

**FEDERAL RESERVE BANK
OF NEW YORK**

Fiscal Agent of the United States

[Circular No. 2648]
July 7, 1943]

**REGULATIONS GOVERNING THE PAYMENT THROUGH DEPOSITARY BANKS OF
FUNDS WITHHELD AS TAXES IN ACCORDANCE WITH THE PROVISIONS
OF THE CURRENT TAX PAYMENT ACT OF 1943**

*To all Banks and Trust Companies in the
Second Federal Reserve District:*

We enclose herewith the following documents:

(1) Treasury Department Press Release dated June 28, 1943, describing the arrangement whereby certain banks may qualify as depositaries to receive from employers funds withheld under the Current Tax Payment Act of 1943.

(2) One copy of Treasury Department Circular No. 714, dated June 25, 1943, entitled "Regulations Governing the Payment through Depositary Banks of Funds Withheld as Taxes in Accordance with the Provisions of the Current Tax Payment Act of 1943".

(3) Two copies of Form No. 411a, entitled "Resolution Authorizing Execution of Application-Agreement, Depositary for Withheld Taxes".

(4) Two copies of Form No. 411, entitled "Application-Agreement Depositary for Withheld Taxes".

(5) One copy of Treasury Department Circular No. 660, First Supplement, pertaining to a special issue of bonds of the United States, designated 2 Percent Depositary Bonds, Second Series.

1. Banks Designated to Act as Depositaries for Withheld Taxes.

Section 5 of Treasury Department Circular No. 714 provides that all incorporated, insured banks are designated as depositaries and financial agents of the Government for receiving from employers and other persons funds withheld as taxes pursuant to the Current Tax Payment Act of 1943; provided, that no insured bank shall perform any of the acts covered by such designation until it has qualified so to act in the manner prescribed in such regulations. Banking institutions which have heretofore been designated as depositaries and financial agents of the Government for the performance of certain classes of fiscal duties will be required to qualify under the terms of Circular No. 714 in order to act as Depositaries for Withheld Taxes.

2. Procedure for Qualification of Designated Banks as Depositaries for Withheld Taxes.

Any designated bank in the Second Federal Reserve District desiring to qualify as a "Depositary for Withheld Taxes" under the terms of Treasury Department Circular No. 714, must do the following:

- (a) A resolution must be passed by its Board of Directors authorizing the execution of an application and agreement of the bank to act as a "Depositary for Withheld Taxes." This resolution must be in the prescribed form (Treasury Form 411a). The Board of Directors, in its resolution, may elect to limit authority to execute the application and agreement to specified classes of officers of the bank rather than to have all the classes indicated in Treasury Form 411a authorized.
- (b) An officer of the bank, authorized in the resolution, must execute in its behalf an application and agreement for the bank to act as a "Depositary for Withheld Taxes." This application and agreement must be in the prescribed form (Treasury Form 411). The application-agreement (Form 411) must be attested by another officer of the bank and the seal of the bank must be affixed.
- (c) One duly executed copy of the application-agreement (Form 411) together with one duly certified copy of the resolution (Form 411a) must be submitted to the head office of the Federal Reserve Bank of New York, 33 Liberty Street, New York, N. Y. The second copy of each of these forms may be retained by the applying bank for its files.

The procedure outlined above should be followed wherever practicable; but in any case in which a bank desires to qualify promptly but is unable to comply with the regulations requiring a resolution of its board of directors, because its directors' meetings are not held until the close

(OVER)

of the month, the application-agreement (Form 411) will be accepted if it is executed by an officer of the bank specifically authorized to execute such agreement by a duly authorized committee of the board of directors or if it is executed by an officer of the bank who has general authority to act in behalf of the bank. Such officer should, in each case, be of the class indicated in Form 411a. All such agreements which are accepted without supporting board resolution must be ratified by the board of directors at its next meeting and a certified copy of the ratifying resolution (Form 411a with appropriate modifications) must be sent to the Federal Reserve Bank immediately and in any event not later than ten days after such meeting.

No bank may act as a Depository for Withheld Taxes under the terms of Treasury Department Circular No. 714 until it receives from the Federal Reserve Bank written notice of approval of such application.

In the case of an applicant bank which has one or more branches, the resolution and application-agreement with respect to the parent bank will be construed as covering its branch or branches.

3. Procedure of Depositories for Withheld Taxes.

Each bank that qualifies as a Depository for Withheld Taxes shall open and maintain on its books a special account entitled "Federal Reserve Bank of New York, Fiscal Agent of the United States—Withheld Taxes". To this special account shall be credited all withheld taxes received by the depository from employers. The depository shall issue to each employer for each such payment of withheld taxes received by the depository from such employer a "Depository Receipt for Withheld Taxes" (Form No. 410) as provided in section 7 of Treasury Department Circular No. 714.

When deposits in such special account reach a balance of \$5,000 the entire balance in such account must be remitted, not later than the following business day, to the Federal Reserve Bank for credit to the account of the Treasurer of the United States. Such remittances, however, are not required to be made more frequently than once each day. The entire balance in the special account on the last business day in each month, regardless of the size of the balance, must be remitted to the Federal Reserve Bank not later than the following business day. More information relating to the procedure to be followed in connection with the operation of such special account will be found in section 7 of Treasury Department Circular No. 714; and detailed instructions regarding the procedure to be followed will be transmitted by the Federal Reserve Bank to all banks that qualify as Depositories for Withheld Taxes.

A supply of depository receipts (Form No. 410) and remittance forms will be sent to each depository bank with the notice of approval of its application, and additional supplies of such forms will be furnished upon request.

4. Provision for Offsetting Costs of Depositories for Withheld Taxes.

For the purpose of offsetting additional costs incurred by depositories in receiving and accounting for deposits of withheld taxes, two alternative methods are provided by which a depository may purchase 2 Percent Depository Bonds, Second Series, issued pursuant to Treasury Department Circular No. 660, First Supplement. Under one method the depository will be permitted to purchase such bonds with its own funds, and under the other method such bonds may be purchased with certain funds placed with the depository to the credit of the Treasurer of the United States. Detailed provisions relating to these methods are contained in section 8 of Treasury Department Circular No. 714, and the amount of 2% depository bonds which a depository will be permitted to purchase under either alternative is shown in the schedule attached to such circular (Exhibit C).

