

(Closed)

FEDERAL RESERVE BANK  
OF NEW YORK

March 5, 1919.

RECEIPTS OF INCOME AND PROFITS TAXES DUE MARCH 15, 1919  
and  
EXCHANGE OF SERIES T-2 FOR SERIES T-3 TAX CERTIFICATES

TO THE BANKS AND TRUST COMPANIES IN DISTRICT NO. 2:

We have been advised by the Treasury Department that as the actual amount to be **paid out** on United States Treasury Certificates, maturing on March 15th, will equal or exceed the total tax **receipts** as of that date, there is no reason to anticipate that any tax moneys will be available for redeposit with qualified depositories.

The Tax Certificates of Indebtedness maturing on March 15th and July 15th, which are the **only two** issues of Tax Certificates which can be used in payment of taxes due and payable March 15, 1919, bear coupons payable on that date. The difficulties of adjusting accrued interest for the taxpayer will therefore be overcome, inasmuch as the taxpayer can cut off such coupons and collect them in the regular way and thereupon deposit with the Internal Revenue Collector the principal amount of the Certificates in payment of his tax. Coupons maturing after March 15, 1919 should of course not be detached. The Tax Certificates of Series T-2 (maturing June 17, 1919) are **not** acceptable in payment of taxes on March 15th.

When the Secretary of the Treasury announced **Series T-2** (dated January 16, 1919) it was not known exactly when the **second** instalment of income and profits taxes would be due and payable. As, however, June 16, 1919, has now been definitely determined upon as the second instalment date, it is highly desirable and in compliance with the wishes of the Treasury Department that the Tax Certificates of Series T-2 (maturing June 17, 1919) should be exchanged for certificates of **Series T-3** (dated March 15, 1919, and maturing June 16, 1919) which, like the certificates of Series T (maturing March 15, 1919), will have a coupon attached and may be used in payment of taxes on June 16th without calculation of accrued interest. Such exchange will, of course, be advantageous to the holders of certificates of Series T-2 because in connection with the exchange they will receive cash payment of accrued interest to date of March 15th on the certificates of Series T-2.

We deem it of the utmost importance that the United States Certificates of Indebtedness of Series T, maturing on March 15th, and of the Tax Series of 1919, maturing July 15th, should be used to as great an extent as possible in payment of income and profits taxes due and payable March 15, 1919, in order to avoid unnecessary dislocation of funds, and that the banks and trust companies advocate and facilitate the exchange of Series T-2 for Series T-3.

As in the past, we request your cooperation in these matters in the interests of the holders of Certificates of Series T-2 and in the resulting physical convenience to the Treasury Department, Collectors of Internal Revenue and the Federal Reserve Bank of New York. May we ask that you will advise and encourage your clients and depositors accordingly.

R. H. TREMAN,  
*Deputy Governor.*