

# FEDERAL RESERVE BANK OF DALLAS

FISCAL AGENT OF THE UNITED STATES

Dallas, Texas, February 10, 1950

## TREASURY TAX AND LOAN ACCOUNT TRANSACTIONS

**To All Banking Institutions in the  
Eleventh Federal Reserve District:**

In view of the many questions which have arisen in connection with Treasury Tax and Loan Account transactions and especially the transactions relative to the new plan for deposit of withheld income and social security taxes which became effective with wages paid on and after January 1, 1950, there is outlined herein a description of the account and transactions involved which arise from the new Federal Tax procedure.

The Treasury Tax and Loan Account is merely a new name, effective January 1, 1950, for the account which has been known for many years as the War Loan Deposit Account. War Loan depositaries are automatically qualified as Treasury Tax and Loan depositaries and are not required to file new applications or resolutions in order to maintain their deposit accounts. Payments in connection with Series E Savings Bonds sales reports, applications for United States Savings Bonds of Series F and G, applications for Treasury Savings Notes, and subscriptions for cash issues of marketable securities when payment by credit is authorized, may be made by credit to the Treasury Tax and Loan Account of a depositary in the same manner as payment for such items has been handled heretofore. The methods by which payments for Federal Tax transmittal letters and deposits of Federal Taxes directly with this bank by employers may be deposited in the Treasury Tax and Loan Account are described in the two succeeding paragraphs. Many of the forms now in use by this bank refer to the account as War Loan Deposit Account. The new name of the account will be incorporated in the forms as new supplies are printed.

**Payment of Federal Taxes Transmitted by Qualified Depositaries for Federal Taxes.** Banks which have qualified under the new plan as Depositaries for Federal Taxes are permitted to accept from employers deposits of withheld income and social security taxes accompanied by Federal depositary receipts, Form No. 450, which have been filled in by the employers. The depositary receipts accepted should be endorsed and dated on the reverse side and are to be forwarded daily to this bank or appropriate branch. The receipts should be accompanied by cash remittances in funds which are immediately available at this bank or the appropriate branch, or in the case of banks which are qualified as Treasury Tax and Loan depositaries, by appropriate advice that funds equaling the amount of receipts forwarded have been credited to the Treasury Tax and Loan Account of the depositary. The transmittal letters furnished by this bank, when appropriately marked in the space provided, will constitute advice that the funds have been so credited. Complete information concerning the qualification of banks as Depositaries for Federal Taxes and the procedure to be followed by the depositaries may be found in Treasury Department Circular No. 848 which was mailed to all banks, together with this bank's circular letter of December 6, 1949.

**Special Draft for Credit in Treasury Tax and Loan Account.** A procedure has been provided by the Treasury Department whereby qualified Treasury Tax and Loan depositories also may receive, at their option, deposits in their Treasury Tax and Loan Accounts equivalent to the amount of checks drawn on them by employers who remit taxes directly to a Federal Reserve bank instead of to a Depository for Federal Taxes. Under that procedure, this bank will prepare daily a Special Draft, Form 453, for Credit in Treasury Tax and Loan Account for an amount equal to the amount of such checks drawn on each Treasury Tax and Loan depository in the district. The draft will be forwarded in duplicate to reach the depository simultaneously with the related checks, which will be included in the regular cash letter from this bank or branch. If the depository desires to exercise its option of depositing the amount of the draft in its Treasury Tax and Loan Account, the original of the draft should be signed, dated, endorsed, and forwarded to this bank or appropriate branch through regular check collection channels. Member banks or nonmember clearing banks may forward such drafts in their cash letters to this bank or appropriate branch, or if they prefer to a correspondent member bank. Nonmember banks should forward the drafts through their correspondent bank which are members of the Federal Reserve System. All such drafts transmitted through a correspondent bank should be restrictively endorsed by the depository on the reverse thereof in favor of the correspondent bank. Such correspondent banks should endorse and date the special drafts forwarded to them and present them through regular check collection channels to this bank or branch on which the drafts are drawn. It is essential that the drafts be received before expiration of the number of business days shown on the face of each draft. The duplicate copy of each draft should be retained by the depository as evidence of the deposit in its Treasury Tax and Loan Account. If a Treasury Tax and Loan depository does not desire to exercise its option of depositing the amount of the draft in its Treasury Tax and Loan Account, the draft may be destroyed. Complete information concerning the issue and use of Special Draft Form 453 is found in paragraphs 18-22 of Treasury Department Circular No. 92, Revised, dated November 10, 1949.

FEDERAL RESERVE BANK OF DALLAS  
Fiscal Agent of the United States