

FEDERAL RESERVE BANK
OF NEW YORK

Fiscal Agent of the United States

[Circular No. 2502]
[September 14, 1942]

TREASURY TAX SAVINGS NOTES

*To all Banking Institutions, and Others Concerned,
in the Second Federal Reserve District:*

The following press statement was today made public:

Secretary Morgenthau today announced changes in the terms of the Treasury Tax Savings Notes, which have been on sale since August 1, 1941, for the convenience of taxpayers and which are receivable at par and accrued interest in payment of Federal income, estate, and gift taxes.

The changes are effective in new Treasury Notes of Tax Series A-1945 and Tax Series C-1945, which will be offered for sale beginning September 14, although the new notes will not be ready for delivery before the latter part of the month. The notes of Tax Series A-1944 and Tax Series B-1944, which have been available since January 1, 1942, were withdrawn from sale at the close of business September 12, 1942.

The new notes of Tax Series C are adaptable for dual purposes: (1) for the accumulation of tax reserves and (2) for the temporary or short-term investment of cash balances which are at present idle. This new series of Treasury Notes, the Secretary said, will furnish a security well adapted to corporations and other investors for the mobilization of their idle funds for the War program. The new terms provide greater flexibility, and, through provision for cash redemption with interest, permit holders of Tax Series C notes to realize on the notes without loss of interest.

Members of the Victory Fund Committees in the twelve Federal Reserve Districts, with a trained securities sales personnel, will participate actively in the sale of the new Tax Savings Notes. Each Federal Reserve District Committee is headed by the President of the Federal Reserve Bank of the District. Members of Victory Fund Committees, as well as bankers and securities salesmen generally, will have complete information and application forms and will assist taxpayers and other investors desiring to purchase these notes.

The notes of Tax Series A-1945, like those of prior Series A notes, are intended primarily for the smaller taxpayer. The new notes will be dated September 1, 1942, and will mature September 1, 1945, thus providing a maturity of three rather than two years from issue date. The limitation on the principal amount that may be presented on account of any one taxpayer's liability for each class of taxes (income, estate or gift) for each taxable period has been raised from \$1,200 to \$5,000. The new limitation will also apply to prior Tax Series A-1943 and A-1944, or to any combination of the three series. In other respects the terms of notes of Tax Series A-1945 remain the same as those of A-1944. Interest will accrue (from September 1942) at the rate of 16 cents per month per \$100, equivalent to a yield of approximately 1.92 percent per annum. The notes will be issued at par and accrued interest. If not presented in payment of taxes, the notes will be redeemed at the purchase price only, either at or before maturity, without advance notice. The notes will be available in the denominations of \$25, \$50, \$100, \$500, \$1,000 and \$5,000.

The new notes of Tax Series C will be dated as of the first day of the month in which purchased, will mature three years thereafter, and they will be issued at par. Interest on the notes will accrue each month from month of issue, on a graduated scale, the equivalent yield if held to maturity being approximately 1.07 percent per annum. The amount of acerual each month on each \$1,000 principal amount of notes, from month of issue to month of maturity, follows:

Half-year Periods after month of issue	Interest accrual each month per 1,000	\$1,000 principal with interest accrual (cumulative) to end of period added
First 1/2 year.....	\$0.50	\$1,003.00
1/2 to 1 year.....	0.80	1,007.80
1 to 1 1/2 years.....	0.90	1,013.20
1 1/2 to 2 years.....	1.00	1,019.20
2 to 2 1/2 years.....	1.10	1,025.80
2 1/2 to 3 years.....	1.10	1,032.40

If not presented in payment of taxes, and except for those in the names of banks that accept demand deposits, the notes of Tax Series C will be redeemable at par and accrued interest, either at maturity or, on 30 days' advance notice, during and after the sixth calendar month after the month of issue. If inscribed in the name of a bank that accepts demand deposits, the notes will be accepted at par and accrued interest in payment of taxes, but redeemed for cash at or before maturity only at the purchase price, or par. The notes of this series may be pledged with banking institutions as collateral for loans but no other hypothecation will be recognized by the Treasury Department.

The new Treasury Tax Savings Notes, like those of prior series, will be issued only by the Federal Reserve Banks and Branches, and the Treasury Department, Washington.

Copies of Treasury Department circulars Nos. 695 and 696 giving full particulars regarding the notes of the new series are printed on the following pages. New application forms for the new series are being prepared and will be furnished you as promptly as possible.

ALLAN SPROUL,
President.

UNITED STATES OF AMERICA
TREASURY TAX SAVINGS NOTES
Tax Series A-1945

Dated September 1, 1942

Due September 1, 1945

Issued at Par and Accrued Interest

Acceptable at Par and Accrued Interest in Payment of Federal Income, Estate, and Gift Taxes

1942
Department Circular No. 695
Fiscal Service
Bureau of the Public Debt

TREASURY DEPARTMENT,
OFFICE OF THE SECRETARY,
Washington, September 12, 1942.

I. OFFERING OF NOTES

1. The Secretary of the Treasury, pursuant to the authority of the Second Liberty Bond Act, as amended, offers for sale, to the people of the United States, at par and accrued interest, an issue of non-transferable notes of the United States, designated Treasury Notes of Tax Series A-1945, which notes, as hereinafter provided, will be receivable, at par and accrued interest, in payment of Federal income, estate, and gift taxes.

2. The notes will be placed on sale September 14, 1942, and the sale will continue until terminated by the Secretary of the Treasury.

3. The sale of Treasury Notes of Tax Series A-1944, pursuant to Treasury Department Circular No. 674, dated December 15, 1941, will terminate at the close of business on September 12, 1942.

4. Any holder of a Treasury note, Tax Series A-1944, purchased and bearing a date of issue in September 1942, may surrender such note on or before October 31, 1942, to the agency which issued the note and receive in exchange therefor a Treasury note, Tax Series A-1945, of like face amount inscribed in the same name and bearing the same date of issue, together with a refund of the accrued interest included in the price paid for the surrendered note.

II. DESCRIPTION OF NOTES

1. *General.*—The notes will be dated September 1, 1942; they will mature September 1, 1945, and may not be called by the Secretary of the Treasury for redemption before maturity. Subject to the limitations and conditions set forth in Section IV of this circular, the notes will be receivable, at par and accrued interest, in payment of Federal income, estate, and gift taxes. If the notes are not presented in payment of taxes, they will be payable at maturity, or, at the owner's option and request, they will be redeemable before maturity, as provided in Section V of this circular, but in either case payment will be made only at the price paid for the notes.

