

FEDERAL RESERVE BANK OF DALLAS

FISCAL AGENT OF THE UNITED STATES

Dallas, Texas, January 6, 1943

**To Qualified Agents for the Issuance of
War Savings Bonds, Series E:**

There is enclosed a copy of Treasury Department Circular No. 704, dated December 29, 1942, which prescribes Series E, F, and G Savings Bonds as obligations of the United States which may be used as a credit against the Victory Tax.

The circular also quotes Subchapter D, Part I, Sec. 453 (a) (3) of the Internal Revenue Code.

Yours very truly,

R. R. GILBERT

President



OBLIGATIONS OF THE UNITED STATES AS CREDIT AGAINST VICTORY TAX

1942
Department Circular No. 704
Fiscal Service
Bureau of the Public Debt

TREASURY DEPARTMENT,
OFFICE OF THE SECRETARY,
Washington, Dec. 29, 1942.

The following regulations are issued pursuant to Subchapter D, Part I, Sec. 453 (a) (3) of the Internal Revenue Code, as added by the Revenue Act of 1942, which reads as follows:

"SEC. 453. CREDIT AGAINST VICTORY TAX.

"(a) ALLOWANCE OF CREDIT.—There shall be allowed as a credit against the victory tax for each taxable year: * * *

"(3) The amount by which the amount of obligations of the United States owned by the taxpayer on the last day of the taxable year exceeds the greater of (A) the amount of such obligations owned by the taxpayer on December 31, 1942, or (B) the highest amount of such obligations owned by the taxpayer on the last day of any preceding taxable year ending after December 31, 1942. As used in this paragraph (i) the term 'owned by the taxpayer' shall include the amount of the obligations owned solely by the taxpayer and one-half of the amount of the obligations owned jointly by the taxpayer with one other person, but shall not include such obligations acquired by the taxpayer by gift, or inheritance, or otherwise than by purchase; (ii) the term 'obligations of the United States' means such obligations of the United States as the Secretary may by regulations prescribe, and as are purchased in such manner and under such terms and conditions as he may specify; and (iii) the term 'amount of obligations of the United States' means the amount paid for such obligations."

(1) The following classes of securities issued by the United States are prescribed as "obligations of the United States" within the meaning of such term as used in Subchapter D, Part I, Sec. 453 (a) (3) of the Internal Revenue Code:

1. United States Savings Bonds, Series E, F, and G.

(2) The right is reserved to amend or supplement this circular, at any time, or from time to time.

HENRY MORGENTHAU, Jr.,
Secretary of the Treasury.

(Filed with the Division of the Federal Register, December 30, 1942)