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Subpart A—General Information

§ 203.1 Scope.

The regulations in this part govern the processing by financial institutions of electronic and paper-based deposits and payments of Federal taxes; the operation of the Treasury Tax and Loan (TT&L) program; the designation of TT&L depositaries; and the operation of the investment program. A financial institution may participate in the TT&L program by participating in the investment program or by accepting Federal tax payments, or both. A financial institution that accepts Federal tax payments may do so through the paper tax system (PATAX), or Electronic Federal Tax Payment System (EFTPS), or both. However, a financial institution is not designated as a TT&L depositary if it only processes EFTPS payments.

§ 203.2 Definitions.

Advice of credit (AOC) means the paper or electronic form depositaries use to summarize and report Federal Tax Deposit (FTD) coupon deposits to the Internal Revenue Service (IRS) and the Federal Reserve Bank (FRB).

Automated Clearing House (ACH) credit entry means a credit transaction originated by a financial institution, at the direction of the taxpayer, in accordance with applicable ACH formats and applicable laws, regulations, and procedural instructions.

ACH debit entry means a debit transaction originated by the Treasury Financial Agent (TFA), at the direction of the taxpayer, in accordance with applicable ACH formats and applicable laws, regulations, and instructions.

Balance limit means the highest amount a depositary has stated it will accept in its Treasury Investment Program (TIP) main account.

Borrower-In-Custody (BIC) collateral means an arrangement by which a financial institution pledging collateral to secure special direct investments and certain term investments is permitted to retain possession of that collateral, subject to terms and conditions agreed upon between the FRB and the financial institution.

Business day means any day on which a financial institution's FRB is open.

Capacity means a TT&L depositary's ability to accept additional investments in its TIP main account balance and/or its Special Direct Investment (SDI) account balance. With respect to a TT&L depositary's TIP main account balance, capacity means the balance limit or current collateral value, whichever is lower, minus the total of: the depositary's current TIP main account balance and any pending investments, plus any pending withdrawals. With respect to an SDI account balance, capacity means the dollar amount of collateral that the depositary has pledged for SDIs under a BIC arrangement minus the total of: the depositary's current SDI account balance and any pending investments, plus any pending withdrawals.

Collector depositary means a TT&L depositary that accepts paper tax payments from business customers and that may also process electronic tax

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payments from customers, but that does not retain any such deposits as investments or accept dynamic, direct, or special direct investments. A collector depository may accept term investments.

Direct investment means the Department of the Treasury's (Treasury's) placement of funds with a TT&L depository, which results in an increase to the depository's TIP main account balance and a credit to its reserve account.

Dynamic investment means Treasury's placement of funds with a TT&L depository throughout the day, which results in an increase to the depository's TIP main account balance and a credit to its reserve account.

Electronic Federal Tax Payment System (EFTPS) means the system through which taxpayers remit Federal tax payments electronically.

Federal Reserve Bank (FRB) means the FRB of the district where the financial institution is located, or such other FRB that may be designated in an FRB operating circular, or such other FRB that may be designated by the Treasury. A financial institution is deemed located in the same district it would be deemed located for purposes of Regulation D (12 CFR 204.3(b)(2)), even if the financial institution is not otherwise subject to Regulation D.

Federal Tax Deposit (FTD) means a Federal tax deposit made using an FTD coupon.

FTD coupon means a paper form supplied to a taxpayer by Treasury to accompany deposits of Federal taxes made through PATAX.

Federal taxes means those Federal taxes or other payments specified by the Secretary of the Treasury as eligible for payment through the procedures described in this part.

Fedwire®1 means the funds transfer system owned and operated by the FRBs.

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.

Fedwire® value transfer means a Federal tax payment made by a financial

institution using a Fedwire® type 1000 message.

Financial institution means any bank, savings bank, savings association, credit union, or similar institution.

Fiscal agent means the FRB acting as agent for Treasury.

Investment program is the all-inclusive name given to the programs by which Treasury invests excess operating cash.

