

Treasury Regulations Regarding Taxes  
on Checks and Leases of Safe Deposit Boxes

Chapter III

TAX ON LEASES OF SAFE DEPOSIT BOXES

Section 741 (a) of The Revenue Act of 1932

(a) There is hereby imposed a tax equivalent to 10 per centum of the amount collected on or after the fifteenth day after the date of the enactment of this Act, for the use after such date of any safe deposit box, such tax to be paid by the person paying for the use of the safe deposit box.

ART. 30. Effective date. - The tax attaches to any amount paid on or after June 21, 1932, for the use after such date of any safe deposit box defined in article 31.

SAFE DEPOSIT BOX

Section 741 (b) of The Revenue Act of 1932

(b) For the purposes of this section any vault, safe, box, or other receptacle, of not more than 40 cubic feet capacity, used for the safekeeping or storage of jewelry, plate, money, specie, bullion, stocks, bonds, securities, valuable papers of any kind, or other valuable personal property, shall be regarded as a safe deposit box.

ART. 31. Definition of safe deposit box. - For the purpose of the tax, a safe deposit box is any vault, safe, box, or other receptacle such as is customarily leased by a bank, trust company, security dealer, investment company, or storage company to any person to be used for the safe-keeping or storage of jewelry, plate, money, specie, bullion, stocks, bonds, securities, valuable papers of any kind, or other forms of valuable personal property. By the terms of the statute the tax will not attach to the lease of any vault, safe deposit box, or similar receptacle if of a capacity in excess of 40 cubic feet.

ART. 32. Rate and basis of tax. - The tax imposed is at the rate of 10 per cent of the amount paid for the use of a safe deposit box and is to be paid by the person paying such amount.

ART. 33. Adjustment. - Where during the period of a lease of a safe deposit box the lessor enters into a new lease for another safe

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deposit box at a higher rate and is given credit for the amount paid on the first lease, the additional tax is to be computed upon the additional amount paid under the new lease.

#### CHAPTER IV

#### TAX ON CHECKS, ETC.

#### Section 751 (a) of The Revenue Act of 1932

(a) There is hereby imposed a tax of 2 cents upon each of the following instruments, presented for payment on or after the 15th day after the date of the enactment of this Act and before July 1, 1934: Checks, drafts, or orders for the payment of money, drawn upon any bank, banker, or trust company; such tax to be paid by the maker or drawer.

ART. 34. Effective period. - The tax attaches to all instruments specified in section 751 when presented for payment to a bank, banker, or trust company on or after June 21, 1932, and before July 1, 1934.

ART. 35. Use of Terms. - Checks, drafts, and orders for the payment of money include any order in writing, drawn upon a bank, banker, or trust company, requiring the person upon whom drawn to pay a sum certain in money, to order or to bearer, whether on demand, at sight, or at a fixed or determinable future time.

The term "bank, banker, or trust company" includes any person or institution carrying on the business of, or maintaining an establishment for, the custody, loan, exchange, or issue of money, the transmission of funds by checks, or the acceptance or payment of drafts or orders for the payment of money. The fact that the banking facilities afforded are incidental to any other business carried on will not avoid liability to the tax.

ART. 36. Scope of tax. - The tax imposed under section 751 attaches to all instruments of the kind described in article 35 presented for payment within the effective period of the section. It is immaterial whether the instrument is made or drawn in this country or abroad, but in order to be subject to the tax it must be drawn on, payable by, and presented to, a bank, banker, or trust company in the United States.

An order for the payment of money, in form drawn upon the drawer and made payable at a bank, is subject to the tax if such instrument, without more, constitutes an order to the bank to pay the instrument and charge the amount thereof against the account of the drawer.

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Travel or traveler's checks are subject to the tax.

A check drawn by a cashier or other officer of a bank upon the bank of which he is such officer, is subject to the tax.

Coupons relating to bearer bonds, although payable at a designated bank in the United States, are not "checks, drafts, or orders for the payment of money" within the meaning of section 751.

The tax does not attach in the case of the withdrawal of money in savings accounts where the item is reflected as an entry on a pass book held by the depositor and where the withdrawal is merely evidenced by a receipt personally tendered to the bank by the depositor.

The checks, drafts, or orders drawn by officers of the United States or of a State, county, or municipality, or of a foreign government, in their official capacities, against public funds standing to their official credit and in furtherance of duties imposed upon them by law, are not subject to the tax.

If an instrument is not honored by the bank, banker, or trust company upon whom or which it is drawn, the tax does not attach.

#### LIABILITY TO TAX

##### Section 751 of The Revenue Act of 1932

(a) There is hereby imposed a tax of 2 cents upon each of the following instruments \* \* \* such tax to be paid by the maker or drawer.

(b) Every person paying any of the instruments mentioned in subsection (a) as drawee of such instrument shall collect the amount of the tax imposed under such subsection by charging such amount against any deposits to the credit of the maker or drawer of such instrument, and shall on or before the last day of each month make a return, under oath, for the preceding month, and pay such taxes to the collector of the district \* \* \*. Every person required to collect any tax under this section is hereby indemnified against the claims and demands of any person for the amount of any payments made in accordance with the provisions of this section.

ART. 37. Liability. - Under the terms of the Act the tax is payable by the maker or drawer of the instrument. Every person who pays the instrument as drawee shall collect the amount of the tax by charging the amount of the tax against any deposits to the

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credit of the maker or drawer of the instrument. (See art. 44.)

ART. 38. Rate of tax. - The tax attaches at the rate of 2 cents to every check, draft, or order for the payment of money, presented for payment and honored by a bank, banker, or trust company within the effective period of section 751.