2. *Form, inscription, dating.*—The owner's name and address will be entered on each note at the time of its issue by an authorized issuing agent, and the date of issue will be shown by an imprint of the agent's dating stamp. The month in which payment is received and credited by a Federal Reserve Bank or Branch, or by the Treasurer of the United States, will determine the purchase price and issue date of each note. The notes may not be transferred, except, that if notes are held by a corporation owning more than 50 percent of the stock, with voting power, of another corporation, such notes may be transferred to the subsidiary upon request of the corporation and surrender of the notes to the agent that issued them. No hypothecation of the notes on any account will be recognized by the Treasury Department and they will not be accepted to secure deposits of public money.

3. *Denominations and interest.*—The notes will be issued in denominations of \$25, \$50, \$100, \$500, \$1,000, and \$5,000, and interest thereon will accrue from September 1942, in the amount of 16 cents each month on each \$100 principal amount of note. In no case, however, shall interest accrue beyond the month in which the note is presented in payment of taxes, or beyond its maturity. Exchanges of authorized denominations from higher to lower, but not from lower to higher, may be arranged at the office of the agent that issued the note.

4. *Purchase price and tax-payment value.*—A table is appended to this circular showing the principal amount with accrued interest added, for notes of each denomination, for each month from September 1942 to September 1945, inclusive. The total shown for any denomination for any month while the notes remain on sale, is the purchase price, or cost, of the note during that month. Also, the total shown for any denomination for any month is the tax-payment value of the note if receivable during that month in payment of taxes, subject to the provisions of Section IV of this circular.

5. *Taxation.*—Income derived from the notes shall be subject to all Federal taxes, now or hereafter imposed. The notes shall be subject to estate, inheritance, gift or other excise taxes, whether Federal or State, but shall be 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.

III. PURCHASE OF NOTES

1. *Applications and payment.*—Applications will be received by the Federal Reserve Banks and Branches, and by the Treasurer of the United States, Washington, D. C. Banking institutions and security dealers generally may submit applications for account of customers, but only the Federal Reserve Banks and the Treasury Department are authorized to act as official agencies. Every application must be accompanied by payment in full, at par and accrued interest from September 1942 to the month in which payment in immediately available funds is received by a Federal Reserve Bank or Branch, or the Treasurer of the United States. Any form of exchange, including personal checks, will be accepted subject to collection, and should be drawn to the order of the Federal Reserve Bank or of the Treasurer of the United States, as payee, as the case may be; War Savings Stamps will be accepted at their face value in lieu of cash. The date funds are made available on collection of exchange will govern the issue price and issue date of the notes. Any depository, qualified pursuant to the provisions of Treasury Department Circular No. 92 (revised February 23, 1932, as supplemented) will be permitted to make payment by credit for notes applied for on behalf of itself or its customers up to any amount for which it shall be qualified in excess of existing deposits.

2. *Reservations.*—The Secretary of the Treasury reserves the right to reject any application in whole or in part, and to refuse to issue or permit to be issued hereunder any notes in any case or in any class or classes of cases if he deems such action to be in the public interest, and his action in any such respect shall be final. If an application is rejected, in whole or in part, any payment received therefor will be refunded. The Secretary of the Treasury, in his discretion, may designate agencies other than those herein provided for the sale of, or for the handling of applications for, Treasury notes to be issued hereunder.

3. *Delivery of notes.*—Upon acceptance of full-paid applications, notes will be duly issued and, unless delivered in person, will be delivered within the Continental United States, the Territories and Insular Possessions of the United States, and the Canal Zone. No deliveries elsewhere will be made.

4. *Form of application.*—In applying for notes under this circular, care should be exercised to specify that notes of Tax Series A-1945 are desired, and there must be furnished the name and address of the individual, corporation, or other entity in which the notes are to be issued; and if address for the delivery of the notes is different, appropriate instructions should be given. The name should be in the same form as that used in the Federal tax return of the purchaser, except that in the case of joint tax returns of individuals, the notes should be inscribed individually—the notes will not be issued in the names of two or more persons jointly. The application should be accompanied by remittance to cover the purchase price—that is, par—together with accrued interest from September 1942 to the month in which the application will be received and the remittance collected by an authorized issuing agent. The use of an official application form is desirable, but not necessary. Appropriate forms may be obtained on application to any Federal

Reserve Bank or Branch, or the Treasurer of the United States, Washington, D. C.; banking institutions and security dealers generally will be supplied with forms for the use of their customers.

IV. PRESENTATION IN PAYMENT OF TAXES

1. During and after the second calendar month after the month of purchase (as shown by the issuing agent's dating stamp on each note), during such time, and under such rules and regulations as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, shall prescribe, notes issued hereunder in the name of a taxpayer (individual, corporation, or other entity) may be presented and surrendered, to the extent hereinafter set forth, by such taxpayer, his agent, or his estate, to the Collector of Internal Revenue to whom the tax return is made, and will be receivable by the Collector at par and accrued interest from September 1942, to the month, inclusive (but no accrual beyond September 1945), in which presented in payment of any Federal income taxes (current and back personal and corporation taxes, and excess-profits taxes), or any Federal estate or gift taxes (current and back), assessed against the original purchaser or his estate. Notwithstanding the provisions of Department Circular No. 667, as amended, and of Department Circular No. 674, the Collector will accept (a) not more than \$5,000 principal amount of notes of Tax Series A-1945, or of Tax Series A-1943, or of Tax Series A-1944, or of any of them in combination, and (b) the amount of the accrued interest thereon, on account of any one taxpayer's liability for each class of taxes (income, estate or gift) for each taxable period: *Provided*, That this limitation shall apply separately to husband and wife on a joint return, and shall apply separately to an owner before death and to his estate for the balance of the same year. The notes must be forwarded to the Collector at the risk and expense of the owner, and for the owner's protection, should be forwarded by registered mail, if not presented in person.

V. CASH REDEMPTION AT OR PRIOR TO MATURITY

1. *General.*—Any Treasury Note of Tax Series A-1945, bearing a properly executed request for payment, will be redeemed for cash at the purchase price at or before maturity, without advance notice, following presentation to the agent that issued the note.

2. *Execution of request for payment.*—The owner in whose name the note is inscribed must appear before one of the officers authorized by the Secretary of the Treasury to witness and certify requests for payment, establish his identity, and in the presence of such officer sign the request for payment appearing on the back of the note, adding the address to which check is to be mailed. After the request for payment has been so signed, the witnessing officer should complete and sign the certificate provided for his use.

