

**FEDERAL RESERVE BANK  
OF NEW YORK**

Fiscal Agent of the United States

[ Circular No. 3658 ]  
February 21, 1951

**DEPOSITS IN TREASURY TAX AND LOAN ACCOUNTS OF  
SPECIAL DEPOSITARIES**

**Second Amendment to Treasury Department Circular No. 92 (Revised)**

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

Enclosed is a copy of the Second Amendment, dated February 12, 1951, to Treasury Department Circular No. 92 (Revised), relating to deposits in the Treasury Tax and Loan Accounts of Special Depositories. In connection with the amendment, the Treasury Department has requested us to advise you of the following:

The Secretary of the Treasury has announced that, in order to avoid an undue strain in the money market that might result from immediate withdrawal of funds from the banking system on account of large quarterly installment payments of corporation income taxes and excess profits taxes, Special Depositories of Public Moneys will be permitted to accept for deposit in their Treasury Tax and Loan Accounts funds not to exceed the aggregate amount of checks of \$10,000 or over that are drawn on such depositories by corporations when remitting these taxes to collectors of internal revenue. This provision will be effective with respect to the tax payment checks received by collectors during the period from March 5, 1951 to March 31, 1951. The Secretary of the Treasury has also announced that future tax payments may from time to time be handled in a similar manner.

During the period from March 5, 1951 to March 31, 1951 (1) collectors of internal revenue will deposit directly with the several Federal Reserve Banks checks of \$10,000 or over representing quarterly installment payments of corporation income taxes and excess profits taxes; (2) Federal Reserve Banks will prepare daily a "Special Draft For Credit in Treasury Tax and Loan Account" (Form 453, appearing as Exhibit C in Treasury Department Circular No. 92—Revised) in an amount not to exceed the aggregate amount of such checks drawn on each Special Depository; and (3) in accordance with the conditions prescribed in the Second Amendment and set forth on the face of the Special Draft, Special Depositories may exercise their option to accept for deposit in their Treasury Tax and Loan Accounts funds in an amount equal to the amount of the Special Draft.

The Treasury Department, in the interest of economy and efficiency in this operation, has authorized adoption of this procedure with respect to checks in the amount of \$10,000 or over only, inasmuch as it is estimated that such checks represent approximately ninety per cent of the dollar amount of these tax payments while comprising only approximately ten per cent of the total volume. Calls for withdrawals of balances in Treasury Tax and Loan Accounts will be made against deposits arising from this source before any withdrawals are made with respect to other funds in these accounts.

Additional copies of this circular and of the Second Amendment to Treasury Department Circular No. 92 (Revised) will be furnished upon request.

ALLAN SPROUL,  
*President.*

**SPECIAL DEPOSITS OF PUBLIC MONEYS UNDER THE ACT OF CONGRESS APPROVED  
SEPTEMBER 24, 1917, AS AMENDED (SECOND LIBERTY BOND ACT, AS AMENDED)**

1951  
Department Circular No. 92 (Revised)  
Second Amendment  
Fiscal Service  
Bureau of Accounts

TREASURY DEPARTMENT,  
OFFICE OF THE SECRETARY,  
Washington, February 12, 1951.

To Federal Reserve Banks and other incorporated banks and trust companies in the United States (including the District of Columbia), the Territories of Alaska and Hawaii, Puerto Rico, the Virgin Islands, and the Panama Canal Zone:

Department Circular 92 (Revised), dated November 10, 1949, as amended, is hereby further amended, as follows:

1. By adding immediately after the third sentence in the introductory paragraph the following sentence:

“Special Depositaries also are permitted to establish, subject to conditions to be prescribed by the Secretary of the Treasury, deposit credit on their books for funds representing such other classes of internal revenue taxes as the Secretary of the Treasury may from time to time specifically designate.”

2. By adding immediately after subparagraph 13 (b) new subparagraphs, as follows:

“(c) Deposit in the Treasury Tax and Loan Account, subject to conditions to be prescribed by the Secretary of the Treasury, funds representing deposits by taxpayers with the bank of such other classes of internal revenue taxes as the Secretary of the Treasury may from time to time designate and which the bank has been duly authorized to receive.

