

FEDERAL RESERVE BANK OF DALLAS
FISCAL AGENT OF THE UNITED STATES

Dallas, Texas, May 16, 1966

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 with respect to the special handling of payments of income taxes of \$10,000 or more which is customarily in effect during periods of heavy tax payments will be in effect for payments of **corporation and individual income** taxes due June 15. The procedure will be applicable to the extent of **50 percent** of the amount of eligible checks representing taxes due June 15.

During the period June 15 through June 30, Directors of Internal Revenue will make special deposits of eligible tax checks of \$10,000 or more with the Federal Reserve banks. Each day this bank will prepare in the name of the drawee depository bank a "Special Draft for Credit in Treasury Tax and Loan Account," in an amount not to exceed 50 percent of the amount of such checks. In accordance with conditions set forth on the face of the special drafts, the depositories may exercise their options to accept the amounts shown on the special drafts for deposit in their Treasury Tax and Loan Accounts. **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 reserves the right to increase or decrease the percentage amount of such checks for credit in the Treasury Tax and Loan Account during the period, if such action is required, to prevent undue fluctuations in the account of the Treasurer of the United States with Federal Reserve banks.

Withdrawals of balances in Treasury Tax and Loan Accounts will be made as required by the needs of the Treasury, and no distinction will be made between these and other deposits.

The Treasury will take steps to deny credit to depositories for customers' tax checks arising from sales to the depositories of customers' Tax Anticipation Bills maturing June 22, 1966. 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