3. *Officers authorized to witness and certify requests for payment.*—All officers authorized to witness and certify requests for payment of United States Savings Bonds, as set forth in Treasury Department Circular No. 530, Fifth Revision, are hereby authorized to witness and certify requests for cash redemption of Treasury notes issued under this circular. Such officers include, among others, United States postmasters, certain other post office officials, and the officers of all banks and trust companies incorporated in the United States or its organized territories, including officers at branches thereof.

4. *Presentation and surrender.*—Notes bearing properly executed requests for payment must be presented and surrendered to the agent that issued the notes (as shown by the agent's dating stamp), at the expense and risk of the owner. For the owner's protection, notes should be forwarded by registered mail, if not presented in person.

5. *Disability or death.*—In case of the disability or death of the owner, and the notes are not to be presented in payment of Federal income, estate or gift taxes due from him or from his estate, instructions should be obtained from the issuing agent before the request for payment is executed, or the notes presented.

6. *Partial redemption.*—Partial cash redemption of notes corresponding to an authorized denomination, may be made in the same manner as for full cash redemption, appropriate changes being made in the request for payment. In case of partial redemption of a note, the remainder will be reissued in the same name and with the same date of issue as the note surrendered.

7. *Payment.*—Payment of any note, either at maturity or on redemption before maturity, will be made only by the Federal Reserve Bank or Branch, or the Treasury Department, as the case may be, that issued the note, and will be made by check drawn to the order of the owner, and mailed to the address given in his request for payment. In any case, payment will be made at the purchase price of the note, that is, at par and accrued interest (if any) paid at the time of purchase.

VI. GENERAL PROVISIONS

1. Except as provided in this circular, the notes issued hereunder will be subject to the general regulations of the Treasury Department, now or hereafter prescribed, governing bonds and notes of the United States.

2. Federal Reserve Banks and their Branches, as fiscal agents of the United States, are authorized to perform such services or acts as may be appropriate and necessary under the provisions of this circular, and under any instructions given by the Secretary of the Treasury.

3. The Secretary of the Treasury may at any time or from time to time supplement or amend the terms of this circular, or of any amendments or supplements thereto, and may at any time or from time to time prescribe amendatory rules and regulations governing the offering of the notes, information as to which will promptly be furnished to the Federal Reserve Banks.

HENRY MORGENTHAU, JR.,
Secretary of the Treasury.

TREASURY NOTES—TAX SERIES A-1945

Purchase Price and Tax-Payment Value During Successive Months

The table below shows the principal amount with accrued interest added, for notes of each denomination, for each month from September 1942 to September 1945, inclusive. The total shown for any denomination for any month while the notes remain on sale, is the purchase price, or cost of the note during that month. Also the total shown for any denomination for any month is the tax-payment value of the note if receivable during that month in payment of taxes.

	\$25	\$50	\$100	\$500	\$1,000	\$5,000
1942:						
September	\$25.00	\$50.00	\$100.00	\$500.00	\$1,000.00	\$5,000
October	25.04	50.08	100.16	500.80	1,001.60	5,008
November	25.08	50.16	100.32	501.60	1,003.20	5,016
December	25.12	50.24	100.48	502.40	1,004.80	5,024
1943:						
January	25.16	50.32	100.64	503.20	1,006.40	5,032
February	25.20	50.40	100.80	504.00	1,008.00	5,040
March	25.24	50.48	100.96	504.80	1,009.60	5,048
April	25.28	50.56	101.12	505.60	1,011.20	5,056
May	25.32	50.64	101.28	506.40	1,012.80	5,064
June	25.36	50.72	101.44	507.20	1,014.40	5,072
July	25.40	50.80	101.60	508.00	1,016.00	5,080
August	25.44	50.88	101.76	508.80	1,017.60	5,088
September	25.48	50.96	101.92	509.60	1,019.20	5,096
October	25.52	51.04	102.08	510.40	1,020.80	5,104
November	25.56	51.12	102.24	511.20	1,022.40	5,112
December	25.60	51.20	102.40	512.00	1,024.00	5,120
1944:						
January	25.64	51.28	102.56	512.80	1,025.60	5,128
February	25.68	51.36	102.72	513.60	1,027.20	5,136
March	25.72	51.44	102.88	514.40	1,028.80	5,144
April	25.76	51.52	103.04	515.20	1,030.40	5,152
May	25.80	51.60	103.20	516.00	1,032.00	5,160
June	25.84	51.68	103.36	516.80	1,033.60	5,168
July	25.88	51.76	103.52	517.60	1,035.20	5,176
August	25.92	51.84	103.68	518.40	1,036.80	5,184
September	25.96	51.92	103.84	519.20	1,038.40	5,192
October	26.00	52.00	104.00	520.00	1,040.00	5,200
November	26.04	52.08	104.16	520.80	1,041.60	5,208
December	26.08	52.16	104.32	521.60	1,043.20	5,216
1945:						
January	26.12	52.24	104.48	522.40	1,044.80	5,224
February	26.16	52.32	104.64	523.20	1,046.40	5,232
March	26.20	52.40	104.80	524.00	1,048.00	5,240
April	26.24	52.48	104.96	524.80	1,049.60	5,248
May	26.28	52.56	105.12	525.60	1,051.20	5,256
June	26.32	52.64	105.28	526.40	1,052.80	5,264
July	26.36	52.72	105.44	527.20	1,054.40	5,272
August	26.40	52.80	105.60	528.00	1,056.00	5,280
September	26.44	52.88	105.76	528.80	1,057.60	5,288

UNITED STATES OF AMERICA
TREASURY TAX SAVINGS NOTES
Tax Series C

Issued at Par

Due 3 Years from Issue Date

Redeemable Before Maturity at Option of Owners

Acceptable at Par and Accrued Interest in Payment of Federal Income, Estate, and Gift Taxes

1942
Department Circular No. 696
Fiscal Service
Bureau of the Public Debt

TREASURY DEPARTMENT,
OFFICE OF THE SECRETARY,
Washington, September 12, 1942.

I. OFFERING OF NOTES

1. The Secretary of the Treasury, pursuant to the authority of the Second Liberty Bond Act, as amended, offers for sale, to the people of the United States, at par, an issue of notes of the United States, designated Treasury Notes of Tax Series C, which notes, as hereinafter provided, will be receivable, at par and accrued interest, in payment of Federal income, estate, and gift taxes.

