

**FEDERAL RESERVE BANK  
OF NEW YORK**

Fiscal Agent of the United States

[ Circular No. 3981 ]  
May 27, 1953

**PAYMENT OF JUNE 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 May 25, 1953, from the Fiscal Assistant Secretary of the Treasury, outlining procedures to be followed in making payment of June 1953 taxes with Treasury Bills, Tax Anticipation Series, maturing June 19, 1953.

The Treasury has announced that Directors of Internal Revenue will be instructed to make special deposits with Federal Reserve Banks, during the period June 1 through July 3, 1953, of checks of \$10,000 or more representing payments 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 drawee banks qualified as Special Depositaries of Public Moneys may receive 50 per cent of 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 June tax collections. Until further notice, the amount shown in the certificate will be for 50 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 50 per cent of 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.

Withdrawals from funds arising from the June tax payments in the Tax and Loan Accounts will be made in such manner as required by the needs of the Treasury.

For reasons explained by the Fiscal Assistant Secretary in his letter, 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 will not be eligible for credit to Treasury Tax and Loan Accounts. 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 50 per cent of the amount of those checks drawn on a depositary presenting Treasury Bills, Tax Anticipation Series, due June 19, 1953, for cash redemption for its own account, if the depositary certifies that—

- (1) The bills were acquired by purchase prior to June 1, 1953 and were held continuously until date of maturity, or
- (2) They were acquired on and after June 1, 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 June 19, 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

May 25, 1953

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

Treasury Bills, Tax Anticipation Series, dated November 21, 1952, maturing June 19, 1953, are outstanding in the amount of \$2,002,666,000. These Treasury bills are acceptable in payment of Federal income taxes due June 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 June 19, 1953 are being held for application of the proceeds of redemption to the payment of income taxes due on June 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 June 19, 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 June 15, 1953, 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 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 June 19, 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 June 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 June 15, 1953 will be withheld from deposit in their tax and loan accounts.

However, if a depositary presenting Treasury Bills, Tax Anticipation Series, due June 19, 1953, for cash redemption for its own account, can certify that they were acquired by purchase prior to June 1, 1953, and were held continuously until date of maturity, or that they were acquired on and after June 1st, 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*



**REQUEST FOR REDEMPTION OF TREASURY BILLS, TAX ANTICIPATION SERIES,  
DUE JUNE 19, 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 November 21, 1952, due June 19, 1953, in payment of taxes due on June 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**

Credit the total face amount of the bills described above on June 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,  
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(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 JUNE 19, 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 November 21, 1952

Due June 19, 1953

1. For own account (certification below applies) ..... \$.....
  2. For own account (acquired on and after June 1, 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 June 1, 1953 and were held continuously until date of maturity or that they were acquired on and after June 1 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)



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

[illegible]

### DENOMINATIONS AND SERIAL NUMBERS OF BONDS SURRENDERED

[illegible]

# REQUEST BY A BANK OR TRUST COMPANY FOR REDEMPTION OF TREASURY BILLS, TAX ANTICIPATION SERIES, DUE JUNE 19, 1953

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(For use of Federal Reserve Bank of New York)

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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 June 1, 1953 and were held continuously until date of maturity or that they were acquired on and after June 1 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)



to which items 2 and 3 on the reverse side apply

Total

ERED

CERTIFICATE