

**FEDERAL RESERVE BANK
OF NEW YORK**

Fiscal Agent of the United States

[Circular No. 3951]
February 26, 1953]

PAYMENT OF MARCH 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 February 24, 1953, from the Fiscal Assistant Secretary of the Treasury, outlining procedures to be followed in making payment of March 1953 taxes with Treasury Bills, Tax Anticipation Series, maturing March 18, 1953.

The Treasury has announced that Directors of Internal Revenue have been instructed to deposit with Federal Reserve Banks, during the period March 2 through April 10, 1953, 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. The Treasury has also announced that banks qualified as Special Depositories of Public Moneys may receive these remittances for deposit in their Treasury Tax and Loan Accounts.

We will prepare daily a special form of cash letter, with an attached certificate form, for the March 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.

The Treasury will decide from time to time whether to make withdrawals from funds arising from the March 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.

For reasons explained by the Fiscal Assistant 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 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 March 18, 1953, for cash redemption for its own account, if the depository certifies that—

(1) The bills were acquired by purchase prior to March 2, 1953 and were held continuously until date of maturity, or

(2) They were acquired on and after March 2, 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 1. A request by a bank or trust company to redeem Tax Anticipation bills, maturing March 18, 1953, should be made on Form TX 2. Copies of both forms are enclosed.

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

ALLAN SPROUL,
President.

(OVER)



FISCAL ASSISTANT SECRETARY

TREASURY DEPARTMENT
FISCAL SERVICE
WASHINGTON

February 24, 1953

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

Treasury Bills, Tax Anticipation Series, dated October 8, 1952, maturing March 18, 1953, are outstanding in the amount of \$2,501,890,000. These Treasury bills are acceptable in payment of Federal income taxes due March 15, 1953, 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 the income tax instalment date, from or for account of Federal taxpayers, and to issue receipts to Directors of Internal Revenue showing 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 Director of Internal Revenue. Directors of Internal Revenue have been instructed (Internal Revenue Mimeograph No. 122, Coll. No. 24, dated February 2, 1953) to accept tax returns to which are attached copies of receipts addressed to them by Federal Reserve Banks and Branches that Treasury bills due March 18, 1953 are being held for application of the proceeds of redemption to the payment of income taxes due on March 15, 1953, of the taxpayer named in the receipt.

The continuing policy of the Treasury is not to look with favor upon efforts by banks which are special depositaries for Treasury tax and loan accounts to encourage their customers to sell to them their Treasury Bills, Tax Anticipation Series, maturing March 18, 1953, 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. Depositaries 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 depositaries 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 March 15, 1953, and will make it more difficult for the Treasury and the Federal Reserve System to handle the large income tax collections during March 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 and June 15, 1952 income tax instalments. Depositaries having Treasury tax and loan accounts are advised that to the extent they present Treasury bills maturing March 18, 1953 for cash redemption for their own account, or if taxpayers present their 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 March 15, 1953 income taxes, an equal amount of income tax checks of \$10,000 and over drawn on such banks in payment of income taxes due March 15, 1953 will be withheld from deposit in their tax and loan accounts.

However, if a depository presenting Treasury Bills, Tax Anticipation Series, due March 18, 1953, for cash redemption for its own account, can certify that they were acquired by purchase prior to March 2, 1953, and were held continuously until date of maturity, or that they were acquired on and after March 2nd, 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,

E. F. BARTELT
*Fiscal Assistant
Secretary of the Treasury*

RECEIPT

F.R.B.N.Y.

Transaction No.

New York, N. Y.

Date

To the Director of Internal Revenue,

.....

.....

Treasury Bills, Tax Anticipation Series, aggregating \$....., face amount, maturing on the date shown below, have been presented to and are held by this Bank for redemption and application of proceeds at maturity in payment of income taxes due on by the taxpayer named herein, as follows:

TREASURY BILLS, TAX ANTICIPATION SERIES, MATURING
(Date)

Serial Nos.	Denomination	Name and Address of Taxpayer
	\$	Delivered by:
		FEDERAL RESERVE BANK OF NEW YORK Fiscal Agent of the United States <i>per pro</i>
		GOVERNMENT BOND DEPARTMENT

TAXPAYER NAMED SHOULD ATTACH THIS COPY TO INCOME

TAX RETURN FILED WITH DIRECTOR OF INTERNAL REVENUE ADDRESSED

RECEIPT

F.R.B.N.Y.

Transaction No.

New York, N. Y.

Date

To the Director of Internal Revenue,

.....

.....