2. The notes will be placed on sale September 14, 1942, and the sale will continue until terminated by the Secretary of the Treasury.

3. The sale of Treasury Notes of Tax Series B-1944, pursuant to Treasury Department Circular No. 674, dated December 15, 1941, will terminate at the close of business on September 12, 1942.

4. Any holder of Treasury notes, Tax Series B-1944, purchased and bearing a date of issue in September 1942, may surrender such notes on or before September 30, 1942, to the agency which issued the notes and receive in exchange therefor Treasury notes, Tax Series C-1945, of like face amount inscribed in the same name and issued as of the first day of September, 1942, together with a refund of the accrued interest included in the price paid for the surrendered notes: *Provided*, that where less than \$1,000 of such Series B-1944 notes are so held, they may be surrendered with the cash difference to be exchanged for a \$1,000 Series C-1945 note.

II. DESCRIPTION OF NOTES

1. *General.*—The notes of Tax Series C will, in each instance, be dated as of the first day of the month in which payment, at par, is received and credited by an agent authorized to issue the notes. They will mature 3 years from such date, and may not be called by the Secretary of the Treasury for redemption before maturity. All notes issued during any one calendar year shall constitute a separate series indicated by the letter "C" followed by the year of maturity. Subject to the provisions of Section IV of this circular, the notes will be receivable, at par and accrued interest, in payment of Federal income, estate, and gift taxes. If not presented in payment of taxes, the notes will be payable at maturity, or, at the owner's option and request, they will be redeemable before maturity, subject to the provisions of Section V of this circular.

2. At the time of issue, the authorized issuing agent will inscribe on the face of each note the name and address of the owner, will enter the date as of which the note is issued, and will imprint his dating stamp (with current date). The notes will be issued in denominations of \$1,000, \$5,000, \$10,000, \$100,000, \$500,000 and \$1,000,000. Exchanges of authorized denominations from higher to lower, but not from lower to higher may be arranged at the office of the agent that issued the note.

3. The notes may not be transferred in ordinary course; they may be pledged as collateral for loans from banking institutions, but no other hypothecation will be recognized by the Treasury Department: *Provided*, if held by a corporation owning more than 50 percent of the stock, with voting power, of another corporation, the notes may be transferred to the subsidiary, upon request of the corporation and surrender of the notes to the agent that issued them; and *Provided further*, if notes pledged as collateral for a loan are acquired because of the failure of a loan to be paid, the notes will be redeemed at par and accrued interest to the month in which acquired on surrender of the notes to the agent that issued them, accompanied by proof of the date of acquisition and by request of the pledgee under power of attorney given by the pledgor in whose name the notes are inscribed, and in any such cases the limitations on redemption before maturity provided in paragraph 1(a) of Section V of this circular shall not apply; the notes will not be transferred to the pledgee. The notes will not be acceptable to secure deposits of public money.

4. *Interest*.—Interest on each \$1,000 principal amount of notes of Tax Series C will accrue each month from the month of issue, on a graduated scale, as follows:

First to Sixth months, inclusive.....	\$0.50	each	month
Seventh to Twelfth months, inclusive.....	.80	“	“
Thirteenth to Eighteenth months, inclusive.....	.90	“	“
Nineteenth to Twenty-Fourth months, inclusive.....	1.00	“	“
Twenty-Fifth to Thirty-Sixth months, inclusive.....	1.10	“	“

5. The table appended to this circular shows for notes of each denomination, for each consecutive calendar month from month of issue to month of maturity, (a) the amount of interest accrual, (b) the principal amount of the note with accrued interest (cumulative) added, and (c) the approximate investment yields. In no case shall interest accrue beyond the month in which the note is presented in payment of taxes, or for redemption before maturity as provided in Section V of this circular, or beyond its maturity. Interest will be paid only with the principal amount.

6. *Taxation*.—Income derived from the notes shall be subject to all Federal taxes, now or hereafter imposed. The notes shall be subject to estate, inheritance, gift or other excise taxes, whether Federal or State, but shall be 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.

III. PURCHASE OF NOTES

1. *Applications and payment*.—Applications will be received by the Federal Reserve Banks and Branches, and by the Treasurer of the United States, Washington, D. C. Banking institutions and security dealers generally may submit applications for account of customers, but only the Federal Reserve Banks and the Treasury Department are authorized to act as official agencies. Every application must be accompanied by payment in full, at par. Any form of exchange, including personal checks, will be accepted subject to collection, and should be drawn to the order of the Federal Reserve Bank or of the Treasurer of the United States, as payee, as the case may be. The date funds are made available on collection of exchange will govern the issue date of the notes. Any depository, qualified pursuant to the provisions of Treasury Department Circular No. 92 (revised February 23, 1932, as supplemented) will be permitted to make payment by credit for notes applied for on behalf of itself or its customers up to any amount for which it shall be qualified in excess of existing deposits.

2. *Reservations*.—The Secretary of the Treasury reserves the right to reject any application in whole or in part, and to refuse to issue or permit to be issued hereunder any notes in any case or in any class or classes of cases if he deems such action to be in the public interest, and his action in any such respect shall be final. If an application is rejected, in whole or in part, any payment received therefor will be refunded. The Secretary of the Treasury, in his discretion, may designate agencies other than those herein provided for the sale of, or for the handling of applications for, Treasury notes to be issued hereunder.

3. *Delivery of notes*.—Upon acceptance of full-paid applications, notes will be duly issued and, unless delivered in person, will be delivered within the Continental United States, the Territories and Insular Possessions of the United States, and the Canal Zone. No deliveries elsewhere will be made.

4. *Form of application.*—In applying for notes under this circular, care should be exercised to specify that notes of Tax Series C are desired, and there must be furnished the name and address of the individual, corporation, or other entity in which the notes are to be issued; and if address for delivery of the notes is different, appropriate instructions should be given. The name should be in the same form as that used in the Federal tax return of the purchaser, except that in the case of joint tax returns of individuals, the notes should be inscribed individually—the notes will not be issued in the names of two or more persons jointly. The application should be accompanied by remittance to cover the purchase price—that is, par. The use of an official application form is desirable, but not necessary. Appropriate forms may be obtained on application to any Federal Reserve Bank or Branch, or the Treasurer of the United States, Washington, D. C.; banking institutions and security dealers generally will be supplied with forms for the use of their customers.