Further information and additional copies of this circular and of the enclosures will be furnished upon request.

ALLAN SPROUL,
President.

TREASURY DEPARTMENT
Washington

FOR RELEASE, MORNING NEWSPAPERS,
Monday, June 28, 1943.

6-26-43

Press Service
No. 37-21

Secretary Morgenthau announced today that regulations are being prepared under which all banks insured by the Federal Deposit Insurance Corporation may qualify as Government depositories to receive withheld taxes.

The regulations are being issued under the Current Tax Payment Act of 1943, approved June 9, 1943. Under the arrangement, withheld taxes will be available to the Treasury on a current basis, before employers' quarterly tax returns are made to collectors of internal revenue.

Information released by the Commissioner of Internal Revenue in Circular WT, copies of which may be obtained from collectors of internal revenue, is to the effect that on or before the last day of the month following the close of each quarter, every employer will be required to make a tax return to the collector of his district, covering the aggregate amount of taxes withheld during that quarter.

It will be the duty of every employer who withholds more than \$100 during the month to pay, within 10 days after the close of each month, to a depository authorized by the Secretary of the Treasury to receive such payments, all funds withheld as taxes during that month; except that amounts withheld during the last month of a quarter may, at the election of the employer, be remitted directly to the collector with the employer's tax return.

In making payment to the collector of the amount due as shown on the tax return, the employer must attach thereto receipts, in the form approved by the Secretary of the Treasury, issued by the authorized depository evidencing payments made to such depository of funds withheld as taxes.

The employer who withholds \$100 or less during the month may elect either to remit the amount withheld to the collector with his quarterly tax return or to pay it monthly to an authorized depository.

All incorporated banks which are insured by the Federal Deposit Insurance Corporation will be designated by the Secretary of the Treasury to receive funds withheld as taxes, and any such banks may qualify to act under the designation. Qualification will be accomplished, through the Federal Reserve banks, upon the execution of an application and agreement.

Arrangements will be made whereby depositories will be enabled to offset expenses incurred in acting under their designations. Such arrangements will be similar in principle to those employed with respect to existing Government depositories and financial agents.

Each bank which qualifies will accept from employers deposits of funds withheld as taxes, for account of the Federal Reserve bank of its district as fiscal agent of the United States. Remittance of the entire balance will be made to the Federal Reserve bank for account of the Treasurer of the United States, when the balance equals or exceeds \$5,000. Such remittances, however, will not be made more frequently than daily and at the end of each month the entire balance will be remitted. All remittances will be in funds immediately available at the Federal Reserve bank point.

At the time of receiving a deposit of withheld taxes, the depository will issue to the employer a receipt therefor in the form prescribed by the Secretary of the Treasury. The receipts will be prepared in triplicate. The original is to be retained by the employer until filed with his quarterly return. The first copy will be sent to the Federal Reserve bank with the depository's remittance, and the second copy will be retained as the depository's record of the transaction.

All matters in connection with the establishment and administration of this system will be handled through the Federal Reserve banks as fiscal agents of the United States. Regulations, instructions, application forms, etc., will be made available as soon as possible. After the regulations are in effect the Federal Reserve banks will notify all banks in their districts as to the banks which qualify thereunder as depositories for withheld taxes.

REGULATIONS GOVERNING THE PAYMENT THROUGH DEPOSITARY BANKS OF FUNDS WITHHELD AS TAXES IN ACCORDANCE WITH THE PROVISIONS OF THE CURRENT TAX PAYMENT ACT OF 1943

1943

Department Circular No. 714
Fiscal Service—Bureau of Accounts
Division of Deposits

TREASURY DEPARTMENT
OFFICE OF THE SECRETARY
Washington, June 25, 1943.

1. Pursuant to Section 10 of the Act of June 11, 1942 (56 Stat. 356) and Section 1631 of the Internal Revenue Code, as added by the Current Tax Payment Act of 1943 (Public Law 68, approved June 9, 1943), the following regulations governing the payment through depositary banks of funds withheld as taxes are hereby prescribed:

2. Instructions of Commissioner of Internal Revenue Relative to Payment of Taxes.

The Commissioner of Internal Revenue has issued Circular WT, dated June 1943,¹ with reference to the collection of income tax at source on wages, in which employer's duties under the provisions of the Current Tax Payment Act of 1943 are explained. The circular contains, in part, the following information:

"19. PAYMENT OF TAX

It will be the duty of every employer who withheld more than \$100 during the month to pay, within 10 days after the close of each calendar month, to a depositary and financial agent authorized by the Secretary of the Treasury to receive deposits of withheld taxes, pursuant to Section 1631 of the Internal Revenue Code as added by the Current Tax Payment Act of 1943, all funds withheld as taxes during that calendar month. (All banks insured by the Federal Deposit Insurance Corporation are eligible to qualify as depositaries and financial agents.) On or before the last day of the month following the close of each quarter of each calendar year, every employer shall make a return on Form W-1 to the collector of his district, covering the aggregate amount of taxes withheld during that quarter, and attach to such return, as payment for the taxes shown thereon, receipts in the form approved by the Secretary of the Treasury, issued by the authorized depositary and financial agent evidencing the payment of funds withheld as taxes; *Provided, however,* That for taxes withheld during the last month of the quarter the employer may, at his election, in lieu of this method of payment, include with his return direct remittance to the collector for the amount of the taxes withheld during such last month of the quarter. The employer may obtain from his local bank the names and locations of the nearby depositaries and financial agents authorized to receive deposits of withheld taxes. A list of the depositaries and financial agents will be furnished each bank by the Federal Reserve Bank of the District."

