

# FEDERAL RESERVE BANK OF DALLAS

FISCAL AGENT OF THE UNITED STATES

Dallas, Texas, October 17, 1957

## ENDORSEMENT DATES ON DEPOSITARY RECEIPTS

### To Depositaries for Federal Taxes:

The importance of your endorsement date on depositary receipts as verification of the date such taxes are deposited by your customers is emphasized by the statement from the Treasury Department printed on the reverse side of this letter.

This reminder is sent to you to insure that all personnel handling such depositary receipts are aware of the importance of the endorsement date. Please note particularly that failure of the taxpayer to make timely deposit of taxes may cause him to be subject to penalties and that the date of your endorsement on the depositary receipt is the effective date of payment for the taxpayer. Therefore, your endorsement should reflect the actual date the tax deposit is **received** whether or not such deposit is functioned on that date. Ordinarily, as provided in Subsection (D) of Section 6 of Treasury Department Circular No. 848, the transaction should be completed on the date received, and the depositary receipts should be forwarded to this bank at that time.

Your continued cooperation in handling these deposits in accordance with Treasury regulations will be appreciated.

Yours very truly,

Watrous H. Irons

President

**TREASURY DEPARTMENT  
FISCAL SERVICE  
Washington, D. C.**

**TO:** All incorporated banks and trust companies qualified as Depositaries for Federal Taxes, pursuant to Treasury Department Circular No. 848 (Revised), dated June 25, 1951, as amended.

**SUBJECT:** Endorsing and dating of depositary receipts on the reverse thereof by Depositaries for Federal Taxes.

Treasury Department Circular No. 848 (Revised), dated June 25, 1951, as amended, provides in Section 6 — Procedure to be Followed by Depositaries for Federal Taxes, Sub-section (c), that "Depositaries will endorse each depositary receipt in the space provided on the reverse thereof, indicating the name of the depositary and the date on which the tax deposit was received by the depositary." District Directors of Internal Revenue examine all depositary receipts to ascertain if taxpayers are complying with regulations governing tax deposits, and the timeliness of deposits made with Depositaries for Federal Taxes is determined by the date contained in the endorsement on the reverse of the depositary receipt.

Section 6656 of the Internal Revenue Code of 1954 provides for imposition of penalties on any person required to make deposits of taxes if such tax deposits are not made on or before the date prescribed therefor. Application of this penalty provision has resulted in a considerable number of complaints from taxpayers who allege that their deposits were made with the depositary prior to the date shown in the depositary's endorsement on the reverse of the depositary receipt. In some instances taxpayers are adopting the practice of sending their depositary receipts and related remittances directly to the Federal Reserve Banks to avoid the inconvenience of replying to inquiries from the Internal Revenue Service and the further possibility of a penalty assessment, all of which is caused indirectly by depositaries failing to follow instructions with respect to the proper dating of depositary receipts.

The Treasury Department wishes to emphasize the importance of the date in the endorsement on the reverse of depositary receipts, in view of the penalty provision of Section 6656 of the Internal Revenue Code of 1954. The requirement is mandatory that Depositaries for Federal Taxes, and branches of such depositary banks, indicate the date that tax deposits are actually received, regardless of whether the depositaries are able to credit their Treasury Tax and Loan accounts or otherwise function the depositary receipts and transmit them to the Federal Reserve Bank or Branch on the same date. Depositaries for Federal Taxes should instruct and request their tellers and other bank personnel to record on the depositary receipt form the date it was actually received by them for processing.

W. T. Heffelfinger  
Fiscal Assistant Secretary

October 2, 1957