IV. PRESENTATION IN PAYMENT OF TAXES

1. During and after the second calendar month after the month of purchase (as shown by the issue date on each note), during such time, and under such rules and regulations as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, shall prescribe, notes issued hereunder in the name of a taxpayer (individual, corporation, or other entity) may be presented and surrendered by such taxpayer, his agent, or his estate, to the Collector of Internal Revenue to whom the tax return is made, and will be receivable by the Collector at par and accrued interest from the month of issue to the month, inclusive (but no accrual beyond maturity), in which presented, in payment of any Federal income taxes (current and back personal and corporation taxes, and excess-profits taxes), or any Federal estate or gift taxes (current and back), assessed against the original purchaser or his estate. The notes must be forwarded to the Collector at the risk and expense of the owner, and, for the owner's protection, should be forwarded by registered mail, if not presented in person.

V. CASH REDEMPTION AT OR PRIOR TO MATURITY

1. *General.*—(a) Any Treasury note of Tax Series C not presented in payment of taxes, will be paid at maturity, or, at the option and request of the owner, will be redeemed before maturity, but the notes may be redeemed before maturity only during and after the sixth calendar month after the month of issue (as shown on the face of each note), on 30 days' advance notice. The timely surrender of a note, bearing a properly executed request for payment, will be accepted as constituting the advance notice required hereunder.

(b) Payment at maturity or on redemption before maturity will be made at par and accrued interest to the month of payment, except, if a note is inscribed in the name of a bank that accepts demand deposits, payment at maturity or on redemption before maturity will be made only at the issue price, or par, of the note. However, if a note is acquired by any such bank through forfeiture of a loan, payment will be made at the redemption value for the month in which so acquired.

2. *Execution of request for payment.*—The owner in whose name the note is inscribed must appear before one of the officers authorized by the Secretary of the Treasury to witness and certify requests for payment, establish his identity, and in the presence of such officer sign the request for payment appearing on the back of the note, adding the address to which check is to be mailed. After the request for payment has been so signed, the witnessing officer should complete and sign the certificate provided for his use.

3. *Officers authorized to witness and certify requests for payment.*—All officers authorized to witness and certify requests for payment of United States Savings Bonds, as set forth in Treasury Department Circular No. 530, Fifth Revision, are hereby authorized to witness and certify requests for cash redemption of Treasury notes issued under this circular. Such officers include, among others, United States postmasters, certain other post office officials, and the officers of all banks and trust companies incorporated in the United States or its organized territories, including officers at branches thereof.

4. *Presentation and surrender.*—Notes bearing properly executed requests for payment must be presented and surrendered to the agent that issued the notes (as shown by the agent's dating stamp), at the

expense and risk of the owner. For the owner's protection, notes should be forwarded by registered mail, if not presented in person.

5. *Disability or death.* In case of the disability or death of the owner, and the notes are not to be presented in payment of Federal income, estate or gift taxes due from him or from his estate, instructions should be obtained from the issuing agent before the request for payment is executed, or the notes presented.

6. *Partial redemption.*—Partial cash redemption of a note, corresponding to an authorized denomination, may be made in the same manner as for full cash redemption, appropriate changes being made in the request for payment. In case of partial redemption of a note, the remainder will be reissued in the same name and with the same date of issue as the note surrendered.

7. *Payment.*—Payment of any note, either at maturity or on redemption before maturity, will be made only by the Federal Reserve Bank or Branch, or the Treasury Department, as the case may be, that issued the note, and will be made by check drawn to the order of the owner, and mailed to the address given in his request for payment.

VI. GENERAL PROVISIONS

1. Except as provided in this circular, the notes issued hereunder will be subject to the general regulations of the Treasury Department, now or hereafter prescribed, governing bonds and notes of the United States.

2. Federal Reserve Banks and their Branches, as fiscal agents of the United States, are authorized to perform such services or acts as may be appropriate and necessary under the provisions of this circular, and under any instructions given by the Secretary of the Treasury.

3. The Secretary of the Treasury may at any time or from time to time supplement or amend the terms of this circular, or of any amendments or supplements thereto, and may at any time or from time to time prescribe amendatory rules and regulations governing the offering of the notes, information as to which will promptly be furnished to the Federal Reserve Banks.

HENRY MORGENTHAU, JR.,
Secretary of the Treasury.

TREASURY NOTES—TAX SERIES C

Table of Tax-Payment or Redemption Values and Investment Yields

The table below shows for each month from date of issue to date of maturity the amount of interest accrued; the principal amount with accrued interest added, for notes of each denomination; the approximate investment yield on the par amount from issue date to the beginning of each month following the month of issue; and the approximate investment yield on the current redemption value from the beginning of the month indicated to the month of maturity.

