



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON

R-796 110

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

March 10, 1941

Dear Sir:

There are enclosed for your information copies of the following forms issued by the War and Navy Departments and the Advisory Commission to the Council of National Defense:

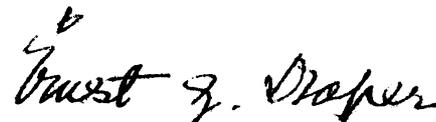
- Form 1296 Notice of Procedure for Certification under Section 124 of the Internal Revenue Code;
- Form 3042 Application for Government Protection Certificate;
- Form 3043 Application for a Non-reimbursement Certificate;
- Form 3044 Application for a Necessity Certificate.

There is also enclosed for your information a copy of a letter which has been received from the Assistant to the Director of Purchases and Contracts.

The revised application forms supersede those formerly used, and as stated in our letter of January 8, 1941, R-763, their use is optional.

Fifty copies of each of the forms have been sent to the field representative at your head office and ~~ten~~ copies to the representative at each of your branches, if any. Five copies of the letter above referred to have been sent to each field representative.

Very truly yours,


Ernest G. Draper.

Enclosures 5

TO THE PRESIDENTS OF ALL FEDERAL RESERVE BANKS

COPY TO FIELD REPRESENTATIVES

(Enclosures to Presidents and Field Representatives only)

WAR DEPARTMENT
OFFICE OF THE ASSISTANT SECRETARY
Washington, D. C.

March 6, 1941

Federal Reserve Bank,
Federal Reserve Building,
Washington, D. C.

Attention: Mr. Boothe

Gentlemen:

In accordance with your request there will be forwarded to you copies of forms, instructions, etc., pertaining to tax amortization under Section 124 of the Internal Revenue Code, as amended, for distribution to your branches.

The desirability of placing your different branches in a position to be of assistance to those seeking to avail themselves of the advantages of this Statute is appreciated. There are, however, certain dangers in broad distribution of the relevant forms, instructions and information. It is appropriate, therefore, to indicate some of them.

The first danger is that the forms, instructions, etc., are very much subject to change because the law is a new one and administration is being developed. Applicants are a little prone to consider these documents as conclusively authoritative.

The second danger is that which results from the time limits prescribed by the Act. It is far wiser for an applicant to file an application (even if it is incomplete) and then to discuss it, than to participate in involved discussions which may prove sufficiently protracted to outlaw his application when it is filed.

The third danger is that of volunteering opinions, no matter how guarded, on such questions as what constitutes "necessity". In at least one instance an applicant lost very substantial rights because of following an opinion expressed in reference to a hypothetical case.

There is, however, one point which it would be helpful to have better understood. The necessity of an expansion of plant facilities is not necessarily determined by the need of a particular plant to expand in order to fill government orders. The capacity of the industry as a whole is a factor, not necessarily a controlling factor, that receives serious consideration. Some applicants seem to feel that just because they need

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to expand, certification of their programs should follow as a matter of course.

At the present time it probably is more expeditious for an applicant to file with the War Department in Washington than with contracting offices "in the field". You will notice that in the enclosed memorandum filing in the field is suggested. However, circumstances have changed during recent months.

In conclusion, and in reference to something which does not necessarily apply to tax amortization, this office is prepared to investigate and report the desirability of making loans in the interest of the national defense. However, such requests should come from a responsible lending agency which is interested in the financing, and not from the would-be borrower. Any such requests may be addressed to this office in the attention of the Tax Amortization Certificate Section.

Very truly yours,

(Signed) S. S. Duryee

S. S. Duryee
Assistant to the Director
of Purchases and Contracts

Incl.

Memorandum