

FEDERAL RESERVE BANK OF DALLAS

FISCAL AGENT OF THE UNITED STATES

Dallas, Texas, April 15, 1954

SPECIAL OFFERING TAX ANTICIPATION SERIES—TREASURY BILLS

52 DAYS

To Be Dated April 27, 1954

\$1,000,000,000

Maturing June 18, 1954

Acceptable at Face Value in Payment of Income and Profits Taxes due on June 15, 1954.

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

Your attention is invited to the following statement for release April 16, 1954, giving details of a new issue of Treasury Bills:

"The Treasury Department, by this public notice, invites tenders for \$1,000,000,000, or thereabouts, of 52-day Treasury bills, to be issued on a discount basis under competitive and non-competitive bidding as hereinafter provided. The bills of this series will be designated Tax Anticipation Series, they will be dated April 27, 1954, and will mature June 18, 1954. They will be accepted at face value in payment of income and profits taxes due on June 15, 1954, and to the extent they are not presented for this purpose the face amount of these bills will be payable without interest at maturity. Taxpayers desiring to apply these bills in payment of June 15, 1954, income and profits taxes have the privilege of surrendering them to any Federal Reserve Bank or branch not more than fifteen days before June 15, 1954, and receiving receipts therefor showing the face amount of the bills so surrendered. These receipts may be submitted in lieu of the bills on or before June 15, 1954, to the District Director of Internal Revenue for the district in which such taxes are payable. They will be issued in bearer form only, and in denominations of \$1,000, \$5,000, \$10,000, \$100,000, \$500,000, and \$1,000,000 (maturity value).

"Tenders will be received at Federal Reserve banks and branches up to the closing hour, two o'clock p.m., Eastern Standard Time, Wednesday, April 21, 1954. Tenders will not be received at the Treasury Department, Washington. Each tender must be for an even multiple of \$1,000, and in case of competitive tenders the price offered must be expressed on the basis of 100, with not more than three decimals, e.g., 99.925. Fractions may not be used. It is urged that tenders be made on the printed forms and forwarded in the special envelopes which will be supplied by Federal Reserve Banks or branches on application therefor.

"Others than banking institutions will not be permitted to submit tenders except for their own account. Tenders will be received without deposit from incorporated banks and trust companies and from responsible and recognized dealers in investment securities. Tenders from others must be accompanied by payment of 2 percent of the face amount of Treasury bills applied for, unless the tenders are accompanied by an express guaranty of payment by an incorporated bank or trust company.

"Immediately after the closing hour, tenders will be opened at the Federal Reserve banks and branches, following which public announcement will be made by the Treasury Department of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, non-competitive tenders for \$200,000 or less without stated price from any one bidder will be accepted in full at the average price (in three decimals) of accepted competitive bids. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on April 27, 1954, in cash or other immediately available funds, provided, however, any qualified depository will be permitted to make payment by credit in its Treasury Tax and Loan Account for Treasury bills allotted to it for itself and its customers up to any amount for which it shall be qualified in excess of existing deposits when so notified by the Federal Reserve Bank of its district.

"The income derived from Treasury bills, whether interest or gain from the sale or other disposition of the bills, shall not have any exemption, as such, and loss from the sale or other disposition of Treasury bills shall not have any special treatment, as such, under the Internal Revenue Code, or laws amendatory or supplementary thereto. The bills shall be subject to estate, inheritance, gift or other excise taxes, whether Federal or State, but shall be exempt from all taxation now or hereafter imposed on the principal or interest thereof by any State, or any of the possessions of the United States, or by any local taxing authority. For purposes of taxation the amount of discount at which Treasury bills are originally sold by the United States shall be considered to be interest. Under Sections 42 and 117 (a) (1) of the Internal Revenue Code, as amended by Section 115 of the Revenue Act of 1941, the amount of discount at which bills issued hereunder are sold shall not be considered to accrue until such bills shall be sold, redeemed or otherwise disposed of, and such bills are excluded from consideration as capital assets. Accordingly, the owner of Treasury bills (other than life insurance companies) issued hereunder need include in his income tax return only the difference between the price paid for such bills, whether on original issue or on subsequent purchase, and the amount actually received either upon sale or redemption at maturity, or the amount of income or profits taxes paid by means of the bills, during the taxable year for which the return is made, as ordinary gain or loss.

"Treasury Department Circular No. 418, Revised, and this notice, prescribe the terms of the Treasury bills and govern the conditions of their issue. Copies of the circular may be obtained from any Federal Reserve bank or branch."

Payment for this issue of Treasury bills must be made or completed at this bank or appropriate branch in cash or other immediately available funds on April 27, 1954, provided, however, any qualified depository will be permitted to make payment by credit in its Treasury Tax and Loan Account for Treasury bills allotted to it for itself and its customers up to any amount for which it shall be qualified in excess of existing deposits.

In accordance with the above announcement, tenders will be received at this bank and its branches at El Paso, Houston and San Antonio, up to one o'clock p. m., Wednesday, April 21, 1954, Central Standard Time. Tenders may not be entered by telephone.

Yours very truly,

WATROUS H. IRONS

President