Par Value (issue price during month of issue)	\$1,000.	\$5,000.	\$10,000.	\$100,000.	\$500,000.	\$1,000,000.	Approximate investment yield on par amount from issue date to beginning of each monthly period thereafter.	Approximate investment yield on current tax-payment or redemption values from beginning of each monthly period to maturity.
Amount of interest accrual each month after month of issue	Tax-Payment or Redemption values during each monthly period after month of issue ¹						Percent	Percent
Interest accrues at rate of \$0.50 per month per \$1,000. par amount								
First month	\$1,000.50	\$5,002.50	\$10,005.00	\$100,050.00	\$500,250.00	\$1,000,500.00	.60	1.08
Second month	1,001.00	5,005.00	10,010.00	100,100.00	500,500.00	1,001,000.00	.60	1.09
Third month	1,001.50	5,007.50	10,015.00	100,150.00	500,750.00	1,001,500.00	.60	1.11
Fourth month	1,002.00	5,010.00	10,020.00	100,200.00	501,000.00	1,002,000.00	.60	1.12
Fifth month	1,002.50	5,012.50	10,025.00	100,250.00	501,250.00	1,002,500.00	.60	1.14
Sixth month	1,003.00	5,015.00	10,030.00	100,300.00	501,500.00	1,003,000.00	.60	1.16
Interest accrues at rate of \$0.80 per month per \$1,000. par amount								
Seventh month	1,003.80	5,019.00	10,038.00	100,380.00	501,900.00	1,003,800.00	.65	1.17
Eighth month	1,004.60	5,023.00	10,046.00	100,460.00	502,300.00	1,004,600.00	.69	1.17
Ninth month	1,005.40	5,027.00	10,054.00	100,540.00	502,700.00	1,005,400.00	.72	1.18
Tenth month	1,006.20	5,031.00	10,062.00	100,620.00	503,100.00	1,006,200.00	.74	1.19
Eleventh month	1,007.00	5,035.00	10,070.00	100,700.00	503,500.00	1,007,000.00	.76	1.20
Twelfth month	1,007.80	5,039.00	10,078.00	100,780.00	503,900.00	1,007,800.00	.78	1.21
Interest accrues at rate of \$0.90 per month per \$1,000. par amount								
Thirteenth month	1,008.70	5,043.50	10,087.00	100,870.00	504,350.00	1,008,700.00	.80	1.22
Fourteenth month	1,009.60	5,048.00	10,096.00	100,960.00	504,800.00	1,009,600.00	.82	1.22
Fifteenth month	1,010.50	5,052.50	10,105.00	101,050.00	505,250.00	1,010,500.00	.84	1.23
Sixteenth month	1,011.40	5,057.00	10,114.00	101,140.00	505,700.00	1,011,400.00	.85	1.24
Seventeenth month	1,012.30	5,061.50	10,123.00	101,230.00	506,150.00	1,012,300.00	.86	1.25
Eighteenth month	1,013.20	5,066.00	10,132.00	101,320.00	506,600.00	1,013,200.00	.88	1.26
Interest accrues at rate of \$1.00 per month per \$1,000. par amount								
Nineteenth month	1,014.20	5,071.00	10,142.00	101,420.00	507,100.00	1,014,200.00	.89	1.26
Twentieth month	1,015.20	5,076.00	10,152.00	101,520.00	507,600.00	1,015,200.00	.91	1.26
Twenty-first month	1,016.20	5,081.00	10,162.00	101,620.00	508,100.00	1,016,200.00	.92	1.27
Twenty-second month	1,017.20	5,086.00	10,172.00	101,720.00	508,600.00	1,017,200.00	.93	1.28
Twenty-third month	1,018.20	5,091.00	10,182.00	101,820.00	509,100.00	1,018,200.00	.94	1.28
Twenty-fourth month	1,019.20	5,096.00	10,192.00	101,920.00	509,600.00	1,019,200.00	.95	1.29
Interest accrues at rate of \$1.10 per month per \$1,000. par amount								
Twenty-fifth month	1,020.30	5,101.50	10,203.00	102,030.00	510,150.00	1,020,300.00	.97	1.29
Twenty-sixth month	1,021.40	5,107.00	10,214.00	102,140.00	510,700.00	1,021,400.00	.98	1.29
Twenty-seventh month	1,022.50	5,112.50	10,225.00	102,250.00	511,250.00	1,022,500.00	.99	1.29
Twenty-eighth month	1,023.60	5,118.00	10,236.00	102,360.00	511,800.00	1,023,600.00	1.00	1.29
Twenty-ninth month	1,024.70	5,123.50	10,247.00	102,470.00	512,350.00	1,024,700.00	1.01	1.29
Thirtieth month	1,025.80	5,129.00	10,258.00	102,580.00	512,900.00	1,025,800.00	1.02	1.29
Thirty-first month	1,026.90	5,134.50	10,269.00	102,690.00	513,450.00	1,026,900.00	1.03	1.29
Thirty-second month	1,028.00	5,140.00	10,280.00	102,800.00	514,000.00	1,028,000.00	1.04	1.29
Thirty-third month	1,029.10	5,145.50	10,291.00	102,910.00	514,550.00	1,029,100.00	1.05	1.28
Thirty-fourth month	1,030.20	5,151.00	10,302.00	103,020.00	515,100.00	1,030,200.00	1.05	1.28
Thirty-fifth month	1,031.30	5,156.50	10,313.00	103,130.00	515,650.00	1,031,300.00	1.06	1.28
Thirty-sixth month (MATURITY)	1,032.40	5,162.00	10,324.00	103,240.00	516,200.00	1,032,400.00	1.07	

¹ Not acceptable in payment of taxes until during and after the second calendar month after the month of issue, and not redeemable for cash until during and after the sixth calendar month after the month of issue, on 30 days' advance notice.

² Approximate investment yield for entire period from issuance to maturity.



TREASURY DEPARTMENT

WASHINGTON

September 14, 1942.

To the President of the Banking Institution addressed:

The Victory Fund Committees throughout the country will assist the Treasury in the distribution of Tax Savings Notes. The official circulars describing these notes have been sent to you by the Federal Reserve Bank in your district.

The terms of the Series A Notes have been changed so as to permit a purchaser to present amounts up to \$5,000 per annum in payment of taxes, whereas the Series A Notes were formerly limited to \$1,200 per annum.

A new Tax Savings Note, designated Series C, will be offered. It will mature three years from date of purchase and may be used in unlimited amounts in payment of taxes. Series C Notes will be redeemable with accrued interest, except by commercial banks, and therefore offer an unusually attractive medium for those seeking temporary investment of funds.

Both series of new Tax Savings Notes will be offered to the public on September 14, 1942.

It would be most helpful to the Committees, as well as to the taxpayers in your community, if you will designate a convenient place in your bank where prospective purchasers of Tax Savings Notes may obtain information and make application for purchase.

I shall appreciate your cooperation.

Very truly yours,


Secretary of the Treasury.

FOR DEFENSE



**UNITED STATES TREASURY
VICTORY FUND COMMITTEE**

September 14, 1942

TAX SAVINGS NOTES

The Secretary of the Treasury is offering new and revised series of Treasury Tax Savings Notes to provide (a) a convenient and systematic method of accumulating funds for the payment of taxes, and (b) an exceptionally attractive medium for the safest investment in the world for idle funds, particularly those held by business concerns and others who have unemployed cash seeking short-term investment. These notes constitute an important part of war financing.

