

**FEDERAL RESERVE BANK
OF NEW YORK**

Fiscal Agent of the United States

[Circular No. 3994]
July 6, 1953]

DEPOSIT OF FEDERAL EXCISE TAXES WITH DEPOSITARY BANKS

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

By the issuance of Treasury Decision No. 6025 on July 3, 1953, the Treasury Department has revised its method of collecting certain Federal Excise taxes to provide for the filing of excise tax returns quarterly instead of monthly. Under the new method, which will apply to taxes accruing on and after July 1, 1953, it will be mandatory for taxpayers liable for payment of the excise taxes to make monthly deposits with a Federal Reserve Bank or commercial bank depositary for each of the first two months of a quarter if their total excise tax liability for each of the months is more than \$100; for the third month of the quarter, taxpayers having a liability of more than \$100 would at their option make deposits with a commercial bank depositary or Federal Reserve Bank, or remit directly to the appropriate Director of Internal Revenue. Deposits, and the remittance, if any, are required to be made within the month following the month in which the tax liability accrued. The Treasury estimates 85,000 taxpayers have monthly excise tax liabilities of more than \$100.

The Treasury has also revised the provisions of Treasury Department Circular No. 848 (Revised) to allow qualified depositaries to accept payments of certain excise taxes, and to prescribe a new form, Form No. 537, entitled "Depositary Receipt for Federal Excise Taxes." Depositaries already qualified under Treasury Department Circular No. 848 will not be required to requalify in order to accept deposits of Federal Excise taxes. No change is being made in Treasury Department Circular No. 92, since depositaries qualified under that circular, as amended, are already authorized to credit deposits of Federal Excise taxes in their Treasury Tax and Loan Accounts (under provisions of the introductory paragraph contained in the Second Amendment, dated February 12, 1951).

Directors of Internal Revenue have notified payers of excise taxes of the changed procedure, and have sent the taxpayers the initial Depositary Receipt for Federal Excise Taxes (Form No. 537), inscribed with the name, address, and identification number of the taxpayer. The commercial bank depositary will accept the deposits of Federal Excise taxes and process Form No. 537, which will accompany the deposit, together with any Forms Nos. 450 and 515 covering deposits of Social Security and Withheld Income taxes, and of Railroad Retirement taxes, respectively, and forward all of them under cover of a single transmittal to the Federal Reserve Bank. Each depositary receipt forwarded to this Bank will be validated and returned directly to the taxpayer together with a blank receipt form for use by the taxpayer in making his next deposit. The taxpayer will file the validated receipts and the quarterly return with the Director of Internal Revenue.

Copies of Treasury Department Circular No. 848, and of our Operating Circular No. 18, revised to include the provisions covering Federal Excise taxes, will be sent to you in the latter part of July.

Additional copies of this circular will be furnished upon request.

ALLAN SPROUL,
President.