

FEDERAL RESERVE BANK OF DALLAS
FISCAL AGENT OF THE UNITED STATES
DALLAS, TEXAS 75222

Circular No. 67-258
December 21, 1967

To All Banks and Others Concerned
in the Eleventh Federal Reserve District:

There is enclosed Treasury Department Circular No. 1079, First Revision, relating to the extension of the new Federal tax deposit system to employment and excise taxes accruing on and after January 1, 1968. The system is an expansion of the one currently in effect for corporation taxes as outlined in Treasury Department Circular No. 1079, which was mailed with this bank's circular letter No. 67-54 dated March 13, 1967.

Under the new procedure, taxpayers will continue to deposit taxes with an approved commercial bank depository for Federal taxes or with a Federal Reserve Bank. There will be a separate and distinct Federal tax deposit form for each class of tax being deposited. A supply of prepunched and preinscribed Federal tax deposit forms will be mailed to each taxpayer at the address indicated on his tax return in time to make the first deposit required in 1968. Instructions with respect to the procedure for making tax deposits will appear on the tax deposit forms. Depositories should advise taxpayers who inquire that additional Federal deposit tax forms, if needed, should be requested from the Internal Revenue Service Center for the region or from the District Director of Internal Revenue with which he files his return. The tax deposit forms will not be available at this bank or at depository banks.

One of the principal features of the new system is that Federal Reserve Banks will no longer return validated depository receipts to taxpayers. Taxpayers will claim credit for their deposits on their tax returns on the basis of their own record. Tax deposit credits claimed on returns will be verified by the Internal Revenue Service against deposits made with commercial bank depositories and Federal Reserve Banks. It should be noted that these changes do not apply to deposits for any tax liability accruing before January 1, 1968.

Paragraph 4 of this bank's circular letter dated March 13, 1967, indicated that the depository bank's stamp on the tax deposit form must contain its ABA number, in addition to the name of the depository and the date the payment was received. Due to technical difficulties encountered, it has now been decided that the stamp must contain the depository bank's code number instead of the ABA number. The number is a four-digit number assigned by this bank, and appears in a vertical position on the left edge of your Treasury Tax and Loan Advice of Credit Form FA-794. The code number also appears on the statement of the account which is furnished to Treasury Tax and Loan depositories semi-monthly. This bank will initially furnish one stamp to each depository for this purpose. The stamps will be forwarded to depositories as expeditiously as possible. Stamps will be furnished at no cost to depositories on a one-time basis only, and depositories should obtain additional stamps through local sources. The stamp should be used only for stamping tax deposit forms, and no other stamp should be used for this purpose.

As under the present depository receipt system, the new deposit forms are to be listed on a transmittal letter Form WT-3, and transmitted to this bank on a daily basis together with a remittance in immediately available funds, or with advice that funds have been credited in the Treasury Tax and Loan Account of the Depository. The Treasury Department has reemphasized the necessity of timely remittance of tax deposit funds at the close of business on the day the deposits are received by the depositories.

The new tax deposit form is a sixty-six-column card with stub attached. If the stub is still attached when the form is received by the depository, it should be stamped and returned to the taxpayer for his records. The retention of the stub will be important to the taxpayers, inasmuch as indicated above the Federal Reserve Bank will not validate and return the deposit form to the taxpayers as is the practice under the present depository receipt system.

The Treasury Department regards the cashing for a taxpayer of a check drawn on another bank to obtain cash for making a tax deposit a matter entirely between the depository and the taxpayer. More specifically, the risk of uncollectible checks and charges and fees imposed by the depository are not the concern of the Treasury Department.

During the period of transition, depositories will likely be receiving payments deposited on the old depository receipt form and payments deposited on the new tax deposit form. More specifically, payments for tax periods ending on or before December 31, 1967, should be deposited on the eighty-column depository receipt form now being used, while payments for tax periods after December 31 should be deposited on the new tax deposit form. Because of data processing requirements, the new deposit forms must not be mingled with the old depository receipt forms when preparing them for submission to this bank. In other words, separate transmittal letters and tax and loan advices or remittances must be submitted for (1) new deposit forms, and (2) old depository receipts. Depositories should not accept old style depository receipt forms (80-column cards) from taxpayers after January 31, 1968. Such payments should be forwarded directly to the Internal Revenue Service by taxpayers with tax returns.