Tax Savings Notes continue to be issued in two series—Series A designed primarily for small or moderate taxpayers, and Series C intended for the larger taxpayers and investors. The principal features of these notes are:

	SERIES A	SERIES C
Price:	Par and accrued interest.	Par.
Date and Maturity:	Dated September 1, 1942, due September 1, 1945. Not callable.	Dated first day of month in which purchased, maturing in three years from that date. Not callable.
Interest:	Interest accrues at 16 cents a month per \$100 or at interest rate of about 1.92% a year. If not used for tax payment, no interest paid.	Interest accrues each month from date of issue on a graduated scale per \$1,000 as follows: First ½ yr.....\$0.50 ½ to 1 yr..... 0.80 1 to 1½ yrs..... 0.90 1½ to 2 yrs..... 1.00 2 to 2½ yrs..... 1.10 2½ to 3 yrs..... 1.10 Average interest rate about 1.07% a year if held to maturity.
Denominations:	\$25, \$50, \$100, \$500, \$1,000, and \$5,000.	\$1,000, \$5,000, \$10,000, \$100,000, \$500,000, and \$1,000,000.
Acceptable for taxes:	\$5,000 limit in one year. Each series may be presented for taxes at par and accrued interest during and after second calendar month after date of purchase.	Unlimited.
Denom. exchange:	Each series may be exchanged from higher to lower but not from lower to higher denominations.	
Form:	Name and address of single owner inscribed as in income tax return, but not issued in names of two or more persons jointly.	
Redemption for cash:	At purchase price only without advance notice, at the option of the holder.	At par and accrued interest, after 6 months from purchase date upon 30 days' notice, or at maturity at the option of the holder.
Collateral:	Not eligible for loans.	Eligible for loans from banking institutions only.

SERIES A

SERIES C

- Transfer:** None, except by parent corporation to its subsidiary in which it owns more than 50% voting stock.
- Conversion:** Series A and B purchased in September, 1942, may be converted into new series with certain limitations.
- Taxes:** Income subject to all Federal taxes. The notes are subject to estate, inheritance, gift or other excise taxes, Federal or State, but are exempt both as to principal and interest from all State or local taxation.
- When and where purchased:** At any time. Through Federal Reserve banks and branches, and the Treasury. For convenience, applications may be made through local banks and security dealers generally.

For complete and governing details, please consult official circulars enclosed.

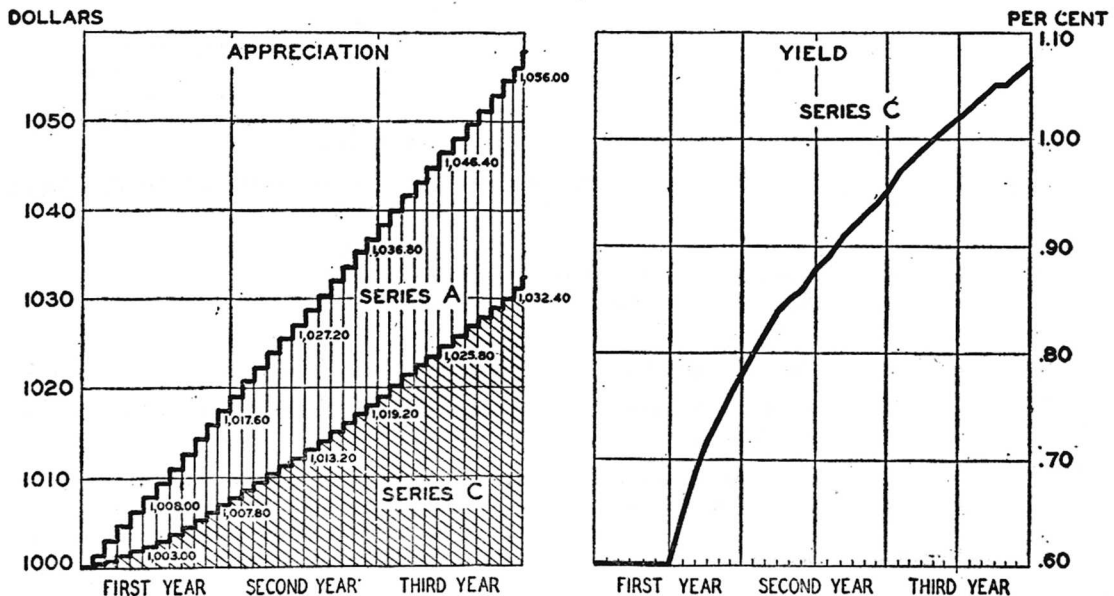
The Secretary of the Treasury has asked us to assist in the distribution of Tax Savings Notes, and it therefore becomes our responsibility to do an effective job. The new Series C notes provide greater flexibility, higher return, and a desirable outlet for employment of short-term funds. The charts at the bottom of this page shows appreciation and yields of the notes. The sale of these notes gives us an excellent opportunity to play a significant part in Government war financing. It is a challenge to make our organization a real Victory Fund Committee.

FOR THE VICTORY FUND COMMITTEE

ALLAN SPROUL,
Chairman

PERRY E. HALL,
Executive Manager

Appreciation and Yields on \$1,000 Tax Savings Notes



At 2502

**FEDERAL RESERVE BANK
OF NEW YORK**

Fiscal Agent of the United States

September 14, 1942

TREASURY TAX SAVINGS NOTES

*To all Banking Institutions, and Others Concerned,
in the Second Federal Reserve District:*

Reference is made to our Circular No. 2502, dated September 12, 1942 with which we mailed copies of Treasury Department circulars Nos. 695 and 696 giving full particulars regarding two new issues of United States Treasury Tax Savings Notes, designated Tax Series A-1945 and Tax Series C.

We are forwarding you herewith a supply of forms for your use when making application for such notes, and, for your convenience and guidance, we have reprinted on the reverse side hereof a table of the purchase price and tax-payment value of Treasury Notes, Tax Series A-1945. The forms sent herewith should be substituted for application forms Nos. G. B. 353 and G. B. 354.1 which have become obsolete.

Banking institutions when making payment for tax notes by credit to their War Loan Deposit Account are requested to continue to use Certificate of Advice (Form GB-352) until their present supply is exhausted, and to disregard reference made in respect of Notes of Series B printed on the margin of such Certificate of Advice.

Upon request an additional supply of application forms, purchase price schedules and Treasury Department circulars Nos. 695 and 696 will be sent to you.

**FEDERAL RESERVE BANK OF NEW YORK,
Fiscal Agent of the United States.**

TREASURY NOTES—TAX SERIES A-1945

Purchase Price and Tax-Payment Value During Successive Months

The table below shows the principal amount with accrued interest added, for notes of each denomination, for each month from September 1942 to September 1945, inclusive. The total shown for any denomination for any month while the notes remain on sale, is the purchase price, or cost of the note during that month. Also the total shown for any denomination for any month is the tax-payment value of the note if receivable during that month in payment of taxes.

