

FEDERAL RESERVE BANK OF DALLAS

FISCAL AGENT OF THE UNITED STATES

Dallas, Texas, August 28, 1951

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

To all Banking Institutions in the
Eleventh Federal Reserve District:

The Treasury Department has decided to re-establish the procedure adopted for the special handling of payments of income and excess profits taxes of \$10,000 or more, as outlined in this bank's circular letters of February 26 and May 29, 1951, for such payments received during September. The procedure will apply to all remittances of \$10,000 or more, except savings notes, submitted in payment of individual and corporate income and excess profits taxes, interest or penalties, including deficiencies, and payments of estimated taxes, received by collectors of internal revenue during the period September 1 through October 1, 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 September 1 through October 1, 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.

During the first two quarters of this calendar year calls for withdrawals of balances in Treasury Tax and Loan Accounts were made against deposits arising from these tax payments before any withdrawals were made of other funds in these accounts. However, withdrawals of balances in Treasury Tax and Loan Accounts arising from the September, 1951, tax payments will be made in the light of the Treasury Department's financing needs and condition of the money market at that time.

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

Yours very truly,

R. R. GILBERT

President