

(Closed)

FEDERAL RESERVE BANK
OF NEW YORK

January 10, 1919.

4 $\frac{1}{2}$ %**U. S. TREASURY CERTIFICATES ACCEPTABLE IN PAYMENT OF TAXES**

DEAR SIRS:

The Treasury Department has announced a new series of Tax Certificates, bearing 4½% interest, dated January 16, 1919, payable June 17, 1919, and acceptable at par with adjustment of accrued interest in payment of income and profits taxes due at the time the certificates mature or not more than 60 days prior to that date.

The certificates will be issued as of January 16th but subscriptions are now being received subject to allotment, and should be entered through your regular banking connections. They are an especially desirable form of investment for temporary funds accumulated in anticipation of tax requirements, not only because of the satisfactory return, but because of the excellence of the security and the fact that the certificates are payable at maturity like any other short paper, if not utilized for the payment of taxes.

Corporations and individuals purchasing these certificates perform an important service to the Government by distributing in advance the strain which would otherwise fall on the banks in meeting the heavy withdrawals at the tax periods.

We enclose a circular herewith which describes the issue in detail.

Very truly yours,

R. H. TREMAN,

Deputy Governor.

Federal Reserve Bank of New York

Offering of

United States Treasury **4 1/2%** Certificates of Indebtedness

RECEIVABLE IN PAYMENT OF FEDERAL INCOME AND PROFITS TAXES

SERIES T 2

Dated January 16, 1919

Due June 17, 1919

Dear Sirs:

The Secretary of the Treasury, under authority of act of Congress approved September 24, 1917, as amended by the act approved April 4, 1918, offers for subscription at par and accrued interest, a limited amount of Treasury certificates of indebtedness, Series T 2, dated January 16, 1919, maturing June 17, 1919, and bearing interest at the rate of $4\frac{1}{2}\%$ per annum from date of issue.

Certificates of this series will be accepted at par with an adjustment of accrued interest during such time and under such rules and regulations as shall be prescribed or approved by the Secretary of the Treasury, in payment of income and profits taxes when payable at or within sixty days before maturity of the certificates. They do not bear the circulation privilege and will not be accepted in payment on bond subscriptions.

In accordance with the above, subscriptions will be received by the Federal Reserve Bank of New York and allotments will be made in the order that subscriptions are received, but the right is reserved to reject any subscription and to allot less than the amount of certificates applied for and to close the subscriptions at any time without notice.

Payment at par and accrued interest for certificates allotted must be made on January 16, 1919, or later allotment. Upon payment, interim receipts will be issued pending delivery of the definitive certificates. U. S. Treasury $4\frac{1}{2}\%$ certificates of indebtedness of Series 4F and 4G, maturing January 16, 1919, and January 30, 1919, respectively, and 4% certificates of the Tax Series of 1919, maturing July 15, 1919, with all unmatured interest coupons attached, will be accepted at par with an adjustment of accrued interest in payment for any certificates of this series which shall be subscribed for and allotted. Qualified depositaries will be permitted to make payment by credit for certificates allotted to them for themselves and their customers up to an amount for which each shall have qualified in excess of existing deposits when so notified by Federal reserve bank.

The certificates will be issued in denominations of \$500, \$1,000, \$5,000 \$10,000 and \$100,000, payable to bearer.

They shall be exempt both as to principal and interest from all taxation now or hereafter imposed by the United States, any State or any of the Possessions of the United States or by any local taxing authority, except:

- (a) Estate or inheritance taxes, and
- (b) Graduated additional income taxes commonly known as surtaxes, and excess profits and war profits taxes now or hereafter imposed by the United States upon the income or profits of individuals, partnerships, associations or corporations.

However, the interest on an amount of bonds and certificates, the principal of which does not exceed in the aggregate \$5,000, authorized by the said Act of September 24, 1917, and amendments thereto, and owned by any individual, partnership, association or corporation, shall be exempt from the taxes provided for in clause "b" above.

Respectfully,

R. H. TREMAN,

January 10, 1919.

Deputy Governor.