

INTERPRETATION OF LAW OR REGULATION

(Copies to be sent to all Federal reserve banks)

February 25, 1937

Relet February 11, 1937, transmitting copy of letter from _____
_____ Company, _____, _____, from which it ap-
pears that such company desires to know whether cash, accounts receiv-
able, or notes receivable may be considered readily marketable assets
acquired in compliance with section 5144 of the Revised Statutes for
purpose of possible claim for tax credit under section 26(d) of Reve-
nue Act of 1936. Board feels that it should rule upon questions of
this nature only in making certifications under section 26(d) with re-
spect to claims made for tax credit in tax returns and upon basis of
all facts involved in particular claims. It is assumed that _____
_____ Company has in mind that even though particular kinds of
assets might constitute readily marketable assets within meaning of
section 5144, the question whether a holding company affiliate is en-
titled to a tax credit for any increase in amount of such assets during
a taxable year involves other questions, including whether such increase
resulted from devotion of earnings or profits to acquisition of such
assets. It is suggested that you call attention of holding company af-
filiate to desirability of furnishing full information upon which any
such claim is predicated as provided in regulation of Bureau of Internal
Revenue inclosed with Board's letter X-9737.

(Signed) Chester Morrill
MORRILL