

FEDERAL RESERVE BANK OF DALLAS

FISCAL AGENT OF THE UNITED STATES

DALLAS, TEXAS 75222

Circular No. 68-5
January 3, 1968

TREASURY CASH FINANCING

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:

AUCTION OF TAX ANTICIPATION BILLS

The Treasury Department announced today the forthcoming auction of \$2.5 billion of Tax Anticipation bills maturing in June 1968. The bills are in addition to the \$3 billion of June tax bills already outstanding.

The bills will be auctioned on Tuesday, January 9, for payment on Monday, January 15. Commercial banks may make payment for the bills by crediting Treasury Tax and Loan Accounts.

The bills mature on June 24, 1968, but may be used at face value in payment of Federal Taxes due on June 15, 1968.

Official announcements and tender forms for the Tax Anticipation bills are enclosed, and additional copies will be furnished upon request. Tenders should be forwarded in distinctively marked envelopes to reach this bank or appropriate branch before the closing time, twelve-thirty p.m., Central Standard Time, Tuesday, January 9, 1968.

Yours very truly,

Watrous H. Irons

President

Enclosures

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

Circular No. 68-6
January 3, 1968

NEW OFFERING

TREASURY BILLS — TAX ANTICIPATION SERIES

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

Your attention is invited to the following statement giving details of two issues of Treasury bills:

The Treasury Department, by this public notice, invites tenders for \$2,500,000,000, or thereabouts, of 161-day Treasury bills (to maturity date), to be issued January 15, 1968, on a discount basis under competitive and noncompetitive bidding as hereinafter provided. The bills of this series will be designated Tax Anticipation Series and represent an additional amount of bills dated October 9, 1967, to mature June 24, 1968, originally issued in the amount of \$3,005,517,000. The additional and original bills will be freely interchangeable. They will be accepted at face value in payment of income taxes due on June 15, 1968, 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 June 15, 1968, income taxes may submit the bills to a Federal Reserve Bank or Branch or to the Office of the Treasurer of the United States, Washington, not more than fifteen days before that date. In the case of bills submitted in payment of income taxes of a corporation they shall be accompanied by a duly completed Form 503 and the office receiving these items will effect the deposit on June 15, 1968. In the case of bills submitted in payment of income taxes of all other taxpayers, the office receiving the bills will issue receipts therefor, the original of which the taxpayer shall submit on or before June 15, 1968, 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 Standard Time, Tuesday, January 9, 1968. 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 at a specific rate or price, until after one-thirty p.m., Eastern Standard Time, Tuesday, January 9, 1968.

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 January 15, 1968, 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.

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 twelve-thirty p.m., Central Standard Time, Tuesday, January 9, 1968. Tenders may not be entered by telephone.

Yours very truly,

Watrous H. Irons

President

(See reverse side for tender form)

This issue of Treasury bills will be accepted at face value in payment of income taxes due on June 15, 1968

TENDER FOR ADDITION TO TREASURY BILLS

TAX ANTICIPATION SERIES

Dated October 9, 1967

161 DAYS TO MATURITY

Maturing June 24, 1968

To: Federal Reserve Bank, Station K, Dallas, Texas 75222

or —

The

Branch
El Paso 79999 Houston 77001 San Antonio 78206

(Date)

Pursuant to the provisions of Treasury Department Circular No. 418 (current revision) and to the provisions of the public announcement, as shown on reverse side, as issued by the Treasury Department, the undersigned offers to purchase Treasury bills in the amount shown below, and agrees to pay for the amount allotted, on or before the issue date, by the method and at the rate indicated.

NONCOMPETITIVE TENDER \$ NOT TO EXCEED \$400,000

Noncompetitive tenders for \$400,000 or less from any one bidder, without stated price, will be accepted in full at the average price (in three decimals) of accepted competitive bids.

COMPETITIVE TENDERS } \$ @ \$ Prices should be expressed on the basis of 100, with not more than three decimal places, e. g., 99.925. Fractions must not be used.

TENDERS MAY NOT BE ENTERED BY TELEPHONE. TENDERS BY WIRE, IF RECEIVED BEFORE THE CLOSING HOUR, ARE ACCEPTABLE.

Denomination Desired

Table with columns: Number of Pieces, Maturity Values. Rows include denominations from \$1,000 to \$1,000,000.

METHOD OF PAYMENT

- By charge to our Treasury Tax and Loan Account
Payment to be made by
(Name of Bank)
By charge to our reserve account on payment date.
By draft enclosed (effectual delivery of enclosed draft shall be on latest day which will permit presentment in order to obtain irrevocably collected funds on payment date).

We certify that we, as well as our customers, if any, listed hereon have agreed 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 at a specific rate or price, until after one-thirty p.m., Eastern Standard Time, Tuesday, January 9, 1968.

Delivery Instructions:

- Hold in Custody Account — Member banks for own account only
Pledge to Secure Treasury Tax and Loan Account
Ship to

Form fields for delivery instructions: (Subscriber's full name or corporate title), (Address), By (Authorized official signature and title), (For the account of, if tender is for another subscriber), (Address)

IMPORTANT

- 1. No tender for less than \$1,000 will be considered and each tender must be for an amount in multiples of \$1,000 (maturity value).
2. Tenders should be forwarded in an envelope clearly addressed to this bank or appropriate branch as Fiscal Agent of the United States, with notation on the envelope reading "TENDER FOR TREASURY BILLS".
3. Any qualified or conditional tender will be rejected.
4. If a corporation makes the tender the form should be signed by an officer of the corporation authorized to make the tender...
5. Tenders from those other than incorporated banks and trust companies or responsible and recognized dealers in investment securities will be disregarded...
6. If the language of this form is changed in any respect, which, in the opinion of the Secretary of the Treasury, is material, the tender may be disregarded.

(See reverse for announcement)