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SOURCE: 63 FR 5650, Feb. 3, 1998, unless otherwise noted.

Subpart A—General Information

§ 203.1 Scope.

The regulations in this part govern the processing of Federal tax payments by financial institutions and the Federal Reserve Banks (FRB) using electronic payment or paper methods; the designation of Treasury Tax and Loan (TT&L) depositories; and the operation of the Department of the Treasury's (Treasury) investment program.

§ 203.2 Definitions.

As used in this part:

(a) *Advice of credit* means the Treasury form used in the Federal Tax Deposit system that is supplied to depositories to summarize and report Federal tax deposits. The current form is Treasury Form 2284. Advice of credit information also may be delivered electronically.

(b) *Automated Clearing House (ACH) credit entry* means a transaction originated by a financial institution in accordance with applicable ACH formats

and applicable laws, regulations, and procedural instructions.

(c) *Automated Clearing House (ACH) debit entry* means a transaction originated by a Treasury Financial Agent (TFA), in accordance with applicable ACH formats and applicable laws, regulations, and instructions.

(d) *Business day* means any day on which the FRB of the district is open.

(e) *Direct Access transaction* means same-day Federal tax payment information transmitted by a financial institution directly to the Electronic Tax Application at an FRB using the Fedline Taxpayer Deposit Application.

(f) *Direct investment* means placement of Treasury funds with a depository and a corresponding increase in a depository's note balance.

(g) *Direct investment* means placement of Treasury funds with a depository and a corresponding increase in a depository's main note balance.

(h) *Electronic Tax Application (ETA)* means a sub-system of EFTPS that receives, processes, and transmits same-day Federal tax payment information for taxpayers. ETA activity is comprised of Fedwire value transfers, Fedwire non-value transactions, and Direct Access transactions.

(i) *Electronic Tax Application (ETA) reference number* means the unique number assigned to each ETA transaction by an FRB.

(j) *Federal funds rate* means the Federal funds rate published weekly by the Board of Governors of the Federal Reserve System.

(k) *Federal Reserve account* means an account with reserve or clearing balances held by a financial institution at an FRB.

(l) *Federal Reserve Bank of the district* means the FRB that services the geographical area in which the financial institution is located, or such other FRB that may be designated in an FRB operating circular.

(m) *Federal Tax Deposit (FTD)* means a tax deposit or payment made using an FTD coupon.

(n) *Federal Tax Deposit coupon (FTD coupon)* means a paper form supplied to a taxpayer by the Treasury for use in the FTD system to accompany deposits of Federal taxes. The current paper form is Form 8109.

(o) *Federal Tax Deposit system (FTD system)* means the paper-based system through which taxpayers remit Federal tax payments by presenting an FTD coupon and payment to a depository or an FRB. The depository prepares an advice of credit summarizing all FTDs.

(p) *Federal taxes* means those Federal taxes or other payments specified by the Secretary of the Treasury as eligible for payment through the procedures prescribed in this part.

(q) *Fedwire* means the funds transfer system owned and operated by the FRBs.

(r) *Fedwire non-value transaction* means the same-day Federal tax payment information transmitted by a financial institution to an FRB using a Fedwire type 1090 message to authorize a payment.

(s) *Fedwire value transfer* means a Federal tax payment made by a financial institution using a Fedwire type 1000 message.

(t) *Financial institution* means any bank, savings bank, savings and loan association, credit union, or similar institution.

(u) *Fiscal Agent* means the Federal Reserve acting as agent for the Treasury.

(v) *Input Message Accountability Data (IMAD)* means a unique number assigned to each Fedwire transaction by the financial institution sending the transaction to an FRB.

(w) *Main note balance* means an open-ended interest-bearing note balance maintained at the FRB of the district.

(x) *Note option* means that program available to a TT&L depository under which Treasury invests in obligations of the depository. The amount of such investments will be evidenced by interest-bearing note balances maintained at the FRB of the district.

(y) *Procedural instructions* means the procedures contained in the Treasury Financial Manual, Volume IV (IV TFM), other Treasury instructions issued through the TFAs, and FRB operating circulars issued consistent with this part.

(z) *Recognized insurance coverage* means the insurance provided by the Federal Deposit Insurance Corporation, the National Credit Union Administra-

tion, and by insurance organizations specifically qualified by the Secretary.

(aa) *Remittance option* means that program available to a depository that processes FTD payments, under which the amount of deposits credited by the depository to the TT&L account will be withdrawn by the FRB for deposit to the Treasury General Account on the day that the FRB receives the advices of credit supporting such deposits.