3. Authority to Use Insured Banks as Depositaries of Public Money.

Section 10 of the Act approved June 11, 1942 (U. S. C., 1940 ed., Sup. II, Title 12, Sec. 265), provides in part as follows:

"All insured banks designated for that purpose by the Secretary of the Treasury shall be depositaries of public money of the United States * * * and the Secretary is hereby authorized to deposit public money in such depositaries, under such regulations as may be prescribed by the Secretary; and they may also be employed as financial agents of the Government; and they shall perform all such reasonable duties, as depositaries of public money and financial agents of the Government as may be required of them * * * ."

4. Authority to Use Government Depositaries in Connection With Payment of Taxes.

Section 1631 of the Internal Revenue Code as added by the Current Tax Payment Act of 1943 provides as follows:

"The Secretary may authorize incorporated banks or trust companies which are depositaries or financial agents of the United States to receive any taxes under this chapter in such manner, at such times, and under such conditions as he may prescribe; and he shall prescribe the manner, times and conditions under which the receipt of such taxes by such depositaries and financial agents is to be treated as payment of such taxes to the collectors."

¹ Copies may be obtained by addressing the nearest Collector of Internal Revenue, requesting Circular WT.

5. Designation of Government Depositories in Connection With Payment of Taxes.

All incorporated insured banks, within the meaning of Section 10 of the Act of June 11, 1942, referred to in Section 3 of this circular, are hereby designated, subject to the provisions of this circular, as depositories and financial agents of the Government for receiving from employers or other persons, hereinafter referred to as employers, funds withheld as taxes pursuant to the Current Tax Payment Act of 1943; *Provided*, That no insured bank shall perform any of the acts covered by this designation until it has qualified so to act in the manner herein prescribed.

Banking institutions which have heretofore been designated as depositories and financial agents of the Government for the performance of certain classes of fiscal duties will be required to qualify under the terms of this circular in order to act as Depositories for Withheld Taxes.

Incorporated banks or trust companies located in the territories and insular possessions of the United States, which are not insured banks within the meaning of Section 10 of the Act approved June 11, 1942, but which are otherwise eligible for designation as depositories or financial agents of the United States, may be specifically designated by the Secretary of the Treasury under other applicable statutes governing depositories outside of the continental United States, to act as depositories for withheld taxes upon qualification substantially in accordance with the provisions of Section 6 hereof. Applications for such designation should be transmitted to the Federal Reserve Bank of the district through which clearances and settlements for the account of the Treasurer of the United States are customarily made.

6. Qualification of Government Depositories in Connection With Payment of Taxes.

Any designated bank which desires to qualify, under the terms of this circular, for receiving from employers funds withheld as taxes pursuant to the Current Tax Payment Act of 1943, should apply for qualification through the Federal Reserve Bank of the district in which the insured bank is located. Such application shall be made on Application-Agreement, Depository for Withheld Taxes (Form No. 411) shown as Exhibit A of this circular. Copies of this form and instructions regarding the application may be obtained from the Federal Reserve Bank. No designated bank which has made application for qualification shall act as a Government depository and financial agent under the terms of this circular until it receives from the Federal Reserve Bank notice of approval of the application. Upon receipt of such notice each designated bank is hereby authorized to receive funds withheld as taxes pursuant to Section 1622 of the Internal Revenue Code, as added by the Current Tax Payment Act of 1943. Depositories and financial agents qualified pursuant to the terms of this circular will be known as "Depositories for Withheld Taxes" and will hereinafter be referred to as depositories.

7. Accounts, Forms, and Procedure of Depositories for Withheld Taxes.

Each depository shall open and maintain on its books a special account entitled "Withheld Taxes" in the name of the Federal Reserve Bank of the district in which the depository is located, as fiscal agent of the United States. Such Federal Reserve Bank will hereinafter be referred to as the Federal Reserve Bank. To this special account on the books of the depository shall be credited all withheld taxes received by the depository from employers.

Deposits in the special account will be permitted to accumulate until a balance of \$5,000 is reached, at which time the depository must remit, not later than the following business day, the entire balance to the Federal Reserve Bank for credit to the account of the Treasurer of the United States. Remittances to the Federal Reserve Bank, however, are not required to be made more frequently than once each day. The entire balance in the special account on the last business day in each month, regardless of the size of the balance, must be remitted to the Federal Reserve Bank not later than the following business day. Each remittance to the Federal Reserve Bank must be accompanied by the first carbon copies of the depository receipts for withheld taxes, issued by the depository as hereinafter provided, with regard to the funds constituting the remittance. When a remittance to the Federal Reserve Bank is made, it is essential that the accompanying depository receipts be in the exact aggregate amount of such remittance and that they relate exclusively to the withheld taxes thus remitted. All remittances must be made in funds immediately available at the Federal Reserve Bank point.

The depositories will receive through the Federal Reserve Banks more detailed information regarding the procedure to be followed in connection with the remittance of, and accounting for, withheld taxes received by the depositories under the provisions of this circular.

The depository shall issue to each employer for each payment of withheld taxes received by the depository from such employer a Depository Receipt for Withheld Taxes (Form No. 410), hereinafter referred to as the depository receipt. The prescribed form of depository receipt is shown as

Exhibit B of this circular. All depositary receipts issued must be in this form and no other. Each depositary receipt will be executed by the depositary in triplicate and disposition of the original and copies shall be made by the depositary as follows:

Original.—Delivered to the employer to evidence the payment of withheld taxes to the depositary;

First copy.—Forwarded to the Federal Reserve Bank at the time the funds represented by the receipt are remitted to the Federal Reserve Bank;

Second copy.—Retained by the depositary, as its record of the payment of the withheld taxes by the employer to the depositary.

Supplies of the printed form of depositary receipt will be furnished to, or procured by, each depositary, and will be controlled, under instructions issued through the Federal Reserve Bank.

The depositary will not be required to accept from employers, as payment of withheld taxes, funds which are not immediately available to the depositary at the time of such payment. Treasury Notes, Tax Series, or other public debt securities of the United States, will not be accepted by depositaries from employers as payment of withheld taxes under this circular. Each depositary receipt will be dated as of the day the funds are credited in the special account "Withheld Taxes" in the name of the Federal Reserve Bank as fiscal agent of the United States.

