

**FEDERAL RESERVE BANK
OF NEW YORK**

Fiscal Agent of the United States

[Circular No. 3857]
May 26, 1952

PAYMENT OF JUNE TAXES

Use of Tax Anticipation Bills

Deposits in Treasury Tax and Loan Accounts

*To all Treasury Tax and Loan Depositories, and Others
Concerned, in the Second Federal Reserve District:*

At the request of the Treasury Department, we transmit a copy of a letter dated May 20, 1952, from the Secretary of the Treasury, outlining procedures to be followed in making payment of June 1952 taxes with Treasury Bills, Tax Anticipation Series, maturing June 15, 1952.

The Treasury has informed us that it will instruct Collectors of Internal Revenue to deposit with Federal Reserve Banks, during the period June 2 through July 3, 1952, all checks of \$10,000 or more submitted in payment of individual or corporate income taxes, excess profits taxes, interest, or penalties, including deficiencies and payments of estimated taxes. These instructions will enable banks qualified as Special Depositories of Public Moneys to receive these remittances for deposit in their Treasury Tax and Loan Accounts.

The Treasury will decide from time to time whether to make withdrawals from funds arising from June tax payments or from other funds accumulated in the Tax and Loan Accounts, basing its decision on the Department's financing needs and the condition of the money market at the time.

We will prepare daily a special form of cash letter, with an attached certificate form, for the June tax collections. Until further notice, the amount shown in the certificate will be for 100 per cent of the amount of those checks eligible for credit to Treasury Tax and Loan Accounts. Special depositories, wishing to accept funds equal to the amount of the cash letter for deposit in their Treasury Tax and Loan Accounts, should execute and return the certificate attached to the cash letter, in accordance with the instructions contained in the letter.

For reasons explained by the Secretary in his letter, the amount of the certificate attached to the special cash letter will not include those checks of \$10,000 or more drawn on funds

that arose from the redemption of the Tax Anticipation Series Treasury bills or unmatured Treasury Savings notes. However, in computing the amount to be deposited in Treasury Tax and Loan Accounts, we will include in the certificate attached to the special cash letter those checks of a depository presenting Treasury Bills, Tax Anticipation Series, due June 15, 1952, for cash redemption for its own account, if the depository certifies that—

(1) The bills were acquired by purchase prior to May 24, 1952 and were held continuously until date of maturity, or

(2) They were acquired on and after May 24, and payment of the purchase price was not credited in a customer's deposit account on its books.

Requests to apply the Tax Anticipation bills to the payment of taxes should be made on Form TX 3. A request by a bank or trust company to redeem Tax Anticipation bills, maturing June 15, 1952, should be made on Form G. B. 553. Copies of both forms are enclosed.

Additional copies of this circular and of the enclosed forms will be furnished upon request.

ALLAN SPROUL,
President.



THE SECRETARY OF THE TREASURY
WASHINGTON

May 20, 1952

*To Treasury Tax and Loan Depositories,
and Others Concerned:*

Treasury Bills, Tax Anticipation Series, dated November 27, 1951, maturing June 15, 1952, are outstanding in the amount of \$1,248,825,000. These Treasury bills are acceptable in payment of Federal income taxes due on their maturity date, and were issued to enable taxpayers to invest their accumulated tax reserves in an interest-bearing security which will be received in payment of Federal income taxes.

In order to facilitate the use of Treasury Bills, Tax Anticipation Series, by taxpayers in payment of their income taxes, the Treasury has authorized Federal Reserve Banks and Branches, as fiscal agents of the United States, to accept such securities on or before their maturity date, from or for account of Federal taxpayers, and to issue receipts to Collectors of Internal Revenue that such Treasury bills are held for the purpose of applying the proceeds of redemption to the payment of income taxes of the taxpayer named in the receipts.

Two copies of each receipt will be delivered to the taxpayer concerned, who will attach one copy to his income tax return filed with the Collector of Internal Revenue. Collectors of Internal Revenue have been instructed (A&C Mimeograph, Coll. No. 6709, Supp. 2, dated December 27, 1951) to accept tax returns to which are attached copies of receipts addressed to them by Federal Reserve Banks and Branches that Treasury bills due June 15, 1952 are being held for application of the proceeds of redemption to the payment of income taxes of the taxpayer named in the receipt.

