

FEDERAL RESERVE BANK OF DALLAS

FISCAL AGENT OF THE UNITED STATES

DALLAS, TEXAS 75222

Circular No. 67-39
February 17, 1967

To All Treasury 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 corporate income taxes handled for the period March 15 through March 31. The procedure will be applicable to the extent of 50 percent of the amount of eligible checks handled during the March period.

During the period March 15 through March 31, 1967, 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 the applicable percentage 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.

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 March 22, 1967. 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