.
- (2) Any fees received by the chief registrar or any assistant registrar by virtue of this Act shall be paid into the Consolidated Fund.

31 Interpretation, etc.

- (1) In this Act—

" authorised bank " means—

- (a) a recognised bank or municipal bank within the meaning of the Banking Act 1979 ;
- (b) a trustee savings bank within the meaning of section 3 of the Trustee Savings Banks Act 1969;
- (c) the National Savings Bank ; and
- (d) the Post Office in the exercise of its powers to provide banking services ;

and, so long as the powers conferred on the chief registrar by Schedule 3 to this Act remain exercisable, includes an institution for the time being designated by him in accordance with that Schedule;

" charitable ", in the application of this Act to Scotland, shall be construed in the same way as in the Income Tax Acts;

"credit union ", except in the expression " Northern Ireland credit union ", means a society registered under the 1965 Act by virtue of section 1 above ;

"the 1965 Act " means the Industrial and Provident Societies Act 1965 ;

" non-qualifying member ", in relation to a credit union, has the meaning assigned to it by sections 5(5) and 21(4) above;

" relative ", in relation to any person, means any of the following—

- (a) his spouse;
- (b) any lineal ancestor, lineal descendant, brother, sister, aunt, uncle, nephew, niece or first cousin of his or his spouse ; and
- (c) the spouse of any relative within paragraph (b) above;

and for the purpose of deducing any such relationship an illegitimate child or step-child shall be treated as a child born in wedlock ;

" spouse " includes former spouse and reputed spouse ; and

" statutory maximum ", in relation to a fine on summary conviction, means—

- (a) in England and Wales, the prescribed sum within the meaning of section 28 of the Criminal Law Act 1977 ; and
- (b) in Scotland, the prescribed sum within the meaning of section 289B of the Criminal Procedure (Scotland) Act 1975;

(which in each case was at the passing of this Act £1,000).

- (2) Section 67 and sections 70 to 74 of the 1965 Act (supplementary provisions as to recovery of costs, fees, regulations, documents, meaning of "chief registrar", etc. and general interpretation provisions) shall apply for the purposes of this Act as they apply for the purposes of that Act.
- (3) In its application to credit unions the 1965 Act shall have effect subject to the provisions of this Act and with the omission of the following provisions (which are replaced by, or are inconsistent with, provisions of this Act), that is to say sections 6, 12, 19, 21, 30 and 31.

32 Northern Ireland

- (1) The Treasury may make reciprocal arrangements with the Department of Commerce for Northern Ireland or such other authority as may be specified for the purposes of this subsection by any Measure of the Northern Ireland Assembly with a view to securing that, on or after the commencement of this Act.—
 - (a) the law applicable in England and Wales to credit unions registered at the central office and the law applicable in Scotland to credit unions registered by the assistant registrar for Scotland may be applied, in such cases and subject to such modifications as may be provided in the arrangements, to Northern Ireland credit unions; and
 - (b) the law applicable in Northern Ireland to Northern Ireland credit unions may be applied, in such cases and subject to such modifications as may be provided in the arrangements, to credit unions registered at the central office or by the assistant registrar for Scotland;and section 76 of the 1965 Act (which enables societies registered in Northern Ireland to be treated for certain purposes as if they were registered under that Act) shall not apply to Northern Ireland credit unions.
- (2) The Treasury may by regulations under section 71 of the 1965 Act make provision for giving effect to any arrangements made under subsection (1) above, and such regulations may in particular—
 - (a) confer rights and obligations (appropriate to credit unions) under this Act and the Industrial and Provident Societies Acts 1965 to 1978 on Northern Ireland credit unions in such circumstances as may be specified in the regulations;
 - (b) confer functions on the chief registrar, the central office and the assistant registrar for Scotland in relation to Northern Ireland credit unions ; and
 - (c) make such modifications of this Act, the Industrial and Provident Societies Acts 1965 to 1978 and the Government of Ireland (Companies, Societies, etc.) Order 1922 as appear to the Treasury to be expedient to give effect to the arrangements.
- (3) In this section "Northern Ireland credit union" means a society registered as a credit union under the law of Northern Ireland.
- (4) An Order in Council made under paragraph 1(1)(b) of Schedule 1 to the Northern Ireland Act 1974 which contains a statement that its purposes correspond to those of this Act shall be subject to annulment in pursuance of a resolution of either House of Parliament instead of the Order, or a draft of the Order, being subject to the procedure set out in paragraph 1(4) or (5) of that Schedule.

33 Short title, commencement and extent

- (1) This Act may be cited as the Credit Unions Act 1979.
- (2) This section and section 32 above shall come into operation on the passing of this Act and the other provisions of this Act shall come into operation on such day as the Treasury may appoint by order made by statutory instrument; and different days may be so appointed for different provisions.
- (3) Any reference in this Act to the commencement of any provision of this Act shall be construed as a reference to the day appointed under this section for the coming into operation of that provision.
- (4) With the exception of section 25 and section 32(4) above, this Act does not extend to Northern Ireland.