

FEDERAL RESERVE BANK OF DALLAS

FISCAL AGENT OF THE UNITED STATES

Dallas, Texas, February 27, 1954

SPECIAL HANDLING OF LARGE INCOME TAX PAYMENTS, TREASURY SAVINGS NOTES, AND TAX ANTICIPATION SERIES CERTIFICATES OF INDEBTEDNESS

To All Banking Institutions and Others Concerned
in the Eleventh Federal Reserve District:

The Treasury Department has announced that the procedure which prevailed during the first two quarterly tax payment periods of 1953, with respect to the handling of large payments of individual and corporate income taxes, will be effective also for March 1954 tax collections, to the extent of 50% of the amount of tax payments of \$10,000 or over.

During the period from March 1, 1954, through April 7, 1954, (1) Directors 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 and excess profits 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 50% of the aggregate amount of such checks drawn on each Special Depository, and (3) in accordance with 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.

Withdrawals of balances in Treasury Tax and Loan Accounts arising from deposits under this special procedure will be made as required by the needs of the Treasury.

Treasury Certificates of Indebtedness of Series C-1954, Tax Anticipation Series maturing March 22, 1954, and Treasury Savings Notes are acceptable in payment of Federal income and profits taxes due March 15, 1954. In order to facilitate the use of the certificates and savings notes by taxpayers in payment of such taxes, the Treasury has authorized Federal Reserve Banks and Branches to accept such securities and to issue receipts to Directors of Internal Revenue showing that the securities are held for the purpose of applying the proceeds of redemption to the payment of taxes of the taxpayer named on the receipt. Two copies of each receipt will be delivered to the taxpayer concerned, who will attach the appropriate copy to his income tax return filed with the Director of Internal Revenue. Directors of Internal Revenue have been instructed to accept tax returns to which are attached copies of receipts addressed to them by the Federal Reserve Banks and Branches.

Tax Anticipation Certificates of Indebtedness and Treasury Savings Notes to be handled in accordance with this procedure should be presented to this bank or appropriate branch with complete information as to the name and address of the taxpayer involved and as to the Director of Internal Revenue to whom the taxes are payable. Banks which desire that this series of certificates or savings notes held by this bank or one of its branches in safekeeping or as collateral be withdrawn and applied in payment of their taxes should furnish appropriate instructions to the office where the securities are held. Securities, or instructions relating to securities held in safekeeping or as collateral by this bank or branch, should be received in sufficient time to permit the return of the copies of receipts to be attached to the income tax returns.

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

Yours very truly,

WATROUS H. IRONS

President