Under the new procedure, it is extremely important that tax deposits be accompanied by appropriate prepunched and preinscribed tax deposit forms. If a taxpayer needs additional forms, he should request them from the Internal Revenue Service Center for the region, or from the District Director of Internal Revenue with which he files his return. In the event the taxpayer is unable to obtain the prescribed form in sufficient time to permit a timely tax deposit, a depository may accept the tax payment and schedule it to this bank on a transmittal letter without the deposit form. In order for this bank to process such a deposit, the depository will be required to attach a statement to its transmittal letter showing (1) complete name and address of taxpayer, (2) employer's identification number, (3) Internal Revenue Service district code, (4) amount of payment, (5) tax period (month and year), (6) type of tax, and (7) payment date (month and day). Without all of the foregoing information, the tax deposits can not be processed.

Yours very truly,

Watrous H. Irons

President

Enclosure

REGULATIONS GOVERNING THE DEPOSIT OF FEDERAL
TAXES WITH DEPOSITARY BANKS AND FEDERAL RESERVE BANKS

1967

Department Circular No. 1079 (First Revision)

Treasury Department
Office of the Secretary
Washington, D. C.

Fiscal Service
Bureau of Accounts

TO FEDERAL RESERVE BANKS, INCORPORATED BANKS AND TRUST COMPANIES,
AND OTHERS CONCERNED:

The following regulations were published in the Federal
Register on December 16, 1967.

Title 31 - MONEY AND FINANCE: TREASURY

CHAPTER II - FISCAL SERVICE,
DEPARTMENT OF THE TREASURY

Subchapter A - BUREAU OF ACCOUNTS

Part 214 - DEPOSIT WITH FEDERAL RESERVE BANKS
AND DEPOSITARIES FOR FEDERAL TAXES
OF CORPORATION INCOME TAX UNDER THE
INTERNAL REVENUE CODE OF 1954, AS
AMENDED.

/Department Circular No. 1079 (First Revision)/

Part 214, Subchapter A, Chapter II of Title 31 of the
Code of Federal Regulations [also appearing as Treasury Depart-
ment Circular No. 1079, dated March 3, 1967] is hereby revised

effective January 1, 1968,¹ to read as follows:

PART 214 - DEPOSITARIES FOR FEDERAL TAXES.

Sec.

214.1 Scope of regulations.

214.2 Definitions.

214.3 Particular locations.

214.4 Designation of Depositaries for Federal taxes.

214.5 Qualification.

214.6 Handling of deposits of Federal taxes.

214.7 Specific instructions.

Authority: The provisions of this Part 214 issued under sec. 10, 56 Stat. 356, as amended (12 U.S.C. 265); sec. 15, 38 Stat. 265 (12 U.S.C. 391); sec. 8, 40 Stat. 291, as amended (31 U.S.C. 771); and sec. 6302(c), Internal Revenue Code of 1954, as amended.

Source: The provisions of this part appear at 32 F.R. 18044, December 16, 1967.

§ 214.1 Scope of regulations.

The regulations in this part govern the designation and

¹ The procedure prescribed by this part will supersede the procedure prescribed by Part 213 of this chapter (Department Circular 848 (Second Revision)) for the deposit of Federal taxes for which the liability accrues on or after January 1, 1968.

qualification of Depositaries for Federal Taxes and the handling by them of deposits of Federal taxes.

§ 214.2 Definitions. As used in this part, the term:

"depository" means a Depositary for Federal Taxes.

"Federal taxes" means those Federal taxes which have been specified by the Secretary of the Treasury or his delegate as eligible for payment through the procedure prescribed by this part.

"Federal tax deposit form" means a form, pre-inscribed with the name, address, and identification number of the taxpayer, supplied to a taxpayer by the Treasury Department to accompany deposits of Federal taxes made under the procedure prescribed by this part.

§ 214.3 Particular locations. For the purposes of this part, depositaries located in Puerto Rico, the Virgin Islands, and the Panama Canal Zone will be considered as being located in the New York Federal Reserve district and those located in Guam and American Samoa will be considered as being located in the San Francisco Federal Reserve district.

§ 214.4 Designation of Depositaries for Federal taxes.

Every incorporated bank and trust company in the United States, Puerto Rico, the Virgin Islands, the Panama Canal Zone, Guam and American Samoa, and every United States branch

of a foreign banking corporation authorized by the State in which it is located to transact commercial banking business, is designated as a Depositary for Federal Taxes.

§ 214.5 Qualification.

