

**FEDERAL RESERVE BANK
OF NEW YORK**

Fiscal Agent of the United States

[Circular No. 3889]
August 26, 1952]

DEPOSITS OF SEPTEMBER TAX COLLECTIONS IN TREASURY TAX AND LOAN ACCOUNTS

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

The Secretary of the Treasury has announced that Collectors of Internal Revenue have been instructed to deposit with Federal Reserve Banks, during the period September 1 through October 3, 1952, all remittances (except savings notes) 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 Depositaries 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 September 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, for the September 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 depositaries, 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.

Your attention is directed to our Circular No. 3857, May 26, 1952, in which we printed a letter of Secretary Snyder stating that the Treasury does not look with favor upon efforts by qualified depositaries to encourage their customers to redeem Treasury Savings notes, deposit the proceeds, and pay their taxes by checks drawn on the proceeds.

In keeping with this view of the Treasury Department, we will not include in the amount of the certificate attached to the special cash letter those tax checks of \$10,000 or more drawn against proceeds of matured or unmatured Treasury Savings notes redeemed on or about September 15, 1952.

Additional copies of this circular will be furnished upon request.

ALLAN SPROUL,
President.