## 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 Depositaries, 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 Depositaries 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 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.

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 depositary presenting Treasury Bills, Tax Anticipation Series, due March 18, 1953, for cash redemption for its own account, if the depositary 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.



February 24, 1953

To Treasury Tax and Loan Depositaries, 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 depositary 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

R.B.N.Y.	
ransaction No.	
New York, N. Y.	

Date .....

To the Director of Internal Revenue,

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	
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ral Reserve Bank of	St. Louis		

## RECEIPT

F.R.	B.N.Y.
Tran	saction 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:

Serial Nos.	Denomination	Name and Address of Taxpayer
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	Deliver	red by:
		FEDERAL RESERVE BANK OF NEW YORK
		Fiscal Agent of the United States
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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

Serial Nos.	Denomination	Name and Address of Taxpayer
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## RECEIPT

R.B.N.Y.	
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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

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## RECEIPT

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Date .....

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TREASURY BILLS, TAX ANTICIPATION SERIES, MATURING

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### 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 ANTICIPA-TION 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 (If space is not sufficient, use back of form.)		
	\$ 1,000				
	5,000				
	10,000				
	100,000				
	500,000				
	1,000,000				
-	Total				
	PAYMENT	INSTRUCTIONS			
	to the Director of In	f the bills described above on March ternal Revenue at— 	CAUTION As a protection to the sender, ship- ments of bearer securities by mail		
			should be registered and insured.		
	(City, Zor	ne No., and State)			
for accou	ant of taxpayer indic	ated below.			
Nar	me of taxpayer				
		(Print same	name that appears on tax return)		
Add	dress of taxpayer	(Street Address)	(City, Zone No., and State)		
Sig	nature of taxpayer		is submitted on behalf of the taxpayer by an agent.)		
Req	quest submitted by		(Name of Agent)		
		(Street Address)			
		(City, Zone No., and State)			
	B	y			
	100 5.0	(Official signature requi	red) (Title)		
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 Received
 Securities verified and recorded
 Receipt prepared
 Receipt verified

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#### 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.

TX 1

Attention: Government Bond Department-2nd Floor

The undersigned herewith presents and surrenders the following described TREASURY BILLS, TAX ANTICIPA-TION 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 (If space is not sufficient, use back of form.)	
	\$ 1,000			
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			(Name of Agent)	
	-		(Street Address)	
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	E	Official signature require (Space below for use of Federal R	ed) (Title	e)
R	Received	Securities verified and recorded	Receipt prepared	Receipt verified
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## REQUEST BY A BANK OR TRUST COMPANY FOR REDEMPTION OF TREASURY BILLS, TAX ANTICIPATION SERIES, DUE MARCH 18, 1953

NK OF NEW YORK, he United States, ve P. O. Station, 45, N. Y. Attention: Government Bond Department—2nd Floor I herewith presents and surrenders for redemption TREASURY BILLS, TAX ANTICIPATION SERIES Dated October 8, 1952 Due March 18, 1953	
herewith presents and surrenders for redemption TREASURY BILLS, TAX ANTICIPATION SERIES	
TREASURY BILLS, TAX ANTICIPATION SERIES	
(certification below applies)	\$
t (acquired on and after March 2, 1953 and payment of purchase pri books in the deposit accounts of the customers shown on the reverse side	of
s as shown on reverse side of this form	
Total amount	\$
	rs as shown on reverse side of this form

Pieces	Denomination	Face amount	List serial numbers (If space is not sufficient, use back of form.)		
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	1,000,000				
	Total				

on our books.

#### 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

	(Name of Bank)
	(Street Address)
••••••	(City, Zone No., and State)

CERTIFICATE

The undersigned hereby certifies that the bills presented, as indi-

cated 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

# List of customers to which items 2 and 3 on the reverse side apply

1 : XT

Amount Nam	e and address of customer (Please print or use typewriter)
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Name and address of customer

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

				Date	1	1953
	RESERVE BANK OF N			Date		
	ederal Reserve P. O. New York 45, N. Y	Station,				
		Attention: Government	Bond Depar	rtment—2nd Floor		
The	undersigned herewi	th presents and surrenders :				
		TREASURY BILLS, T.	AX ANTIC	IPATION SERIE	s	
		Dated October 8, 195	52 Du	e March 18, 1953		
1. For own account (certification below applies)					\$	
cre	edited on our books i	ired on and after March 2, n the deposit accounts of the	customers	shown on the reve	rse side of	
3. For o	our customers as show	vn on reverse side of this form	n	••••••	••••••••••• <u>\$</u>	
				Fotal amount	\$	
		Description	of Bills Sur	rendered		
Pieces	Denomination	Face amount			ist serial numbers not sufficient, use back of for	m.)
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CAUTION As a protection to the sender, shipments of bills by mail should be registered and insured. PAYMENT INSTRUCTIONS By check		cated i own a 1953 a	<b>CERTIFICATE</b> The undersigned hereby certifies that the bills presented, as indicated in item 1 above, are presented for cash redemption for it own account and were acquired by purchase prior to March 1953 and were held continuously until date of maturity or the			
		purcha		nd after March 2 a redited in a custome		
(F		rve Bank of New York)	_		(Name of Bank)	
	Received Securities verified and recorded				(Street Address)	
				(Ci	ty, Zone No., and State)	

By.....

(Official Signature and Title Required)

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Payment prepared -

Payment checked -

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TX 2

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List of customers to which items 2 and 3 on the reverse side apply

THE REDEMPTION OF TREASURY BILLS,	Name and address of customer (Please print or use typewriter)
Date 1953	France Remove Success Street, Fore,
	Fiscal Agent of the United States,
	New York 45, N. Y.
noite	Attentions covernment ford its The undersigned herewith presents and surrenders for reden TREASURY BILLS, TAX ANT
of payment of purelists price	Deted October 5, 1939 1. For own account (scriftication below applies) 2. For own account (acquired on and after March 2, 1958 au credited on our pocks in the denosit accounts of the culture
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Lift serial munices. (If space is our subscent are back of jorm.)	Pieces Danomination Face amount \$ 1,000
Total DENOMINATIONS AND SERI	AL NUMBERS OF BONDS SURRENDERED
	500,000
	1,000,000
	Total
CERTIFICATE undersigned hereby certifice t at the bills presented, as indi- d in item 1 above, are presented for each redemption for its account and were acquired by precise prior to March 2, t and were held continuously contribute of maturity or that	hipments of bills by mult should cate be registered and insured.
<ul> <li>were acquired on and ath March 2 and payment of the shase price was not eradited to a convert s deposit account or books.</li> </ul>	PAYMENT INSTRUCTIONS Dury
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