SPECIAL HANDLING OF LARGE INCOME TAX PAYMENTS

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 1954, with respect to the special handling of large payments of corporation income taxes, will be effective also for March 1955 tax collections. This arrangement will be applicable only to the extent of 25% of the amount of tax payments of $10,000 or over.

During the period from February 28, 1955 through April 1, 1955, (1) Directors of Internal Revenue will make special deposits with the Federal Reserve banks of checks representing tax remittances of $10,000 or over covering payments of corporation income taxes only, (2) Federal Reserve banks will prepare daily a “Special Draft for Credit in Treasury Tax and Loan Account” in an amount not to exceed 25% of the aggregate amount of such checks drawn on each Special Depositary, and (3) in accordance with conditions 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.

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

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

Yours very truly,

WATROUS H. IRONS
President