

FEDERAL RESERVE BANK OF DALLAS

FISCAL AGENT OF THE UNITED STATES

Dallas, Texas, September 20, 1962

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

There is quoted below a press statement issued today by the Treasury Department in regard to current financing:

Treasury Offers \$3 Billion in March Tax Bills

As the first step in meeting its fourth quarter cash needs, the Treasury announced the offering of \$3 billion in 170-day Tax Anticipation bills. The bills, which are to be dated October 3, 1962, and mature on March 22, 1963, will be accepted at face value in payment of income taxes due on March 15, 1963. The bills will be auctioned on Wednesday, September 26. The payment date is Wednesday, October 3. Any qualified depository will be permitted to make payment by credit in its Treasury Tax and Loan Account.

Tenders for the Tax Anticipation Treasury bills will be received at this bank and at its branches at El Paso, Houston and San Antonio, up to eleven-thirty a.m., Central Standard time, Wednesday, September 26. Official forms for this offering are enclosed.

Yours very truly,

Watrous H. Irons

President

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TREASURY BILLS — TAX ANTICIPATION SERIES

170 DAYS

Dated October 3, 1962

\$3,000,000,000

Maturing March 22, 1963

Acceptable at face value in payment of income and profits taxes due March 15, 1963

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

Your attention is invited to the following statement giving details of a new issue of Treasury bills:

"The Treasury Department, by this public notice, invites tenders for \$3,000,000,000, or thereabouts, of 170-day Treasury bills, to be issued on a discount basis under competitive and noncompetitive bidding as hereinafter provided. The bills of this series will be designated Tax Anticipation Series, they will be dated October 3, 1962, and they will mature March 22, 1963. They will be accepted at face value in payment of income and profits taxes due on March 15, 1963, 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 March 15, 1963, income and profits taxes have the privilege of surrendering them to any Federal Reserve Bank or Branch or to the Office of the Treasurer of the United States, Washington, not more than fifteen days before March 15, 1963, 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 March 15, 1963, to the District Director of Internal Revenue for the District in which such taxes are payable. The bills will be issued in bearer form only, and in denominations of \$1,000, \$5,000, \$10,000, \$50,000, \$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, one-thirty p.m., Eastern Daylight Saving time, Wednesday, September 26, 1962. Tenders will not be received at the Treasury Department, Washington. Each tender must be for an even multiple of \$1,000, and in the 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.

"Banking institutions generally may submit tenders for account of customers provided the names of the customers are set forth in such tenders. 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.

"All bidders are required to agree not to purchase or to sell, or to make any agreements with respect to the purchase or sale or other disposition of any bills of this issue, until after one-thirty p.m., Eastern Daylight Saving time, Wednesday, September 26, 1962.

"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, noncompetitive tenders for \$400,000 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. Payment of accepted tenders at the prices offered must be made or completed at the Federal Reserve Bank in cash or other immediately available funds on October 3, 1962, 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, does not have any exemption, as such, and loss from the sale or other disposition of Treasury bills does not have any special treatment, as such, under the Internal Revenue Code of 1954. The bills are subject to estate, inheritance, gift or other excise taxes, whether Federal or State, but are 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 is considered to be interest. Under Sections 454 (b) and 1221 (5) of the Internal Revenue Code of 1954 the amount of discount at which bills issued hereunder are sold is not considered to accrue until such bills are 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 during the taxable year for which the return is made, as ordinary gain or loss.

"Treasury Department Circular No. 418 (current revision) 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 October 3, 1962, 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 the amount for which it shall be qualified in excess of existing deposits).

Please note the required agreement not to purchase or sell this security prior to one-thirty p.m., Eastern Daylight Saving time, Wednesday, September 26, 1962.

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 eleven-thirty a.m., Central Standard time, Wednesday, September 26, 1962. Tenders may not be entered by telephone.

Yours very truly,

Watrous H. Irons

President