(bb) *Same-day payment* means the following ETA payment options:

- (1) Direct Access transaction;
- (2) Fedwire non-value transaction; and
- (3) Fedwire value transfer.

(cc) *Secretary* means the Secretary of the Treasury, or the Secretary's delegate.

(dd) *Special direct investment* means the placement of Treasury funds with a depository and a corresponding increase in a depository's main note balance, where the investment specifically is identified as a "special direct investment" and may be secured by collateral retained in the possession of the depository pursuant to the terms of §203.24(c)(2)(i).

(ee) *Tax due date* means the day on which a tax payment is due to Treasury, as determined by statute and Internal Revenue Service (IRS) regulations.

(ff) *Term investment option* means the program available to financial institutions that offers the ability to borrow excess Treasury operating funds for a predetermined period of time.

(gg) *Term note balance* means an interest-bearing note balance maintained at the FRB of the district for a predetermined period of time.

(hh) *Transaction trace number* means an identifying number assigned by the taxpayer's financial institution to each ACH credit transaction.

(ii) *Treasury Financial Agent (TFA)* means a financial institution designated as an agent of Treasury for processing EFTPS enrollments, receiving EFTPS tax payment information, and originating ACH debit entries on behalf of Treasury as authorized by the taxpayer.

(jj) *Treasury General Account (TGA)* means an account maintained in the

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name of the United States Treasury at an FRB.

(kk) *Treasury Tax and Loan (TT&L) account* means the Treasury account maintained by a depository in which funds are credited by the depository after receiving and collateralizing FTDs.

(ll) *Treasury Tax and Loan depository (depository)* means a financial institution designated as a depository by the FRB of the district for the purpose of maintaining a TT&L account and/or note balance.

(mm) *Treasury Tax and Loan (TT&L) Program* means the program for collecting Federal taxes and investing the Government's excess operating funds.

(nn) *Treasury Tax and Loan (TT&L) rate of interest* means the interest charged on the main note balance. The TT&L rate of interest is the rate prescribed by the Secretary taking into consideration prevailing market interest rates. The rate and any rate changes will be announced through a *TT&L Special Notice to Depositories* and will be published in the FEDERAL REGISTER and on a web site maintained by Treasury's Financial Management Service at <http://www.fms.treas.gov>.

[63 FR 5650, Feb. 3, 1998, as amended at 67 FR 11575, Mar. 15, 2002]

§ 203.3 Financial institution eligibility for designation as a Treasury Tax and Loan depository.

(a) To be designated as a TT&L depository, a financial institution shall be insured as a national banking association, state bank, savings bank, savings and loan, building and loan, home-stead association, Federal home loan bank, credit union, trust company, or a U.S. branch of a foreign banking corporation, the establishment of which has been approved by the Comptroller of the Currency.

(b) A financial institution shall possess the authority to pledge collateral to secure TT&L account balances and/or a note balance.

(c) In order to be designated as a TT&L depository for the purposes of processing tax deposits in the FTD system, a financial institution shall possess under its charter either general or specific authority permitting the maintenance of the TT&L account, the

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balance of which is payable on demand without previous notice of intended withdrawal. In addition, note option depositories shall possess either general or specific authority permitting the maintenance of a note balance. In the case of note option depositories maintaining main note balances, the authority shall permit the maintenance of a main note balance which is payable on demand without previous notice of intended withdrawal.

[63 FR 5650, Feb. 3, 1998, as amended at 67 FR 11576, Mar. 15, 2002]

§ 203.4 Designation of financial institutions as Treasury Tax and Loan depositories.

(a) *Parties to the agreement.* To be designated as a TT&L depository, a financial institution shall enter into a depository agreement with Treasury's fiscal agent, the FRB. By entering into this agreement, the financial institution agrees to be bound by this part, and procedural instructions issued pursuant to this part.

(b)(1) *Application procedures.* An eligible financial institution seeking designation as a depository and, thereby, the authority to maintain a TT&L account and/or a note balance shall file with the FRB, Financial Management Service Form 458, "Financial Institution Agreement and Application for Designation as a TT&L Depository," and Financial Management Service Form 459, "Resolution Authorizing the Financial Institution Agreement and Application for Designation as a TT&L Depository," certified by its board of directors. Financial Management Service Forms 458 and 459 are available upon request from the FRB of the district.

(2) Depositories processing tax payments in the FTD system are required to elect either the remittance or the note option.

(c) *Designation.* Each financial institution satisfying the eligibility requirements and the application procedures will receive from the FRB notification of its specific designation as a TT&L depository. A financial institution is not authorized to maintain a TT&L account or note balance until it has been designated as a TT&L depository by the FRB.