

# FEDERAL RESERVE BOARD

151

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO  
THE FEDERAL RESERVE BOARD

X-7225

August 6, 1932.

Dear Sir:

An inquiry has been received as to the applicability of the tax on checks, etc., imposed by the Revenue Act of 1932 to checks, drafts or orders for the payment of money used to remit government funds, particularly to those used by postmasters for the purpose of remitting money-order funds or other moneys in the performance of their official duties. A letter was addressed to the Secretary of the Treasury asking for a ruling, and the letter was referred to the Commissioner of Internal Revenue.

Five copies of the reply, which contains the ruling of the Bureau of Internal Revenue, are inclosed herewith for your information. Your attention is invited particularly to the next to the last paragraph of the reply.

Very truly yours ,

E. M. McClelland,  
Assistant Secretary.

Inclosures.

TO GOVERNORS OF ALL F. R. BANKS.

TREASURY DEPARTMENT

Washington

Office of  
Commissioner of Internal Revenue

July 30, 1932.

MT:ST:WJR

The Federal Reserve Board,  
Washington, D. C.

Gentlemen:

Your letter of July 19, 1932, addressed to the Secretary of the Treasury, has been referred to this office for reply. You inclosed a copy of a communication addressed to the Postmaster, Endicott, New York, by the Post Office Department, relative to the tax imposed by section 751(a) of the Revenue Act of 1932, on checks, drafts, or orders for the payment of money, drawn upon any bank, banker, or trust company.

Checks, drafts, or orders drawn by officers of the United States, or of a State or political subdivision thereof, 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.

It is held that checks drawn by postmasters against funds standing to their official credit are not subject to tax.

Cashier's checks or drafts issued to a postmaster by a bank are subject to tax. The question of whether the bank may require the postmaster to reimburse it for an amount equal to the tax is one affecting the parties to the transaction over which the Bureau of Internal Revenue has no jurisdiction. The statute clearly imposes the tax upon the person drawing the check, draft or order, which in this case is the bank.

A copy of the communication submitted by you is returned, an additional copy having been made and retained for the files of this office.

Very truly yours,

MBC:RL  
Incl.-302

(Signed) David Burnet,  
Commissioner.