Investor depository means a TT&L depository that is authorized to participate in the investment program by accepting funds from Treasury via direct investments, special direct investments, dynamic investments, or term investments. In addition, an investor depository may accept electronic or paper Federal tax payments from its business customers and retain a portion of those tax deposits, depending on the capacity of its TIP main account balance.

Paper Tax System (PATAX) means the paper-based system through which taxpayers remit Federal tax payments by presenting an FTD coupon and payment to a TT&L depository.

Procedural instructions means the procedures contained in the Treasury Financial Manual, Volume IV (IV TFM), other Treasury instructions issued by Treasury or through Treasury's Financial Agents and FRB operating circulars, and agreements issued consistent with this part.

Recognized insurance coverage means the insurance provided by the Federal Deposit Insurance Corporation, the National Credit Union Administration, and insurance organizations specifically qualified by the Secretary.

Reserve account means an account at an FRB with reserve or clearing balances held by a financial institution or its designated correspondent financial institution, if applicable.

Retainer depository means a TT&L depository that accepts electronic and/or paper Federal tax payments from its business customers and retains a portion of the Federal tax deposits in its TIP main account balance, depending on its balance limit, account balance, and collateral value. A retainer depository may also accept term investments.

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Same-day payment means a payment made by a Fedwire® non-value transaction or a Fedwire® value transaction.

Secretary means the Secretary of the Treasury, or the Secretary's delegate.

Special Direct Investment (SDI) means the placement by Treasury of funds with an investor depositary secured by collateral pledged under a BIC arrangement.

SDI account balance means an open-ended, interest-bearing note maintained on the books of the Treasury Support Center representing the amount of SDIs held by an investor depositary and secured by collateral pledged under a BIC arrangement.

Tax due date means the day on which a Federal tax payment is due to Treasury, as determined by statute and IRS regulations.

Term Investments means Treasury's excess operating funds that have been offered for a predetermined period of time and accepted by depositaries participating in the Term Investment Option.

Term Investment Option (TIO) means the program available to depositaries that offers the ability to borrow excess Treasury operating funds for a predetermined period of time.

TIO account balance means an interest-bearing note maintained on the books of the Treasury Support Center for a predetermined period of time.

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

Treasury General Account (TGA) means an account maintained in the name of the United States Treasury at an FRB.

Treasury Investment Program (TIP) means the automated system under the TT&L program that receives tax collections, invests funds, and monitors collateral pledged to secure public money.

TIP main account balance means an open-ended interest-bearing note maintained on the books of the Treasury Support Center (TSC) representing a retainer or investor depositary's cur-

rent net amount of (i) Federal tax deposits retained by the depositary and/or (ii) Treasury investments made under the Direct investment program.

Treasury Support Center (TSC) means the office at the FRB that, as Treasury's Fiscal agent, monitors collateral pledged to secure Treasury funds, manages TT&L program participation for depositaries, and/or carries on its books depositaries' TIP main account balances, SDI account balances, and/or Term Investment Option (TIO) account balances.

Treasury Tax and Loan (TT&L) account means a record of transactions on the books of a TT&L depositary reflecting paper tax deposits received by the depositary.

TT&L depositary or depositary means a financial institution designated as a depositary by Treasury or the FRB of St. Louis acting as Treasury's Fiscal agent, for the purpose of participating in the investment program and/or PATAX. There are three kinds of TT&L depositaries: investor depositaries, retainer depositaries, and collector depositaries.

TT&L program means the program for collecting Federal taxes and investing the Government's excess operating funds.

TT&L rate of interest means the interest charged on the TIP main account balance and the SDI account 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 Depositaries 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>.

§ 203.3 TT&L depositaries.

A financial institution that participates in PATAX and/or the investment program must be a TT&L depositary. There are three kinds of TT&L depositaries. A collector depositary is a TT&L depositary that accepts paper Federal tax payments and also may accept electronic Federal tax payments, but does not accept direct investments or SDIs. A retainer depositary is a