The original and Federal Reserve Bank copy of each depositary receipt must be signed by a duly authorized officer or employee acting on behalf of the depositary. This signature may be in any one of the following forms: (1) a manual signature of a duly authorized officer or employee followed by the title of such officer or employee; (2) a rubber stamp impression containing the name of the depositary supported by the manual initial of the receipting officer or employee and followed by his title; (3) a facsimile or rubber stamp impression signature of a duly authorized officer over his official title, supported by the manual initial of such officer or the employee receiving the deposit; or (4) a facsimile or rubber stamp impression signature of a duly authorized employee over his official title, supported by the manual initial of such employee. All initials or manual signatures should be in ink.

In the event the original of a depositary receipt is lost, stolen, or destroyed before it is forwarded to a collector of internal revenue, the employer concerned will be issued a duplicate receipt upon proper application and the submission of required evidence to the Federal Reserve Bank of the district in which the depositary which issued the original receipt is located. Such issuance of duplicate receipts will be governed by requirements and procedure to be prescribed by the Secretary of the Treasury.

8. Provision for Offsetting Costs of Depositaries for Withheld Taxes.

For the purpose of offsetting additional costs incurred by depositaries in receiving from employers payments of withheld taxes and remitting the funds thus collected to Federal Reserve Banks as required herein, two alternative methods are provided by which a depositary may purchase 2 percent depositary bonds issued pursuant to Department Circular No. 660, First Supplement.

Under one method, the depositary will be permitted to purchase 2 percent depositary bonds with its own funds. Such bonds will be issued in the name of the Federal Reserve Bank as fiscal agent of the United States in trust for the depositary, and will be required to be held by such Federal Reserve Bank in safekeeping while the depositary is qualified for receiving payments of withheld taxes.

Under the other method, the Treasury will agree to place with the depositary a balance to the credit of the Treasurer of the United States, provided that such balance will be used by the depositary for the purchase of an equal amount of 2 percent depositary bonds. Such bonds will be issued in the name of the Federal Reserve Bank as fiscal agent of the United States, in trust for the depositary, and will be held as collateral security for such deposit balance.

The amount of 2 percent depositary bonds which the depositary will be permitted to purchase under either of the alternative methods will be in proportion to the business transacted under this circular, as set forth in the attached schedule of 2 percent depositary bond allotments and Treasury balances (Exhibit C).

In case an insured bank qualifies as a depositary for withheld taxes on or before July 31, 1943, its initial 2 percent depositary bond allotment or Treasury balance under the method elected by the depositary will be calculated on the basis of the business transacted under this circular by the depositary during the month of August 1943. The same general rule will be applied in the case of insured banks qualifying during each month after July 1943. For example, in the case of an insured bank qualifying as a depositary during the month of August 1943, the initial 2 percent depositary bond allotment or Treasury balance will be based upon the business such depositary transacts under this circular during the month of September 1943.

Appropriate adjustments in 2 percent depositary bond allotments or Treasury balances will be considered periodically on the basis of fluctuations in the business transacted after the initial allotments or Treasury balances are established. The first of such adjustments will be made at the close of the 3-month period of operations of a depositary after its initial allotment or Treasury balance is established. Thereafter, appropriate adjustments will be made at the close of each 6-month period ending on June 30 and December 31. The adjustments will be considered on the basis of the average business transacted monthly during the period under review, in relation to the schedule of 2 percent depositary bond allotments and Treasury balances then in effect. A depositary will be permitted to change from one alternative method to the other on the adjustment dates of June 30 and December 31.

Matters concerning the allotment of 2 percent depositary bonds under the terms of this circular will be handled by the Treasury Department through the Federal Reserve Banks.

9. Termination of the Qualification of a Depositary for Withheld Taxes.

The Secretary of the Treasury, upon notification through the Federal Reserve Banks, may terminate at any time the qualification of any depositary for withheld taxes. Likewise, any depositary for withheld taxes may terminate its qualification upon 30 days' notice to the Secretary of the Treasury, through the Federal Reserve Bank. Upon termination of the qualification of a depositary the amount of 2 percent depositary bonds purchased by it pursuant to these regulations will be redeemed on not less than 30 days' or more than 60 days' notice by the Secretary of the Treasury.

10. Treatment by Collectors of Internal Revenue of Withheld Taxes Received by Depositories.

The receipt of withheld taxes by depositories shall be treated as payment of such taxes to collectors of internal revenue upon the filing of the return for the withheld taxes and the presentation therewith to such collectors of properly executed depositary receipts. Collectors of internal revenue will promptly deposit all such depositary receipts as internal revenue collections with the Federal Reserve Bank of the district in which the collector's head office is located. Each such deposit shall be accompanied by an appropriate certificate of deposit which shall not include any other class of remittances.

In any case in which a depositary receipt is received by a Federal Reserve Bank and it is determined that the employer failed to pay to the depositary the amount stated therein, the Federal Reserve Banks may return such item to the collector of internal revenue, under procedure prescribed by the Secretary of the Treasury.

11. Functions of Federal Reserve Banks Regarding Withheld Taxes.

In accordance with instructions from the Secretary of the Treasury, the Federal Reserve Banks, as fiscal agents of the United States, will perform the following functions:

The Federal Reserve Banks will receive from depositories remittances of withheld taxes and from collectors of internal revenue depositary receipts for appropriate credit and clearance in the account of the Treasurer of the United States.

The Federal Reserve Banks will maintain such records and perform such other functions as may be necessary for the purpose of: (a) determining that the required copies of depositary receipts are received from the depositories in support of all remittances by such depositories of withheld taxes; and (b) properly balancing or matching the depositary receipts deposited by the collectors of internal revenue with the corresponding copies of the depositary receipts received from the depositories, in order to prove or reconcile credits allowed employers by the collectors of internal revenue with the depositories' remittances of withheld taxes.

The Federal Reserve Banks will perform such additional functions relating to withheld taxes, including the rendition of reports, as may be required by the Secretary of the Treasury.

The Federal Reserve Banks are authorized to utilize the facilities of their branches in performing the functions required under this circular.