(a) Authorization. A depositary is not authorized to act under its designation and the procedure prescribed by this part until it has been qualified.

(b) Application. To qualify a depositary must file with the Federal Reserve Bank of its district an application accompanied by a resolution of its board of directors authorizing the application, both on forms available from the Federal Reserve Bank.

(c) Agreement. Receipt by a depositary of notice of approval of its application by the Federal Reserve Bank completes the depositary's qualification and creates an agreement between it and the Treasury Department under which the depositary agrees to be bound by all the terms and provisions of this part and the provisions prescribed in § 202 of Executive Order 11246, entitled "Equal Employment Opportunity" (30 F.R. 12319).

(d) Existing agreements. Existing agreements between depositaries and the Treasury Department shall continue in effect without further action until terminated. A depositary which accepts a deposit of Federal taxes under an existing

agreement thereby agrees to be bound by all the terms and provisions of this part and the provisions prescribed in § 202 of Executive Order 11246, entitled "Equal Employment Opportunity" (30 F.R. 12319).

(e) Termination of agreement. The Secretary of the Treasury may terminate at any time the agreement with any depository. Failure upon the part of a depository to comply with the terms of its agreement, or with instructions issued pursuant to this part, may, in the discretion of the Secretary of the Treasury, constitute grounds for the termination of the agreement. A depository may terminate its agreement by notice, in writing, to the Federal Reserve Bank of its district.

§ 214.6 Handling of deposits of Federal taxes.

(a) Deposits with depositories. A depository shall, through any of its offices that accept demand or time deposits:

(1) Accept from a taxpayer cash, a postal money order drawn to the order of the depository, or a check or draft drawn on and to the order of the depository, which shall be without risk to the depository, covering an amount to be deposited as Federal taxes when accompanied by a Federal tax deposit form on which the amount of the deposit has been properly entered in the space provided.

(2) When requested to do so by a taxpayer who makes a deposit of Federal taxes in cash over the counter, issue a counter receipt, which may be accomplished by completing and returning to the taxpayer the stub portion of the Federal tax deposit form.

(3) Place, in the space provided on the face of each Federal tax deposit form, a stamp impression reflecting the date on which the tax deposit was received by the depository, by reference to which the timeliness of the tax payment will be determined, and the name and location of the depository.

(4) Forward each day to the Federal Reserve Bank of its district the Federal tax deposit forms, with stubs detached, for all tax deposits received that day, together with payment in funds immediately available at the Federal Reserve Bank, or with advice that the amount has been credited in the Treasury Tax and Loan Account into which the depository is authorized to credit funds representing the payment of taxes pursuant to its designation as a Special Depository of Public Money under the provisions of Part 203 of this subchapter. Each transmittal shall be accompanied by a transmittal letter in

the form prescribed by the Federal Reserve Bank of the district.

(5) Establish, prior to transmittal to the Federal Reserve Bank, an adequate record of all deposits of Federal taxes so that it will be able to identify deposits in the event tax deposit forms are lost in shipment between it and the Federal Reserve Bank. For this purpose a record must be made of each deposit, showing as a minimum the date of deposit, the taxpayer's identifying number, and the amount of the deposit. The depository's copies of transmittal letters may be used to provide the necessary information if individual deposits are listed separately showing date, taxpayer's identifying number, and amount.

(6) Not accept compensation from taxpayers for accepting deposits of Federal taxes and handling them as required by this section.

(b) Deposits with Federal Reserve Banks. A Federal Reserve Bank shall, through any of its offices:

(1) Accept directly from a taxpayer cash, a check or money order drawn to the order of the Bank, or Treasury bills as authorized in Part 309 of this chapter, covering an amount to be deposited as Federal taxes when accompanied

by a Federal tax deposit form on which the amount of the deposit has been properly entered in the space provided.

(2) When requested to do so by a taxpayer who makes a deposit of Federal taxes in cash over the counter, issue a counter receipt, which may be accomplished by completing and returning to the taxpayer the stub portion of the Federal tax deposit form.

(3) Place, in the space provided on the face of each Federal tax deposit form accepted directly from a taxpayer, a stamp impression reflecting the date on which the tax deposit was received by the Bank, by reference to which the timeliness of the tax payment will be determined, and the name of the Bank.

§ 214.7 Specific instructions. Federal Reserve Banks are authorized to issue instructions consistent with these regulations for carrying out the requirements of this part.

DATED: DECEMBER 13, 1967


Fiscal Assistant Secretary