

FEDERAL RESERVE BANK OF DALLAS

FISCAL AGENT OF THE UNITED STATES

Dallas, Texas, May 29, 1951

SPECIAL DEPOSITS OF INCOME TAX PAYMENTS IN TREASURY TAX AND LOAN ACCOUNTS

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

The procedure adopted by the Treasury Department for the special handling of payments of corporation income and excess profits taxes of \$10,000 or more during March of this year, as outlined in this bank's circular letter of February 26, proved very helpful in alleviating any undue strain in the money market. Accordingly, in view of the heavy tax collections to be made during June, the Treasury has decided to re-establish the procedure for both individual and corporate income tax remittances of \$10,000 or more, except tax notes, received by collectors of internal revenue during the period June 1 through June 30, 1951, and deposited with Federal Reserve Banks. Under the procedure, as outlined in the following paragraphs, Special Depositories of Public Moneys will be permitted to deposit such payments in their Treasury Tax and Loan Accounts.

During the period from June 1, 1951 through June 30, 1951, (1) collectors of internal revenue will deposit directly with the several Federal Reserve Banks checks representing tax remittances of \$10,000 or over covering payments of individual and corporate income taxes, (2) Federal Reserve Banks will prepare daily a "Special Draft For Credit in Treasury Tax and Loan Account" in an amount not to exceed the aggregate amount of such checks drawn on each Special Depository, and (3) in accordance with the conditions set forth on the face of the Special Draft, Special Depositories 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 the office 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.

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