The Treasury does not look with favor upon efforts by banks which are special depositories for Treasury tax and loan accounts to encourage their customers to sell to them their Treasury Bills, Tax Anticipation Series, maturing June 15, 1952, and to accept payment for the Treasury bills by a deposit credit in their checking accounts, or to present Treasury Savings notes for cash redemption, with the proceeds being deposited in their checking accounts, and to pay their taxes by checks drawn on the taxpayers' accounts with the banks. Depositories following this practice apparently do so in expectation that under arrangements which have been in effect for quarterly tax payments since March, 1951, they may obtain a deposit in their Treasury tax and loan accounts for an amount equal to the taxpayers' checks (for checks over \$10,000 in amount) drawn on their accounts with the banks, and in regular course they can present the Treasury bills to the Treasury for cash redemption at maturity.

These practices by depositories will increase the amount of such bills or Savings notes presented for cash redemption in advance of the availability of Treasury receipts from the income tax instalment due on June 15, 1952, and will make it more difficult for the Treasury and the Federal Reserve System to handle the large income tax collections during June in a manner that will maintain stability in the money market.

Accordingly, the Treasury will follow the same procedure as was adopted in connection with the March 15, 1952 income tax instalment. Depositories having Treasury tax and loan accounts are advised that to the extent they present Treasury bills maturing June 15, 1952 for cash redemption for their own account or for the account of their customers, or if taxpayers present their bills or Treasury Savings

notes for cash redemption, and use the proceeds of redemption through deposit with and withdrawal from depositaries by checks in payment of their June 15, 1952 income taxes, an equal amount of income tax checks of \$10,000 and over drawn on such banks in payment of income taxes due June 15, 1952 will be withheld from deposit in their tax and loan accounts.

However, if a depositary presenting Treasury Bills, Tax Anticipation Series, due June 15, 1952, for cash redemption for its own account, can certify that they were acquired by purchase prior to May 24, 1952, and were held continuously until date of maturity, or that they were acquired on and after May 24th, and payment of the purchase price was not credited in a customer's deposit account on its books, such bills will not be included in arriving at the amount of income tax checks of \$10,000 and over to be withheld from deposit in their tax and loan accounts.

Very truly yours,

JOHN W. SNYDER

Secretary of the Treasury

(SUBMIT WITH DUPLICATE WHITE COPY)

**REQUEST BY A BANK OR TRUST COMPANY FOR REDEMPTION OF TREASURY BILLS,
TAX ANTICIPATION SERIES, DUE JUNE 15, 1952**

Date....., 1952

FEDERAL RESERVE BANK OF NEW YORK,
Fiscal Agent of the United States,
Federal Reserve P. O. Station,
New York 45, N. Y.

Attention: Government Bond Department—2nd Floor

The undersigned herewith presents and surrenders for redemption

TREASURY BILLS, TAX ANTICIPATION SERIES

Dated November 27, 1951 Due June 15, 1952

- 1. For own account (certification below applies) \$.....
 - 2. For own account—acquired on and after May 24, 1952 and payment of purchase price credited on our books in the deposit accounts of the customers shown on the reverse side of this form \$.....
 - 3. For our customers as shown on reverse side of this form \$.....
- Total amount..... \$.....

Description of Bills Surrendered

Pieces	Denomination	Face amount		List serial numbers
				(If space is not sufficient, use back of form.)
	\$ 1,000			
	5,000			
	10,000			
	100,000			
	500,000			
	1,000,000			
	Total			

CAUTION

As a protection to the sender, shipments of bills by mail should be registered and insured.

PAYMENT INSTRUCTIONS

- By check
- By credit to reserve account

(For use of Federal Reserve Bank of New York)

Received _____
Securities verified and recorded _____
Payment prepared _____
Payment checked _____

CERTIFICATE

The undersigned hereby certifies that the bills presented, as indicated in item 1 above, are presented for cash redemption for its own account and were acquired by purchase prior to May 24, 1952 and were held continuously until date of maturity or that they were acquired on and after May 24 and payment of the purchase price was not credited in a customer's deposit account on our books.

(Name)

(Street Address)

(City, Zone No., and State)

By _____
(Official Signature and Title Required)

**REQUEST BY A BANK OR TRUST COMPANY FOR REDEMPTION OF TREASURY BILLS,
TAX ANTICIPATION SERIES, DUE JUNE 15, 1952**

Date....., 1952

FEDERAL RESERVE BANK OF NEW YORK,
Fiscal Agent of the United States,
Federal Reserve P. O. Station,
New York 45, N. Y.

Attention: Government Bond Department—2nd Floor

The undersigned herewith presents and surrenders for redemption

TREASURY BILLS, TAX ANTICIPATION SERIES

Dated November 27, 1951 Due June 15, 1952

- 1. For own account (certification below applies) \$.....
 - 2. For own account—acquired on and after May 24, 1952 and payment of purchase price credited on our books in the deposit accounts of the customers shown on the reverse side of this form \$.....
 - 3. For our customers as shown on reverse side of this form \$.....
- Total amount..... \$.....