12. Amendment of Regulations.

The Secretary of the Treasury may withdraw or amend at any time or from time to time any or all provisions of this circular.

HENRY MORGENTHAU, Jr.,
Secretary of the Treasury.

APPLICATION-AGREEMENT DEPOSITARY FOR WITHHELD TAXES*

The undersigned, a Designated Depositary and Financial Agent of the Government for receiving from employers payments of funds withheld as taxes, hereby makes application to qualify pursuant to the provisions of section 6 of United States Treasury Department Circular No. 714, dated June 25, 1943, for the receipt of such payments and agrees as follows:

1. The undersigned in the performance of its duties as a "Depositary for Withheld Taxes," as that term is defined in section 6 of United States Treasury Department Circular No. 714, dated June 25, 1943, will comply with all the requirements of that circular and any amendments or supplements thereof and instructions issued pursuant thereto, and will hold all funds received by it in its capacity as such Depositary in trust for the United States.
2. Any 2 percent depositary bonds purchased by the undersigned with any depositary balance placed by the Treasury with it to the credit of the Treasurer of the United States pursuant to the provisions of section 8 of United States Treasury Department Circular No. 714, dated June 25, 1943, will be held as collateral security for such deposit balance and, in the event of the failure of the undersigned to pay, when due, the whole or any part of the funds deposited with the undersigned pursuant to the provisions of that section, or in the event of the insolvency of the undersigned, or in the event the undersigned shall be closed for business by law or by proper corporate action, or in the event that a receiver, or conservator, or liquidator, or any other officer shall be appointed for the purpose of terminating the business of the undersigned, the Secretary of the Treasury, without prior notice or demand, may forthwith require such 2 percent depositary bonds to be presented for redemption and apply the proceeds of such redemption, after deducting all necessary expenses thereof, to the payment of the funds deposited with the undersigned pursuant to the provisions of section 8 of United States Treasury Department Circular No. 714, dated June 25, 1943, any surplus remaining from the proceeds of the redemption of such bonds, after payment in full has been made, to be paid to the undersigned.

3. The provisions of this agreement may be supplemented, amended or modified at any time subsequent hereto by agreement in writing between the undersigned and the Secretary of the Treasury, as provided in the attached resolution of its board of directors.

IN WITNESS WHEREOF, the undersigned has caused the signature of its officer below-named and its corporate seal duly attested to be affixed hereto this _____ day of _____, 19____, intending to be legally bound hereby.

(Name of bank)

By -----
(Signature and title of officer executing agreement)

[SEAL]

Attest: -----
(Signature and title)

*The execution of this Application-Agreement must be authorized by resolution of the Board of Directors of the designated Depositary, a certified copy of which on Form 411-A must accompany this Application-Agreement.

RESOLUTION AUTHORIZING EXECUTION OF APPLICATION-AGREEMENT, DEPOSITARY FOR WITHHELD TAXES

THIS IS TO CERTIFY, That at a meeting of the Board of Directors of _____ held on _____, 19____, the following resolution was duly adopted:

1. "RESOLVED, That the president, or any vice president, or cashier, or any assistant cashier, or treasurer, or any assistant treasurer of this bank is hereby authorized to execute on behalf of this bank the 'Application-Agreement, Depositary for Withheld Taxes,' Treasury Department Form No. 411, such execution to be under seal and with the attestation of an officer of this bank, other than an officer executing the Agreement.
2. "RESOLVED FURTHER, That any of such officers of this bank is authorized to execute in similar form on behalf of this bank such agreements to supplement, amend, or modify the terms of such 'Application-Agreement, Depositary for Withheld Taxes,' as may from time to time be requested or approved by the Secretary of the Treasury.
3. "RESOLVED FURTHER, That any of such officers of this bank is hereby authorized to take any action on behalf of this bank which may be required in connection with the performance of its duties as a 'Depositary for Withheld Taxes' as that term is defined in section 6 of United States Treasury Department Circular No. 714, dated June 25, 1943.
4. "RESOLVED FURTHER, That with respect to any 2 percent Depositary Bonds the purchase of which is permitted pursuant to the provisions of section 8 of United States Treasury Department Circular No. 714, dated June 25, 1943, any of such officers of this bank is hereby authorized to subscribe for such bonds, or request redemption thereof, for account of this bank, pursuant to the provisions of United States Treasury Department Circular No. 660, First Supplement, or any amendment thereof.
5. "RESOLVED FURTHER, That the Federal Reserve Bank of _____, as fiscal agent of the United States, as trustee, be and is hereby authorized to assign and transfer such 2 percent Depositary Bonds to the Secretary of the Treasury for redemption for account of this bank upon demand of either this bank or the Secretary of the Treasury."

[SEAL]

(Name and title of certifying officer*)

*The officer certifying this resolution shall have such authority.

DEPOSITARY RECEIPT FOR WITHHELD TAXES

Sec. 1631, Internal Revenue Code as Added by
the Current Tax Payment Act of 1943

SERIAL No. FR1 - 123456 A

To: COLLECTOR OF INTERNAL REVENUE:

A. B. A. No. _____
(Insert)

THIS IS TO CERTIFY that the employer named below has made payment to this authorized depository for account of the Federal Reserve Bank of _____ as fiscal agent of the United States, in special account "Withheld Taxes," pursuant to the provisions of Treasury Department Circular No. 714 as follows:

Dollars	Cents
100	

100 DOLLARS

Form No. 410
TREASURY DEPARTMENT
FISCAL SERVICE
Bureau of Accounts

To: COLLECTOR OF INTERNAL REVENUE:
THIS IS TO CERTIFY
Bank of _____
Circular No. _____

(Name and address of employer) _____ (Date of payment)

Space Reserved for Collector of Internal Revenue

(Name and location of depository)

By _____
(Signature of authorized employee of depository)

