

FEDERAL RESERVE BANK OF DALLAS

FISCAL AGENT OF THE UNITED STATES

Dallas, Texas, February 18, 1964

SPECIAL HANDLING OF TAX PAYMENTS

**To All Tax and Loan Depositories
in the Eleventh Federal Reserve District:**

The Treasury Department has announced that the procedure customarily in effect during periods of heavy tax payments, with respect to the special handling of large payments of income taxes, will be effective for the March 1964 corporation income tax collections. This arrangement will be applicable only to the extent of 50% of the amount of checks of \$10,000 or more, representing payments of corporation income taxes.

During the period from March 2, 1964, through March 31, 1964, (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, (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 drafts, Special Depositories may exercise their options to accept for deposit in their Treasury Tax and Loan Accounts funds in amounts equal to the amounts of the special drafts. **Attention is called to the requirement that deposits in the account be secured at the time of entry by the pledge of adequate collateral.**

The Treasury Department has indicated that it may be necessary to either increase or decrease the percentage amount of such checks for credit in the Treasury Tax and Loan Account from time to time during the period in order to prevent undue fluctuations in the account of the Treasurer of the United States with Federal Reserve banks.

No distinction will be made between these special credits and other credits to Treasury Tax and Loan Accounts. Withdrawals of balances in Treasury Tax and Loan Accounts will be made as required by the needs of the Treasury.

The Treasury will take steps to deny credit to depositaries for customers' tax checks arising from sales to the depositaries of customers' Tax Anticipation Bills maturing March 23, 1964. As previously stated, the Treasury does not look with favor upon such transactions, and if it learns that any depository is following this practice, credit will be withheld for tax checks which grow out of such transactions.

Additional copies of this circular will be furnished upon request.

Yours very truly,

Watrous H. Irons

President