Description of Bills Surrendered

Pieces	Denomination	Face amount		List serial numbers
				(If space is not sufficient, use back of form.)
	\$ 1,000			
	5,000			
	10,000			
	100,000			
	500,000			
	1,000,000			
	Total			

CAUTION

As a protection to the sender, shipments of bills by mail should be registered and insured.

PAYMENT INSTRUCTIONS

- By check
- By credit to reserve account

(For use of Federal Reserve Bank of New York)

Received _____
Securities verified and recorded _____
Payment prepared _____
Payment checked _____

CERTIFICATE

The undersigned hereby certifies that the bills presented, as indicated in item 1 above, are presented for cash redemption for its own account and were acquired by purchase prior to May 24, 1952 and were held continuously until date of maturity or that they were acquired on and after May 24 and payment of the purchase price was not credited in a customer's deposit account on our books.

.....
(Name)
.....
(Street Address)
.....
(City, Zone No., and State)
By.....
(Official Signature and Title Required)

REQUEST TO APPLY TREASURY BILLS, TAX ANTICIPATION SERIES,
DUE JUNE 15, 1952, TO PAYMENT OF INCOME TAXES

Date....., 1952

FEDERAL RESERVE BANK OF NEW YORK,
Fiscal Agent of the United States,
Federal Reserve P. O. Station,
New York 45, N. Y.

Attention: Government Bond Department—2nd Floor

The undersigned herewith presents and surrenders the following described TREASURY BILLS, TAX ANTICIPATION SERIES, dated November 27, 1951, due June 15, 1952, in payment of Federal income taxes due on June 15, 1952:

Pieces	Denomination	Face amount		List serial numbers <i>(If space is not sufficient, use back of form.)</i>
	\$ 1,000			
	5,000			
	10,000			
	100,000			
	500,000			
	1,000,000			
	Total			

PAYMENT INSTRUCTIONS

Credit the total face amount of the bills described above on June 15, 1952 to the Collector of Internal Revenue at.....

.....
(Street Address)

.....
(City, P.O. No., and State)

for account of taxpayer indicated below.

CAUTION

As a protection to the sender, shipments of bearer securities by mail should be registered and insured.

Name of taxpayer.....
(Print same name that appears on tax return)

Address of taxpayer.....
(Street Address) (City, P.O. No., and State)

Signature of taxpayer.....
(Not required when application is submitted on behalf of the taxpayer by an agent.)

Request submitted by.....
(Name of Agent)

.....
(Street Address)

.....
(City, P.O. No., and State)

By.....
(Official signature required) (Title)

(Space below for use of Federal Reserve Bank of New York)

Received	Securities verified and recorded	Receipt prepared	Receipt verified

**REQUEST TO APPLY TREASURY BILLS, TAX ANTICIPATION SERIES,
DUE JUNE 15, 1952, TO PAYMENT OF INCOME TAXES**

Date....., 1952

FEDERAL RESERVE BANK OF NEW YORK,
Fiscal Agent of the United States,
Federal Reserve P. O. Station,
New York 45, N. Y.

Attention: Government Bond Department—2nd Floor

The undersigned herewith presents and surrenders the following described TREASURY BILLS, TAX ANTICIPATION SERIES, dated November 27, 1951, due June 15, 1952, in payment of Federal income taxes due on June 15, 1952:

Pieces	Denomination	Face amount		List serial numbers <i>(If space is not sufficient, use back of form.)</i>
	\$ 1,000			
	5,000			
	10,000			
	100,000			
	500,000			
	1,000,000			
	Total			

PAYMENT INSTRUCTIONS

Credit the total face amount of the bills described above on June 15, 1952 to the Collector of Internal Revenue at.....

.....
(Street Address)

.....
(City, P.O. No., and State)

for account of taxpayer indicated below.

CAUTION

As a protection to the sender, shipments of bearer securities by mail should be registered and insured.

Name of taxpayer.....
(Print same name that appears on tax return)

Address of taxpayer.....
(Street Address) (City, P.O. No., and State)

Signature of taxpayer.....
(Not required when application is submitted on behalf of the taxpayer by an agent.)

Request submitted by.....
(Name of Agent)

.....
(Street Address)

.....
(City, P.O. No., and State)

By.....
(Official signature required) (Title)

(Space below for use of Federal Reserve Bank of New York)

Received	Securities verified and recorded	Receipt prepared	Receipt verified