Important notice to employer.—This receipt must not be altered in any respect and must accompany your Return of Income Tax Withheld on Wages (Form W-1) to the Collector of Internal Revenue. It will be accepted by the Collector for appropriate credit against the amount due as shown on such tax return. The employer should request the depository to make out all receipts in the same name that the employer will use in filing his return (Form W-1). A record of the complete serial number shown in the upper right-hand corner of this receipt should be kept by the employer. This serial number must be quoted in any correspondence which might be necessary concerning this payment. ☆ GPO 16-35689-1

Form No. 410
TREASURY DEPARTMENT
FISCAL SERVICE
Bureau of Accounts

To: COLLECTOR OF INTERNAL REVENUE:
THIS IS TO CERTIFY
Bank of _____
Circular No. _____

(Name and address of employer) _____ (Date of payment)

Space Reserved for Federal Reserve Bank

(Name and location of depository)

By _____
(Signature of authorized employee of depository)

IMPORTANT NOTICE TO DEPOSITARY.—This first copy must be forwarded to the Federal Reserve Bank of _____ at the time remittance covering this deposit of withheld taxes is made to the Federal reserve bank from the account "Withheld Taxes." This copy of depository receipt will not be accepted by Collector of Internal Revenue. ☆ GPO 16-35689-1

100

(Name and address of employer)

(Date of payment)

(Name and location of depository)

DEPOSITARY'S COPY

By _____

(Signature of authorized employee of depository)

IMPORTANT NOTICE TO DEPOSITARY.—This second copy must be retained by the depository as its permanent record of this payment by the employer of withheld taxes. This copy of depository receipt will not be accepted by Collector of Internal Revenue. ☆ GPO 16-35689-1

DEPOSITARY RECEIPT

EXHIBIT B

TABLE I.

The following table indicates the amount of 2 Percent Depository Bonds which a Depository for Withheld Taxes will be permitted to purchase *with its own funds* under the provisions of the second paragraph of section 8 of Treasury Department Circular No. 714, based upon two factors in combination; viz.: the total

amount of remittances to the Federal Reserve banks in relation to the total number of depository receipts representing such remittances. Both the amount of remittances and number of depository receipts should be averaged monthly for the period under review.

TOTAL REMITTANCES (Monthly Average)	TOTAL NUMBER OF DEPOSITORY RECEIPTS (Monthly Average)													
	1 to 7	8 to 15	16 to 25	26 to 50	51 to 75	76 to 100	101 to 150	151 to 200	201 to 250	251 to 300	301 to 400	401 to 500	501 to 750	751 to 1,000
2 PERCENT DEPOSITORY BONDS TO BE PURCHASED WITH DEPOSITORY'S OWN FUNDS														
\$1 to \$5,000.....	\$4,000	\$4,000	\$4,000	\$7,000	\$11,000	\$13,000	\$19,000	\$27,000	\$35,000	\$43,000	\$51,000	\$65,000	\$91,000	\$127,000
\$5,001 to \$10,000.....	6,000	6,000	6,000	9,000	13,000	15,000	21,000	29,000	37,000	45,000	53,000	67,000	93,000	129,000
\$10,001 to \$25,000.....	8,000	8,000	8,000	11,000	15,000	17,000	23,000	31,000	39,000	47,000	55,000	69,000	95,000	131,000
\$25,001 to \$50,000.....	11,000	12,000	13,000	16,000	20,000	22,000	28,000	36,000	44,000	52,000	60,000	74,000	100,000	136,000
\$50,001 to \$100,000.....	21,000	22,000	23,000	26,000	30,000	32,000	38,000	46,000	54,000	62,000	70,000	84,000	110,000	146,000
\$100,001 to \$200,000.....	31,000	32,000	33,000	36,000	40,000	42,000	48,000	56,000	64,000	72,000	80,000	94,000	120,000	156,000
\$200,001 to \$300,000.....	41,000	42,000	43,000	46,000	50,000	52,000	58,000	66,000	74,000	82,000	90,000	104,000	130,000	166,000
\$300,001 to \$500,000.....	51,000	52,000	53,000	56,000	60,000	62,000	68,000	76,000	84,000	92,000	100,000	114,000	140,000	176,000
\$500,001 to \$750,000.....	61,000	62,000	63,000	66,000	70,000	72,000	78,000	86,000	94,000	102,000	110,000	124,000	150,000	186,000
\$750,001 to \$1,000,000.....	71,000	72,000	73,000	76,000	80,000	82,000	88,000	96,000	104,000	112,000	120,000	134,000	160,000	196,000
\$1,000,001 to \$1,250,000.....	81,000	82,000	83,000	86,000	90,000	92,000	98,000	106,000	114,000	122,000	130,000	144,000	170,000	206,000
\$1,250,001 to \$1,500,000.....	91,000	92,000	93,000	96,000	100,000	102,000	108,000	116,000	124,000	132,000	140,000	154,000	180,000	216,000
\$1,500,001 to \$2,000,000.....	101,000	102,000	103,000	106,000	110,000	112,000	118,000	126,000	134,000	142,000	150,000	164,000	190,000	226,000
\$2,000,001 to \$2,500,000.....	111,000	112,000	113,000	116,000	120,000	122,000	128,000	136,000	144,000	152,000	160,000	174,000	200,000	236,000
\$2,500,001 to \$3,000,000.....	121,000	122,000	123,000	126,000	130,000	132,000	138,000	146,000	154,000	162,000	170,000	184,000	210,000	246,000
\$3,000,001 to \$3,500,000.....	131,000	132,000	133,000	136,000	140,000	142,000	148,000	156,000	164,000	172,000	180,000	194,000	220,000	256,000
\$3,500,001 to \$4,000,000.....	141,000	142,000	143,000	146,000	150,000	152,000	158,000	166,000	174,000	182,000	190,000	204,000	230,000	266,000
\$4,000,001 to \$5,000,000.....	161,000	162,000	163,000	166,000	170,000	172,000	178,000	186,000	194,000	202,000	210,000	224,000	250,000	286,000

NOTE:

1. For monthly remittances in excess of \$5,000,000 per month, allotments of 2 Percent Depository Bonds will be made at the rate of \$10,000 for each \$500,000 of remittances or fraction thereof.