Treasury Bills, Tax Anticipation Series, aggregating \$....., face amount, maturing on the date shown below, have been presented to and are held by this Bank for redemption and application of proceeds at maturity in payment of income taxes due on by the taxpayer named herein, as follows:

TREASURY BILLS, TAX ANTICIPATION SERIES, MATURING
(Date)

*Serial Nos.**Denomination**Name and Address of Taxpayer*

\$

Delivered by:

FEDERAL RESERVE BANK OF NEW YORK
Fiscal Agent of the United States

per pro

GOVERNMENT BOND DEPARTMENT

TAXPAYER SHOULD RETAIN THIS COPY FOR HIS RECORDS

RECEIPT

F.R.B.N.Y.

Transaction No.

New York, N. Y.

Date

To the Director of Internal Revenue,

.....

.....

Treasury Bills, Tax Anticipation Series, aggregating \$....., face amount, maturing on the date shown below, have been presented to and are held by this Bank for redemption and application of proceeds at maturity in payment of income taxes due on by the taxpayer named herein, as follows:

TREASURY BILLS, TAX ANTICIPATION SERIES, MATURING
(Date)

Serial Nos.	Denomination	Name and Address of Taxpayer
	\$	
Delivered by:		
FEDERAL RESERVE BANK OF NEW YORK Fiscal Agent of the United States		
<i>per pro</i>		
GOVERNMENT BOND DEPARTMENT		

TO BE RETAINED BY DEPOSITING BANK

RECEIPT

F.R.B.N.Y.

Transaction No.

New York, N. Y.

Date

To the Director of Internal Revenue,

.....

.....

Treasury Bills, Tax Anticipation Series, aggregating \$....., face amount, maturing on the date shown below, have been presented to and are held by this Bank for redemption and application of proceeds at maturity in payment of income taxes due on by the taxpayer named herein, as follows:

TREASURY BILLS, TAX ANTICIPATION SERIES, MATURING
(Date)

Serial Nos.	Denomination	Name and Address of Taxpayer
	\$	
Delivered by:		
FEDERAL RESERVE BANK OF NEW YORK Fiscal Agent of the United States		
<i>per pro</i>		
GOVERNMENT BOND DEPARTMENT		

SECURITY FILES DUE CUSTOMERS IN

RECEIPT

F.R.B.N.Y.

Transaction No.

New York, N. Y.

Date

To the Director of Internal Revenue,

.....

.....

Treasury Bills, Tax Anticipation Series, aggregating \$....., face amount, maturing on the date shown below, have been presented to and are held by this Bank for redemption and application of proceeds at maturity in payment of income taxes due on by the taxpayer named herein, as follows:

TREASURY BILLS, TAX ANTICIPATION SERIES, MATURING
(Date)

Serial Nos.	Denomination	Name and Address of Taxpayer
	\$	

Delivered by:

FEDERAL RESERVE BANK OF NEW YORK

Fiscal Agent of the United States

per pro

GOVERNMENT BOND DEPARTMENT

SECURITY FILES DUE CUSTOMERS OUT

REQUEST FOR REDEMPTION OF TREASURY BILLS, TAX ANTICIPATION SERIES,
DUE MARCH 18, 1953, AND FOR APPLICATION OF PROCEEDS
TO PAYMENT OF INCOME TAXES

Date....., 1953

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 October 8, 1952, due March 18, 1953, in payment of taxes due on March 15, 1953:

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 March 15, 1953 to the Director of Internal Revenue at—

.....
(Street Address)

.....
(City, Zone 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, Zone 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, Zone 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 FOR REDEMPTION OF TREASURY BILLS, TAX ANTICIPATION SERIES,
DUE MARCH 18, 1953, AND FOR APPLICATION OF PROCEEDS
TO PAYMENT OF INCOME TAXES**

Date....., 1953

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 October 8, 1952, due March 18, 1953, in payment of taxes due on March 15, 1953:

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 March 15, 1953 to the Director of Internal Revenue at—

.....
(Street Address)

.....
(City, Zone 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, Zone 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, Zone 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

(SUBMIT WITH DUPLICATE WHITE COPY)

**REQUEST BY A BANK OR TRUST COMPANY FOR REDEMPTION OF TREASURY BILLS,
TAX ANTICIPATION SERIES, DUE MARCH 18, 1953**

Date....., 1953

**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 October 8, 1952 Due March 18, 1953

- 1. For own account (certification below applies)..... \$.....
 - 2. For own account (acquired on and after March 2, 1953 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 <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		

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 March 2, 1953 and were held continuously until date of maturity or that they were acquired on and after March 2 and payment of the purchase price was not credited in a customer's deposit account on our books.

.....
(Name of Bank)

.....
(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 MARCH 18, 1953**

Date....., 1953

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 October 8, 1952 Due March 18, 1953

- 1. For own account (certification below applies) \$.....
 - 2. For own account (acquired on and after March 2, 1953 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 March 2, 1953 and were held continuously until date of maturity or that they were acquired on and after March 2 and payment of the purchase price was not credited in a customer's deposit account on our books.

 (Name of Bank)

 (Street Address)

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

