

# FEDERAL RESERVE BANK OF DALLAS

FISCAL AGENT OF THE UNITED STATES

Dallas, Texas, July 9, 1943

## PERTINENT INFORMATION REGARDING DEPOSITS OF WITHHOLDING TAXES

**To All Insured Banks in the  
Eleventh Federal Reserve District:**

In connection with the Current Tax Payment Act of 1943, we are enclosing the following circulars and forms prepared by the Treasury Department:

Treasury Department Circular No. 714, Regulations Governing the Payment Through Depositary Banks of Funds Withheld as Taxes.

Treasury Department Application-Agreement, Form No. 411.

Treasury Department Resolution Authorizing Execution of Application-Agreement, Form No. 411-A.

Treasury Department Circular No. 660, First Supplement.

Treasury Circular No. 714 contains the official regulations pertaining to (a) qualification of banks as special depositaries to receive from employers funds representing taxes withheld from the salaries or wages of employees, (b) accounting for such deposits, and (c) method of compensating depositaries.

All banks insured by the Federal Deposit Insurance Corporation are eligible to qualify as depositaries, and those banks desiring to qualify should execute Application-Agreement, Form 411. This must be authorized by a resolution of the board of directors of the applying bank and a certified copy of the resolution on Form 411-A must accompany the application. Each bank should follow the regular procedure wherever practicable, but in order to avoid any undue delay in qualifying the Treasury Department has authorized this bank or branch to accept Application-Agreement, Form 411, executed by an officer of the bank specifically authorized to execute such agreement by a duly authorized committee of the board of directors, or an Application-Agreement executed by an officer of the bank who has general authority to act on behalf of the bank. Such officer should in each case be of the class indicated in Form 411-A. All such agreements accepted without a supporting board resolution must be ratified by the board of directors at its next meeting, and a copy of the ratifying resolution (Form 411-A with appropriate modifications) must be sent to this bank or branch immediately, and in any event, not later than ten days after such meeting. Forms executed by banks served by our branches at El Paso, Houston, and San Antonio should be returned to the branch in whose territory the depositary bank is located. Upon receipt of the forms, properly executed, this bank will promptly issue a Certificate of Qualification authorizing the depositary to perform functions outlined in Treasury Department Circular No. 714.

Funds received from employers representing withheld taxes must be deposited in a special account as authorized in the Treasury Department's circular. Deposits in the account may be accumulated until a balance of \$5,000 is reached, at which time the depositary must remit the entire balance to this bank or branch not later than the following business day, but not more frequently than once each day, for credit to the account of the Treasurer of the United States. The entire balance in the special account on the last business day in each month, regardless of the size of the balance, must be remitted to this bank or branch not later than the following business day.

Depository receipts (Treasury Department Form No. 410) must be issued to employers making the deposits. The original of the Treasury Department's receipt must be delivered to the employer. Each remittance to this bank or branch must be accompanied by the first copy of the depository receipt, and the second copy should be retained by the depository bank. All remittances must be in immediately available funds and depositories will not be required to accept from employers as payment of withheld taxes funds which are not immediately available to the depositories at the time of such payment. The depository receipt, Form No. 410, will be distributed by this bank and its branches as soon as a supply has been received from the Treasury Department. An estimate of the number of such receipts needed for a three-month period should be furnished this bank or branch by each depository bank when Forms 411 and 411-A are executed.

The Treasury Department circular provides that no type of Government securities, including Tax Savings Notes, shall be accepted by depositories from employers for credit in the special account.

For the purpose of offsetting expenses incurred by depositories, qualified banks will be permitted to purchase 2% Depository Bonds issued pursuant to Treasury Department Circular No. 660, First Supplement. A duly qualified depository may make application through this bank to purchase the bonds, either with its own funds or with funds which the Treasury Department may deposit with the depository bank upon application. The amount of bonds a depository may purchase will depend upon the monthly average amount of remittances made to this bank or branch and the monthly average number of receipts issued to employers. The amount of the initial purchase of Depository Bonds will be calculated on the basis of the business transacted under the terms of the circular during the first full calendar month following the date of qualification. Adjustments in the amount of bonds purchased will be made at the close of the first three-month period of operation after the initial purchase is made, and thereafter appropriate adjustments will be made at the close of each six-month period ending June 30 and December 31. Tables showing the amount of bonds that may be purchased are incorporated in Circular No. 714. The Depository Bonds purchased will be registered in the name of the Federal Reserve Bank of Dallas as Fiscal Agent of the United States in trust for the depository bank, and will be held by the Federal Reserve Bank of Dallas as Fiscal Agent in safekeeping as long as the depository bank is qualified to receive deposits of withheld taxes.

The Secretary of the Treasury reserves the right to terminate the qualification of any depository at any time, and the depository may terminate its qualification upon thirty days' notice. Upon such termination the amount of 2% Depository Bonds held for the account of a depository bank will be redeemed on not less than thirty days' nor more than sixty days' notice by the Secretary of the Treasury.

If further information is desired, please communicate promptly with this bank or the branch in whose territory your bank is located.

**Yours very truly,**

**R. R. GILBERT**

**President**