2. For depository receipts issued in excess of 1,000 per month, allotments of 2 Percent Depository Bonds will be made at the rate of \$2,000 for each 15 receipts or fraction thereof.

TABLE II.

The following table indicates the amount of the balance which the Treasury will place with a Depository for Withheld Taxes, to be invested in 2 percent Depository Bonds, under the provisions of the third paragraph of section 8 of Treasury Department Circular No. 714, based upon two factors in combination;

viz.: the total amount of remittances to the Federal Reserve Banks in relation to the total number of depository receipts representing such remittances. Both the amount of remittances and number of depository receipts should be averaged monthly for the period under review.

TOTAL REMITTANCES (Monthly Average)	TOTAL NUMBER OF DEPOSITORY RECEIPTS (Monthly Average)													
	1 to 7	8 to 15	16 to 25	26 to 50	51 to 75	76 to 100	101 to 150	151 to 200	201 to 250	251 to 300	301 to 400	401 to 500	501 to 750	751 to 1,000
	TREASURY BALANCES (To be invested in 2 Percent Depository Bonds)													
\$1 to \$5,000	\$2,000	\$2,000	\$2,000	\$3,500	\$5,500	\$6,500	\$9,500	\$13,500	\$17,500	\$21,500	\$25,500	\$32,500	\$45,500	\$63,500
\$5,001 to \$10,000	3,000	3,000	3,000	4,500	6,500	7,500	10,500	14,500	18,500	22,500	26,500	33,500	46,500	64,500
\$10,001 to \$25,000	4,000	4,000	4,000	5,500	7,500	8,500	11,500	15,500	19,500	23,500	27,500	34,500	47,500	65,500
\$25,001 to \$50,000	5,500	6,000	6,500	8,000	10,000	11,000	14,000	18,000	22,000	26,000	30,000	37,000	50,000	68,000
\$50,001 to \$100,000	10,500	11,000	11,500	13,000	15,000	16,000	19,000	23,000	27,000	31,000	35,000	42,000	55,000	73,000
\$100,001 to \$200,000	15,500	16,000	16,500	18,000	20,000	21,000	24,000	28,000	32,000	36,000	40,000	47,000	60,000	78,000
\$200,001 to \$300,000	20,500	21,000	21,500	23,000	25,000	26,000	29,000	33,000	37,000	41,000	45,000	52,000	65,000	83,000
\$300,001 to \$500,000	25,500	26,000	26,500	28,000	30,000	31,000	34,000	38,000	42,000	46,000	50,000	57,000	70,000	88,000
\$500,001 to \$750,000	30,500	31,000	31,500	33,000	35,000	36,000	39,000	43,000	47,000	51,000	55,000	62,000	75,000	93,000
\$750,001 to \$1,000,000	35,500	36,000	36,500	38,000	40,000	41,000	44,000	48,000	52,000	56,000	60,000	67,000	80,000	98,000
\$1,000,001 to \$1,250,000	40,500	41,000	41,500	43,000	45,000	46,000	49,000	53,000	57,000	61,000	65,000	72,000	85,000	103,000
\$1,250,001 to \$1,500,000	45,500	46,000	46,500	48,000	50,000	51,000	54,000	58,000	62,000	66,000	70,000	77,000	90,000	108,000
\$1,500,001 to \$2,000,000	50,500	51,000	51,500	53,000	55,000	56,000	59,000	63,000	67,000	71,000	75,000	82,000	95,000	113,000
\$2,000,001 to \$2,500,000	55,500	56,000	56,500	58,000	60,000	61,000	64,000	68,000	72,000	76,000	80,000	87,000	100,000	118,000
\$2,500,001 to \$3,000,000	60,500	61,000	61,500	63,000	65,000	66,000	69,000	73,000	77,000	81,000	85,000	92,000	105,000	123,000
\$3,000,001 to \$3,500,000	65,500	66,000	66,500	68,000	70,000	71,000	74,000	78,000	82,000	86,000	90,000	97,000	110,000	128,000
\$3,500,001 to \$4,000,000	70,500	71,000	71,500	73,000	75,000	76,000	79,000	83,000	87,000	91,000	95,000	102,000	115,000	133,000
\$4,000,001 to \$5,000,000	80,500	81,000	81,500	83,000	85,000	86,000	89,000	93,000	97,000	101,000	105,000	112,000	125,000	143,000

NOTE:
1. For monthly remittances in excess of \$5,000,000 per month, allotments of Treasury balances invested in 2 percent Depository Bonds will be made at the rate of \$5,000 for each \$500,000 of remittances or fraction thereof.
2. For Depository Receipts issued in excess of 1,000 per month, allotments of Treasury balances invested in 2 percent Depository Bonds will be made at the rate of \$1,000 for each 15 receipts or fraction thereof.

RESOLUTION AUTHORIZING EXECUTION OF
APPLICATION - AGREEMENT, DEPOSITARY FOR WITHHELD TAXES

THIS IS TO CERTIFY, That at a meeting of the Board of Directors of _____ held on _____, 19___, the following resolution was duly adopted:

1. "RESOLVED, That the President, or any Vice President, or Cashier, or any Assistant Cashier, or Treasurer, or any Assistant Treasurer of this bank is hereby authorized to execute on behalf of this bank the 'Application-Agreement, Depositary for Withheld Taxes', Treasury Department Form No. 411, such execution to be under seal and with the attestation of an officer of this bank, other than an officer executing the Agreement.
2. "RESOLVED FURTHER, That any of such officers of this bank is authorized to execute in similar form on behalf of this bank such agreements to supplement, amend, or modify the terms of such 'Application - Agreement, Depositary for Withheld Taxes', as may from time to time be requested or approved by the Secretary of the Treasury.
3. "RESOLVED FURTHER, That any of such officers of this bank is hereby authorized to take any action on behalf of this bank which may be required in connection with the performance of its duties as a 'Depositary for Withheld Taxes' as that term is defined in section 6 of United States Treasury Department Circular No. 714, dated June 25, 1943.
4. "RESOLVED FURTHER, That with respect to any two percent Depositary Bonds the purchase of which is permitted pursuant to the provisions of section 8 of United States Treasury Department Circular No. 714, dated June 25, 1943 any of such officers of this bank is hereby authorized to subscribe for such bonds, or request redemption thereof, for account of this bank, pursuant to the provisions of United States Treasury Department Circular No. 660, First Supplement, or any amendment thereof.
5. "RESOLVED FURTHER, That the Federal Reserve Bank of _____, as fiscal agent of the United States, as trustee, be and is hereby authorized to assign and transfer such two percent Depositary Bonds to the Secretary of the Treasury for redemption for account of this bank upon demand of either this bank or the Secretary of the Treasury."