	\$25	\$50	\$100	\$500	\$1,000	\$5,000
1942:						
September	\$25.00	\$50.00	\$100.00	\$500.00	\$1,000.00	\$5,000
October	25.04	50.08	100.16	500.80	1,001.60	5,008
November	25.08	50.16	100.32	501.60	1,003.20	5,016
December	25.12	50.24	100.48	502.40	1,004.80	5,024
1943:						
January	25.16	50.32	100.64	503.20	1,006.40	5,032
February	25.20	50.40	100.80	504.00	1,008.00	5,040
March	25.24	50.48	100.96	504.80	1,009.60	5,048
April	25.28	50.56	101.12	505.60	1,011.20	5,056
May	25.32	50.64	101.28	506.40	1,012.80	5,064
June	25.36	50.72	101.44	507.20	1,014.40	5,072
July	25.40	50.80	101.60	508.00	1,016.00	5,080
August	25.44	50.88	101.76	508.80	1,017.60	5,088
September	25.48	50.96	101.92	509.60	1,019.20	5,096
October	25.52	51.04	102.08	510.40	1,020.80	5,104
November	25.56	51.12	102.24	511.20	1,022.40	5,112
December	25.60	51.20	102.40	512.00	1,024.00	5,120
1944:						
January	25.64	51.28	102.56	512.80	1,025.60	5,128
February	25.68	51.36	102.72	513.60	1,027.20	5,136
March	25.72	51.44	102.88	514.40	1,028.80	5,144
April	25.76	51.52	103.04	515.20	1,030.40	5,152
May	25.80	51.60	103.20	516.00	1,032.00	5,160
June	25.84	51.68	103.36	516.80	1,033.60	5,168
July	25.88	51.76	103.52	517.60	1,035.20	5,176
August	25.92	51.84	103.68	518.40	1,036.80	5,184
September	25.96	51.92	103.84	519.20	1,038.40	5,192
October	26.00	52.00	104.00	520.00	1,040.00	5,200
November	26.04	52.08	104.16	520.80	1,041.60	5,208
December	26.08	52.16	104.32	521.60	1,043.20	5,216
1945:						
January	26.12	52.24	104.48	522.40	1,044.80	5,224
February	26.16	52.32	104.64	523.20	1,046.40	5,232
March	26.20	52.40	104.80	524.00	1,048.00	5,240
April	26.24	52.48	104.96	524.80	1,049.60	5,248
May	26.28	52.56	105.12	525.60	1,051.20	5,256
June	26.32	52.64	105.28	526.40	1,052.80	5,264
July	26.36	52.72	105.44	527.20	1,054.40	5,272
August	26.40	52.80	105.60	528.00	1,056.00	5,280
September	26.44	52.88	105.76	528.80	1,057.60	5,288

**APPLICATION FOR
UNITED STATES OF AMERICA TREASURY TAX SAVINGS NOTES
TAX SERIES A**

Issued At Par and Accrued Interest
Acceptable At Par and Accrued Interest In Payment of Federal Income, Estate, and Gift Taxes

FEDERAL RESERVE BANK OF NEW YORK,
Fiscal Agent of the United States,
GOVERNMENT BOND DEPARTMENT:

Date....., 194.....

Pursuant to the terms of appropriate Treasury Department Circular the undersigned submits this application for \$..... (face amount) United States of America Treasury Tax Savings Notes, Tax Series A to be inscribed as follows:

.....
(Name—Please type or print)

.....
(Address—Please type or print)

(NOTICE TO SUBSCRIBER: The above name must be identical with that used when making payment for taxes to Internal Revenue Collector. Notes will not be inscribed in the names of joint owners or the name of a partnership).

The tax notes are to be issued in the following denominations and delivered as indicated below:

Number of Pieces	Denominations	Purchase Price of One Note	Total Cost	LEAVE BLANK			
	\$ 25						
	50						
	100						
	500						
	1,000						
	5,000						
TOTAL PAYMENT HEREWITH							

(NOTICE TO SUBSCRIBER: Payment must accompany this application. See table for purchase price)

- Forward to the purchaser by registered mail.
- Deliver over the counter to the purchaser.
- Forward to the banking institution named below by registered mail.
- Deliver over the counter to the banking institution named below.

Signature of Purchaser.....
(This signature is not required when application is submitted on behalf of the purchaser by a banking institution).

THE FOLLOWING SPACES ARE FOR THE USE OF BANKING INSTITUTIONS ONLY

- We submit the above application, payment in respect thereof to be made as follows:
- By check enclosed.
 - By charge to our reserve account, which is hereby authorized.
 - By credit to our War Loan Deposit Account (Form GB 352 enclosed).

Name of Banking Institution.....

Official Signature..... (Title)

Address..... (City, Town or Village and State)

**APPLICATION FOR
UNITED STATES OF AMERICA TREASURY TAX SAVINGS NOTES
Tax Series C**

Acceptable At Par and Interest In Payment of Federal Income, Estate, and Gift Taxes

FEDERAL RESERVE BANK OF NEW YORK,
Fiscal Agent of the United States,
GOVERNMENT BOND DEPARTMENT:

Date....., 194.....

Pursuant to the terms of the appropriate Treasury Department Circular the undersigned submits this application for \$..... (face amount) United States of America Treasury Tax Savings Notes, Series C at par to be inscribed as follows:

.....
(Name—Please type or print)

.....
(Address—Please type or print)

(NOTICE TO SUBSCRIBER: The above name must be identical with that used when making payment for taxes to Internal Revenue Collector. Notes will not be inscribed in the names of joint owners or the name of a partnership).

The notes are to be issued in the following denominations and delivered as indicated below:

Number of Pieces	Denominations	Total Face Amount		Do Not Use
	1,000			
	5,000			
	10,000			
	100,000			
	500,000			
	1,000,000			

(NOTICE TO SUBSCRIBER: Payment must accompany this application).

- Forward to the purchaser by registered mail.
- Deliver over the counter to the purchaser.....
- Forward to the banking institution named below by registered mail.....
- Deliver over the counter to the banking institution named below.....

Signature of Purchaser.....
(This signature is not required when application is submitted on behalf of the purchaser by a banking institution).

THE FOLLOWING SPACES ARE FOR THE USE OF BANKING INSTITUTIONS ONLY

- We submit the above application, payment in respect thereof to be made as follows:
- By check enclosed.....
 - By charge to our reserve account, which is hereby authorized.....
 - By credit to our War Loan Deposit Account (Form GB 352 enclosed).....

Name of Banking Institution.....

Official Signature.....
(Title)

Address.....
(City, Town or Village and State)