

**FEDERAL RESERVE BANK
OF NEW YORK**

Fiscal Agent of the United States

[Circular No. 3722]
June 18, 1951

REDEMPTION OF TREASURY BONDS TO PAY FEDERAL ESTATE TAX

To all Banks and Others Concerned,
in the Second Federal Reserve District:

Treasury bonds in registered or coupon form of any of the series listed below, which upon the death of the owner constitute part of his estate, may be redeemed at par and accrued interest to the date of payment by the duly constituted representative of the deceased owner's estate for the purpose of paying Federal estate taxes.

TREASURY BONDS

<i>Series</i>	<i>Dated</i>	<i>Due</i>
2½'s 1962-67	May 5, 1942	June 15, 1962-67
2½'s 1963-68	Dec. 1, 1942	Dec. 15, 1963-68
2½'s 1964-69	Apr. 15, 1943	June 15, 1964-69
2½'s 1964-69	Sept. 15, 1943	Dec. 15, 1964-69
2½'s 1965-70	Feb. 1, 1944	Mar. 15, 1965-70
2¼'s 1956-59	Feb. 1, 1944	Sept. 15, 1956-59
2½'s 1966-71	Dec. 1, 1944	Mar. 15, 1966-71
2½'s 1967-72	June 1, 1945	June 15, 1967-72
2¼'s 1959-62	June 1, 1945	June 15, 1959-62
2½'s 1967-72	Nov. 15, 1945	Dec. 15, 1967-72
2¼'s 1959-62	Nov. 15, 1945	Dec. 15, 1959-62
2¾ per cent Treasury Bonds, Investment Series B-1975-80		

These bonds are redeemable for this purpose by the terms of their issue and not by virtue of the provisions of Title 31 U. S. Code, Sec. 765, which provides, generally, that any United States bonds bearing interest of more than 4 per cent per annum may be received at par in payment of Federal estate taxes. There are no bonds outstanding which qualify under that interest rate requirement.

The Treasury Department imposes the following conditions upon the redemption of bonds to pay Federal estate taxes:

- (1) The bonds must actually be owned by the decedent at the time of his death and must constitute a part of his estate.
- (2) The amount of Federal estate tax due must equal or exceed the par value, plus accrued interest, of the bonds redeemed to pay the tax.
- (3) The bonds must be submitted by the duly constituted representative of the deceased owner's

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estate to the Division of Loans and Currency, Washington 25, D. C., directly or through a Federal Reserve Bank; *they are not directly acceptable by the Collector of Internal Revenue.*

(4) In order to secure proper payment and credit, the bonds must reach the Division of Loans and Currency at least three full weeks before the date upon which credit to the Collector's account is desired; unless otherwise requested, payment will be made and credit given as soon as possible following receipt of the bonds.

(5) Registered bonds must be duly assigned by the representative of the estate to "The Secretary of the Treasury for redemption, the proceeds to be paid to the Collector of Internal Revenue at for credit on Federal estate taxes due from the estate of, deceased."

(6) If registered bonds are submitted after the closing of the books for payment of interest (one full calendar month prior to payment date), payment will be made at par with a deduction of interest from the date of payment to the interest payment date; if received during the period the books are closed, with a request for payment at a date after the reopening of the books, payment will be made at par, plus accrued interest, from the date of the reopening of the books to the date on which payment is desired. In either case, checks for the full six months' interest due on the last day of the closed period will be forwarded in due course to the representative of the estate of the owner.

(7) Form PD 1782 (Revised), copies of which may be obtained from this Bank, must be properly completed, signed, sworn to, and submitted with the bonds, whether in registered or coupon form, together with a certificate of the appointment of the personal representative under seal of the court, dated not more than six months prior to the submission of the bonds and showing that at that time the appointment was still in full force and effect.

Following clearance by the Division of Loans and Currency, a memorandum receipt for the bonds will be forwarded to the representative of the estate and will be followed by formal receipt from the Collector of Internal Revenue.

Additional copies of this circular will be furnished upon request.

ALLAN SPROUL,
President.