(SEAL)

(*Name and Title of Certifying Officer)

* The officer certifying this resolution shall have such authority.

APPLICATION - AGREEMENT

DEPOSITARY FOR WITHHELD TAXES *

The undersigned, a Designated Depositary and Financial Agent of the Government for receiving from employers payments of funds withheld as taxes, hereby makes application to qualify pursuant to the provisions of section 6 of United States Treasury Department Circular No. 714, dated June 25, 1943, for the receipt of such payments and agrees as follows:

1. The undersigned in the performance of its duties as a "Depositary for Withheld Taxes", as that term is defined in section 6 of United States Treasury Department Circular No. 714, dated June 25, 1943, will comply with all the requirements of that Circular and any amendments or supplements thereof and instructions issued pursuant thereto, and will hold all funds received by it in its capacity as such Depositary in trust for the United States.

2. Any two percent depositary bonds purchased by the undersigned with any depositary balance placed by the Treasury with it to the credit of the Treasurer of the United States pursuant to the provisions of section 8 of United States Treasury Department Circular No. 714, dated June 25, 1943, will be held as collateral security for such deposit balance and, in the event of the failure of the undersigned to pay, when due, the whole or any part of the funds deposited with the undersigned pursuant to the provisions of that section, or in the event of the insolvency of the undersigned, or in the event the undersigned shall be closed for business by law or by proper corporate action, or in the event that a receiver, or conservator, or liquidator, or any other officer shall be appointed for the purpose of terminating the business of the undersigned, the Secretary of the Treasury, without prior notice or demand may forthwith require such two percent depositary bonds to be presented for redemption and apply the proceeds of such redemption, after deducting all necessary expenses thereof, to the payment of the funds deposited with the undersigned pursuant to the provisions of section 8 of United States Treasury Department Circular No. 714, dated June 25, 1943, any surplus remaining from the proceeds of the redemption of such bonds, after payment in full has been made, to be paid to the undersigned.

3. The provisions of this agreement may be supplemented, amended or modified at any time subsequent hereto by agreement in writing between the undersigned and the Secretary of the Treasury, as provided in the attached resolution of its Board of Directors.

IN WITNESS WHEREOF, the undersigned has caused the signature of its officer below-named and its corporate seal duly attested to be affixed hereto this _____ day of _____, 19____, intending to be legally bound hereby.

(Name of Bank)

By

(SEAL)

(Signature and Title of Officer Executing Agreement)

Attest:

(Signature and Title)

* The execution of this Application-Agreement must be authorized by resolution of the Board of Directors of the designated Depositary, a certified copy of which on Form 411-A must accompany this Application-Agreement.

UNITED STATES OF AMERICA
2 PERCENT DEPOSITARY BONDS
SECOND SERIES

1943
Department Circular No. 660
First Supplement

Fiscal Service
Bureau of the Public Debt

TREASURY DEPARTMENT,
OFFICE OF THE SECRETARY,
Washington, June 29, 1943.

I. OFFERING OF BONDS

1. The Secretary of the Treasury, pursuant to the authority of the Second Liberty Bond Act, as amended, gives notice of an additional special issue of bonds of the United States, designated 2 Percent Depositary Bonds, Second Series. These bonds may be subscribed for at par only by depositaries for withheld taxes qualified under Department Circular No. 714, dated June 25, 1943. The amounts of the allotments and adjustments thereof will be made on the bases specified in that circular. Two Percent Depositary Bonds, Second Series, will be issued and redeemed, and interest thereon, when due, will be paid by Federal Reserve Banks, as fiscal agents of the United States acting for the Secretary of the Treasury.

II. DESCRIPTION OF BONDS

1. The bonds of this issue will be dated July 1, 1943. They will bear interest at the rate of 2 percent per annum, payable on a semiannual basis on January 1 and July 1 in each year until the principal amount becomes payable. Each bond will be issued as of, and will bear interest from, the date payment therefor is received, and will mature twelve years from such date, but may be redeemed at the option of the United States or the depositary for withheld taxes, in whole or in part, at par and accrued interest at any time, upon not less than 30 nor more than 60 days' notice in writing given by either party to the other. From the date of redemption designated in any such notice, interest on the bond or bonds or any part thereof to be redeemed shall cease, and the unredeemed portion, if any, shall be reissued bearing the same issue date as the bond surrendered. Any such notice of redemption given by a depositary for withheld taxes shall be addressed to the Federal Reserve Bank of the district.

2. The income derived from the bonds shall be subject to all Federal taxes now or hereafter imposed. The bonds 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.

3. The bonds will not be acceptable for any purposes except those provided for in Department Circular No. 714. They will be issued only in the name of the Federal Reserve Bank of the district in which the depositary for withheld taxes is located as fiscal agent of the United States in trust for such depositary and will not be transferable. They will be subject to the general regulations of the Treasury Department with respect to United States bonds, so far as applicable.

III. GENERAL PROVISIONS

1. The Secretary of the Treasury may, at any time, or from time to time, prescribe supplemental or amendatory rules and regulations with respect to this issue of bonds, and he may terminate the issue at any time without notice.

2. Federal Reserve Banks, as fiscal agents of the United States, are authorized to perform all necessary acts herein, in accordance with such instructions as from time to time may be given by the Secretary of the Treasury, or by his direction.

D. W. BELL,
Acting Secretary of the Treasury.

(Filed with the Division of the Federal Register, July 1, 1943)