

with a view to determining the economy and efficiency of the Government. Such inspection shall be in accordance and upon compliance with the rules and regulations prescribed by the Secretary of the Treasury in Treasury Decisions 6132 [C.B. 1955-1, 142] and 6133, [C.B. 1955-1, 335] relating to the inspection of returns by committees of the Congress, approved by the President on May 3, 1955.

This order shall be effective upon its filing for publication in the Federal Register.

THE WHITE HOUSE,  
March 25, 1967.

LYNDON B. JOHNSON

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## CHAPTER 62.—TIME AND PLACE FOR PAYING TAX

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### SUBCHAPTER A.—PLACE AND DUE DATE FOR PAYMENT OF TAX

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#### SECTION 6151.—TIME AND PLACE FOR PAYING TAX SHOWN ON RETURNS

26 CFR 46.6151: Statutory provisions; time and place for paying tax shown on returns.

Amendments to the regulations in 26 CFR Parts 46, 48, and 49, miscellaneous excise taxes payable by return, manufacturers and retailers excise taxes, and facilities and services excise taxes, respectively, relating to payment of tax to internal revenue officers. See T.D. 6915, page 322.

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### SUBCHAPTER B.—EXTENSIONS OF TIME FOR PAYMENT

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#### SECTION 6166.—EXTENSION OF TIME FOR PAYMENT OF ESTATE TAX WHERE ESTATE CONSISTS LARGELY OF INTEREST IN CLOSELY HELD BUSINESS

26 CFR 20.6166-1: Extension of time for payment of estate tax where estate consists largely of interest in closely held business. Rev. Rul. 67-161  
(Also Section 6601; 301.6601-1.)

Where a timely election was made under section 6166(a) of the Internal Revenue Code of 1954 to pay the tax shown on an estate tax return in installments, and the total amount of such tax is paid prior to assessment of a deficiency, the deficiency may be prorated to installments and paid in accordance with the provisions of section 6166(f) of the Code.

Furthermore, pursuant to section 6166(g) of the Code, the four percent rate of interest provided in section 6601(b) is applicable to the entire amount of the deficiency so prorated to installments.

Advice has been requested whether an estate tax deficiency may be paid in installments, as provided in section 6166(f) of the Internal Revenue Code of 1954, in a case where a timely election was made under section 6166(a) to pay the tax shown on the estate tax return in installments and the total amount of such tax was paid before the deficiency was assessed, and whether the four percent rate of interest provided in section 6601(b) of the Code is applicable to the deficiency.

A timely election was made under section 6166(a) of the Code to pay the estate tax in ten installments. Section 6166(e) of the Code provides that the first installment shall be paid on or before the date prescribed by section 6151(a) for payment of the tax, and each succeeding installment shall be paid on or before the date which is one year after the date prescribed for payment by section 6166(e) of the Code for payment of the preceding installment. After paying the first installment when the estate tax return was filed, the executor, instead of paying the balance of tax due on the return in annual installments in accordance with the election, paid it in full before the second installment was due and well before the time a deficiency was assessed.

Subsection (f) of section 6166 of the Code provides that if an election is made under subsection (a) of such section to pay any part of the estate tax in installments and a deficiency has been assessed, the deficiency shall, subject to the limitation provided by subsection (b), be prorated to such installments. The deficiency is prorated to installments due prior to the date the deficiency is assessed, as well as to installments not yet due.

Section 20.6166-1(e)(3) of the Estate Tax Regulations provides that where the estate tax return shows no tax due, an election may be made, contingent upon the values as finally determined meeting the percentage requirements set forth in section 6166(a) of the Code, to pay in installments any portion of the estate tax, including a deficiency, which may be unpaid at the time of such final determination and which does not exceed the limitation provided in section 6166(b) of the Code. Since the regulations provide that a timely installment election made where there is no tax due on an estate tax return is valid as to a subsequently determined deficiency, it follows that if a timely election is made where there is tax due on the return, the election is valid with respect to a later determined deficiency even though the tax liability shown on the return has been paid in full.

Subsection (b) of section 6601 of the Code provides that the four percent rate of interest applies in lieu of the six percent rate provided in subsection (a) if the time for payment of an amount of estate tax is extended pursuant to section 6166 of the Code.

Subsection (g) of section 6166 of the Code provides that in applying section 6601(b) in the case of a deficiency, the *entire* amount which is prorated to installments under section 6166 shall be treated as an amount of tax the payment of which is extended under this section. There is no restriction which makes the four percent interest rate applicable only to a portion of such deficiency. Therefore, it applies to the portion of the deficiency prorated to installments the dates for payment of which have already arrived as well as to the portion prorated to installments which are not yet due.

Accordingly, although the total tax shown on an estate tax return was paid prior to the assessment of a deficiency, the deficiency may be

prorated to installments and paid in accordance with subsection (f) of section 6166 of the Code if a timely election was made under subsection (a) of such section. Furthermore, pursuant to subsection (g) of section 6166, the four percent rate of interest provided in section 6601(b) of the Code is applicable to the entire amount of the deficiency so prorated to installments.

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## CHAPTER 64.—COLLECTION

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### SUBCHAPTER A.—GENERAL PROVISIONS

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#### SECTION 6302.—MODE OR TIME OF COLLECTION

26 CFR 1.6302-1: Use of Government depositories in connection with corporation income and estimated income taxes. T.D. 6914<sup>1</sup>  
 (Also Section 6312; 301.6312-1.)

TITLE 26.—INTERNAL REVENUE.—CHAPTER I, SUBCHAPTER A, PART 1.—INCOME TAX; TAXABLE YEARS BEGINNING AFTER DECEMBER 31, 1953; SUBCHAPTER F, PART 301.—PROCEDURE AND ADMINISTRATION

Deposit of corporation income and estimated income tax with Government depositories

DEPARTMENT OF THE TREASURY,  
 OFFICE OF COMMISSIONER OF INTERNAL REVENUE,  
 Washington, D.C. 20224

*To Officers and Employees of the Internal Revenue Service and Others Concerned:*

On January 11, 1967, notice of proposed rulemaking was published in the Federal Register (32 F.R. 279) with respect to the amendment of the Income Tax Regulations (26 CFR Part 1) to provide rules for the deposit of corporation income and estimated income tax with Government depositories. After consideration of all such relevant matter as was presented by interested persons regarding the rules proposed, the following amendments of the regulations are adopted:

In order to provide rules for the deposit of corporation income and estimated income tax with Government depositories, the Income Tax Regulations (26 CFR Part 1) are amended as follows:

PARAGRAPH 1. Paragraph (a) (2) of § 1.6081-3 is amended to read as follows:

§ 1.6081-3 AUTOMATIC EXTENSION OF TIME FOR FILING CORPORATION INCOME TAX RETURNS.—(a) IN GENERAL. \* \* \*

<sup>1</sup> The publication of this Treasury Decision in 32 F.R. 3819, dated Mar. 8, 1967, contains (1) instructions for modifying the notice of proposed rulemaking published in 32 F.R. 279, dated Jan. 11, 1967, and (2) the full context of the regulations with such modifications. As here published, the Treasury Decision reflects the full context of the regulations, with modifications. The individual instructions have been omitted.