“(d) Deposit in the Treasury Tax and Loan Account, in addition to funds described in subparagraphs (b) and (c) above, and subject to conditions to be prescribed by the Secretary of the Treasury, funds representing such classes of internal revenue taxes as the Secretary of the Treasury may from time to time designate, in an amount not exceeding the amount of checks drawn on the depositary bank by taxpayers.”

3. By renumbering paragraphs 17 and 18 to read 23 and 24, respectively, and adding immediately after paragraph 16 the following paragraphs:

“17. Special Depositaries may elect, at their option subject to the conditions hereinafter prescribed, to deposit in their Treasury Tax and Loan Accounts funds representing such classes of internal revenue taxes as the Secretary of the Treasury may from time to time designate, as referred to in subparagraph 13 (d) hereof. Such deposits shall be made on the basis of (1) certificates of advice to the Federal Reserve Bank of the district in which the depositary is located, stating that a sum specified has been deposited for the account of such Federal Reserve Bank, as Fiscal Agent of the United States, in the Treasury Tax and Loan Account of the depositary; or (2) documents entitled ‘Special Draft for Credit in Treasury Tax and Loan Account’ (Form 453), attached hereto as Exhibit C. Certificates of advice or special drafts, as the case may be, will be prepared and transmitted to the depositaries by Federal Reserve Banks. The terms and conditions governing the use of special drafts are set forth in the following section.

SPECIAL DRAFT FOR CREDIT IN TREASURY TAX  
AND LOAN ACCOUNT

"18. A Special Draft for Credit in Treasury Tax and Loan Account, in the form prescribed, representing such classes of internal revenue taxes as the Secretary of the Treasury may from time to time designate, as referred to in subparagraph 13 (d) hereof, will be prepared daily by each Federal Reserve Bank for each Special Depository in its district, pursuant to instructions issued by the Secretary of the Treasury to the Federal Reserve Banks, as Fiscal Agents of the United States.

"19. Pursuant to authority contained in this circular, the Special Depository may exercise its option of depositing in its Treasury Tax and Loan Account moneys in an amount equal to the amount of the special draft by executing such draft and presenting it to the Federal Reserve Bank upon which it is drawn, in accordance with the terms and provisions appearing on the face of the special draft and hereinafter described. Upon proper execution and timely presentation according to the terms thereof, the special draft will be paid by the Federal Reserve Bank on which drawn, as Fiscal Agent of the United States, by charge to the General Account of the Treasurer of the United States.

"20. The Special Depository shall execute the special draft by signing and dating it in the spaces provided on the face thereof. Execution of the draft will constitute certification that the amount shown has been credited by the Special Depository to the Federal Reserve Bank on which drawn, as Fiscal Agent of the United States, Treasury Tax and Loan Account.

"21. The Special Depository, if a member of the Federal Reserve System, or nonmember clearing bank, should transmit the executed special draft to a correspondent member bank or directly to the Federal Reserve Bank or Branch in which the depository's reserve or clearing account is maintained. Nonmember depositories should transmit the special draft through their correspondent banks which are members of the Federal Reserve System or nonmember clearing banks. All special drafts transmitted through a correspondent bank should be restrictively endorsed by the depository on the reverse thereof in favor of the correspondent bank. Such correspondent banks will endorse, date, and present for payment, the special draft to the Federal Reserve Bank or Branch on which drawn. All risks of collection of special drafts shall be borne by the Special Depositories in whose favor they are drawn.

"22. The special draft should be presented to the Federal Reserve Bank or Branch before the expiration of the number of business days specified on the face of the special draft, in order to receive credit therefor. The Federal Reserve Bank will specify on the face of the special draft, at the time of preparation, the number of business days within which it should be presented, which period of time will be based upon normal check collection schedules for the point at which the Special Depository is located. The Federal Reserve Bank may, in its discretion, reject any special draft not presented within the time specified on the face thereof."

4. By restoring, as an exhibit hereto, Exhibit C entitled "Special Draft for Credit in Treasury Tax and Loan Account," which was deleted by the First Amendment to Department Circular No. 92 (Revised), dated July 20, 1950.

JOHN W. SNYDER,  
*Secretary of the Treasury.*