

## PAYMENT OF TAXES BY CHECK AND MONEY ORDER

DECEMBER 7 (legislative day, NOVEMBER 21), 1944.—Ordered to be printed

Mr. GEORGE, from the Committee on Finance, submitted the following

### REPORT

[To accompany H. R. 5565]

The Committee on Finance, to whom was referred the bill (H. R. 5565) to authorize collectors of internal revenue to receive certain checks and money orders in payment of taxes and for revenue stamps, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

The bill authorizes collectors of internal revenue to accept not only certified checks but also cashiers' and treasurers' checks and certain money orders in payment for internal-revenue stamps. It has the approval of the Treasury Department.

It will be recalled that on June 22, 1944, the Senate passed a bill (S. 1419), reported by your committee, dealing with the same subject matter and in fact very similar to the House bill. The House has, however, made slight changes in the draft with respect to the acceptance of money orders, which your committee believes are desirable.

The report of the House Committee on Ways and Means on H. R. 5565 is appended hereto.

[H. Rept. No. 2018, 78th Cong., 2d sess.]

The Committee on Ways and Means, to whom was referred the bill (H. R. 5565) to authorize collectors of internal revenue to receive certain checks and money orders in payment of taxes and for revenue stamps, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

The bill authorizes collectors of internal revenue to accept not only certified checks but also cashiers' and treasurers' checks and certain money orders in payment for internal-revenue stamps. As reported by the committee, it meets with the approval of the Treasury Department.

Section 3656 of the Internal Revenue Code now authorizes collectors to receive certified checks in payment for internal-revenue taxes and makes provision for discharge of tax liability where such checks are tendered. Uncertified checks may be received by collectors under this section for taxes payable other than by stamp. The bill amends section 3656 to extend the provisions concerning certified checks to cashiers' and treasurers' checks and United States postal, bank, express, and telegraph money orders.

United States postal money orders have always been accepted for internal-revenue taxes and in payment for stamps. By making cashiers' and treasurers' checks, bank money orders, which have the same characteristics as cashiers' checks but also bear the name of the purchaser, and express and telegraph money orders acceptable for stamps, it is believed that the bill would afford taxpayers increased convenience. The collection of taxes will not be impaired inasmuch as all the instruments have the common characteristic that once in the hands of the collector they cannot be revoked and their acceptance would be subject to regulations prescribed by the Commissioner of Internal Revenue with the approval of the Secretary of the Treasury.

Other checks remain acceptable for any taxes payable other than by stamp. Necessary changes are made in the law relating to discharge of liability corresponding to the change in authority to receive checks and money orders.

#### CHANGES IN EXISTING LAW

In compliance with paragraph 2a of rule XIII of the Rules of the House of Representatives, changes in the Internal Revenue Code made by the bill, as introduced, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

#### SEC. 3056. PAYMENT BY CHECK AND MONEY ORDERS.

(a) **[CERTIFIED CHECKS] CERTIFIED, CASHIERS', AND TREASURERS' CHECKS AND MONEY ORDERS.**—

(1) **AUTHORITY TO RECEIVE.**—It shall be lawful for collectors to receive for internal revenue taxes **[certified]** or in payment of stamps to be used in payment of internal revenue taxes certified, cashiers', and treasurers' checks drawn on National and State banks and trust **[companies]** companies, and United States postal, bank, express, and telegraph money orders, during such time and under such regulations as the **[Secretary]** Commissioner, with the approval of the Secretary, may prescribe.

(2) **DISCHARGE OF LIABILITY.**—

(A) **Check Duly Paid.**—No person who may be indebted to the United States on account of internal revenue taxes or stamps used or to be used in payment of internal revenue taxes who shall have tendered a **[certified check or checks]** certified, cashier's or treasurer's check or money order as provisional payment **[for such taxes]** therefor, in accordance with the terms of this subsection, shall be released from the obligation to make ultimate payment thereof until such **[certified check]** certified, cashier's, or treasurer's check or money order so received has been duly paid.

(B) **Check Unpaid.**—If any such check or money order so received is not duly paid **[by the bank on which it is drawn, and so certifying,]** the United States shall, in addition to its right to exact payment from the party originally indebted therefor, have a lien for the amount of such check upon all the assets of **[such bank]** the bank on which drawn or for the amount of such money order upon all the assets of the issuer thereof; and such amount shall be paid out of its assets in preference to any or all other claims whatsoever against said **[bank,]** bank or issuer except the necessary costs and expenses of administration and the reimbursement of the United States for the amount expended in the redemption of the circulating notes of such bank.

(b) **[UNCERTIFIED] OTHER CHECKS.**—

(1) **AUTHORITY TO RECEIVE.**—Collectors may receive **[uncertified]** checks in addition to those specified in subsection (a) in payment of **[income, war profits, and excess profits taxes, and any other taxes payable other than by stamp,]** taxes other than those payable by stamp during such time and under such rules and regulations as the Commissioner, with the approval of the Secretary, shall prescribe.

(2) **ULTIMATE LIABILITY.**—If a check so received is not paid by the bank on which it is drawn the person by whom such check has been tendered shall remain liable for the payment of the tax and for all legal penalties and additions to the same extent as if such check had not been tendered.