



## Taxation Measures on Credit Union Dividends Important Notice to Members

### Taxation Measures on Credit Union Dividends

On 1<sup>st</sup> January 2002, new regulations were introduced which changed the system of taxation on credit union dividends. Regarding your credit union account, you may now opt for Deposit Interest Retention Tax (DIRT) to be automatically deducted from your dividend. Alternatively, you may opt for the gross dividend to be paid (i.e. without the deduction of DIRT the account options are as follows:

#### Regular Share Account

- **Dividends are paid gross** to the member's account after each year's AGM.
- It is taxable in full as an income, and therefore if you pay tax at the higher rate of 41%, that rate will apply to your dividend.
- It is your responsibility to return this income as part of your annual tax returns.

#### Special Share Account

- You may opt to have DIRT automatically deducted from your dividend, at the standard rate of DIRT (currently 33%).
- **Dividends will then be paid net** of DIRT to the member's account after each year's AGM.
- In opting for the option, the DIRT deducted satisfies your total tax liability in respect of your dividend for that year.
- For members who pay tax at the top rate, there is a clear advantage in opting for this special Share Account.

### New/Existing Member:

I wish to designate my Share Account as a Special Share Account, the terms and conditions of which will include:

- Dividend will be posted net to my account each year after the deduction of DIRT.
- The Credit Union will deduct the DIRT and pay it to Revenue on my behalf.
- The rate of tax will be the prevailing rate announced in the Finance Act annually.
- The deduction of tax will fully discharge my tax liability in respect of the dividend paid to my Special Share Account.

I have read, understood and accept the foregoing terms and conditions. I also understand and accept that all my accounts with the Credit Union are subject to the rules of the Credit Union and the Credit Union Act 1997.

### Member Details

Name: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

Account Nr: \_\_\_\_\_

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Witnessed by: \_\_\_\_\_



**System Updated**

**By:** \_\_\_\_\_

**Date:** \_\_\_\_\_

