

# FEDERAL RESERVE BANK OF DALLAS

FISCAL AGENT OF THE UNITED STATES

Dallas, Texas, February 26, 1951

## IMPORTANT NOTICE RELATING TO DEPOSITS IN TREASURY TAX AND LOAN ACCOUNTS OF SPECIAL DEPOSITARIES

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

The Secretary of the Treasury has announced that, in order to avoid an undue strain in the money market that might result from immediate withdrawal of funds from the banking system on account of large quarterly installment payments of corporation income taxes and excess profits taxes, Special Depositaries of Public Moneys will be permitted to accept for deposit in their Treasury Tax and Loan Accounts funds not to exceed the aggregate amount of checks of \$10,000 or over that are drawn on such depositaries by corporations when remitting these taxes to collectors of internal revenue. This provision will be effective with respect to the tax payment checks received by collectors during the period from March 5, 1951 to March 31, 1951. The Secretary of the Treasury has also announced that future tax payments may from time to time be handled in a similar manner.

There is enclosed for your information a copy of the Second Amendment to Treasury Department Circular No. 92 (Revised), dated February 12, 1951, relating to deposits in the Treasury Tax and Loan Accounts of Special Depositaries. During the period from March 5, 1951 to March 31, 1951, (1) collectors of internal revenue will deposit directly with the several Federal Reserve Banks checks of \$10,000 or over representing quarterly installment payments of corporation income taxes and excess profits taxes, (2) Federal Reserve Banks will prepare daily a "Special Draft For Credit in Treasury Tax and Loan Account" (Form 453, appearing as Exhibit C in Treasury Department Circular No. 92—Revised) in an amount not to exceed the aggregate amount of such checks drawn on each Special Depository, and (3) in accordance with the conditions prescribed in the Second Amendment and set forth on the face of the Special Draft, Special Depositaries may exercise their option to accept for deposit in their Treasury Tax and Loan Accounts funds in an amount equal to the amount of the Special Draft.

If a depository desires to exercise its option of depositing the amount of the Special 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 banks 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.

The Treasury Department, in the interest of economy and efficiency in this operation has authorized adoption of this procedure with respect to checks in the amount of \$10,000 or over only, inasmuch as it is estimated that such checks represent approximately ninety percent of the dollar amount of these tax payments while comprising only approximately ten percent of the total volume. Calls for withdrawals of balances in Treasury Tax and Loan Accounts will be made against deposits arising from this source before any withdrawals are made with respect to other funds in these accounts.

This bank will be glad to furnish any additional information in this connection that may be desired.

Yours very truly,

R. R. GILBERT

President