

§ 3124. Exemption from taxation

(a) Stocks and obligations of the United States Government are exempt from taxation by a State or political subdivision of a State. The exemption applies to each form of taxation that would require the obligation, the interest on the obligation, or both, to be considered in computing a tax, except—

- (1) a nondiscriminatory franchise tax or another nonproperty tax instead of a franchise tax, imposed on a corporation; and
- (2) an estate or inheritance tax.

(b) The tax status of interest on obligations and dividends, earnings, or other income from evidences of ownership issued by the Government or an agency and the tax treatment of gain and loss from the disposition of those obligations and evidences of ownership is decided under the Internal Revenue Code of 1986 (26 U.S.C. 1 et seq.). An obligation that the Federal Housing Administration had agreed, under a contract made before March 1, 1941, to issue at a future date, has the tax exemption privileges provided by the authorizing law at the time of the contract. This subsection does not apply to obligations and evidences of ownership issued by the District of Columbia, a territory or possession of the United States, or a department, agency, instrumentality, or political subdivision of the District, territory, or possession.

(Pub. L. 97-258, Sept. 13, 1982, 96 Stat. 945; Pub. L. 99-514, § 2, Oct. 22, 1986, 100 Stat. 2095.)

HISTORICAL AND REVISION NOTES

Revised Section	Source (U.S. Code)	Source (Statutes at Large)
3124(a)	31:742.	R.S. §3701; Sept. 22, 1959, Pub. L. 86-346, §105(a), 73 Stat. 622.
3124(b)	31:742a.	Feb. 19, 1941, ch. 7, § 4, 55 Stat. 9; Mar. 28, 1942, ch. 205, § 6, 56 Stat. 190; restated June 25, 1947, ch. 147, 61 Stat. 180; Sept. 22, 1959, Pub. L. 86-346, § 202, 73 Stat. 624.

In subsection (a), before clause (1), the words “Except as otherwise provided by law, all . . . bonds, Treasury notes, and other” are omitted as surplus. The words “political subdivision of a State” are substituted for “municipal or local authority” for clarity and consistency. The word “applies” is substituted for “extends” for clarity. The words “directly or indirectly” are omitted as surplus. In clause (1), the word “instead” is substituted for “in lieu” for clarity.

In subsection (b), the words “shares, certificates, stock, or other” and “sale or other” are omitted as surplus. The words “The tax status of . . . and the tax treatment of . . . is decided under the Internal Revenue Code of 1954 (26 U.S.C. 1 et seq.)” are substituted for “shall not have any exemption, as such . . . shall not have any special treatment, as such, except as provided under the Internal Revenue Code of 1954” for clarity. The words “on or after March 28, 1942” and 31:742a(a)(1st sentence words after semicolon related to the United States Maritime Commission) are omitted as executed. The last sentence is substituted for 31:742a(a)(last sentence) for clarity. The words “any political subdivision thereof” are omitted as included in “agency or instrumentality”. The text of 31:742a(b) and (c) is omitted as unnecessary.

AMENDMENTS

1986—Subsec. (b). Pub. L. 99-514 substituted “Internal Revenue Code of 1986” for “Internal Revenue Code of 1954”.

§ 3125. Relief for lost, stolen, destroyed, mutilated, or defaced obligations

(a) In this section, “obligation” means a direct obligation of the United States Government issued under law for valuable consideration, including bonds, notes, certificates of indebtedness, Treasury bills, and interim certificates issued for an obligation.

(b) The Secretary of the Treasury may provide relief for the loss, theft, destruction, mutilation, or defacement of an obligation identified by number and description.

(c)(1) An indemnity bond is required as a condition of relief if the obligation is payable to bearer or assigned so as to become payable to bearer and is not proven clearly to have been destroyed. The Secretary may prescribe for the indemnity bond the form, amount, and surety or security requirements.

(2) Relief for interest coupons claimed to have been attached to an obligation may be provided only if the Secretary is satisfied that the coupons have not been paid and are destroyed or will not become the basis of a valid claim against the Government.

(Pub. L. 97-258, Sept. 13, 1982, 96 Stat. 946.)

HISTORICAL AND REVISION NOTES

Revised Section	Source (U.S. Code)	Source (Statutes at Large)
3125(a)	31:738a(d).	July 8, 1937, ch. 444, §8(a)-(d), 50 Stat. 481; Aug. 10, 1939, ch. 665, § 4, 53 Stat. 1359; Nov. 8, 1945, ch. 453, §153, 59 Stat. 574; restated May 27, 1971, Pub. L. 92-19, 85 Stat. 74.
3125(b)	31:738a(a).	
3125(c)(1)	31:738a(b).	
3125(c)(2)	31:738a(c).	

In the section, the word “obligation” is substituted for “security” in the defined term for consistency in the chapter and the revised title and to eliminate using the word “security” in 2 different ways in the same section.

In subsection (b), the words “Under such regulations as he may deem necessary for the administration of this section” are omitted as unnecessary because of section 321(b) of the revised title.

In subsection (c)(1), the words “whether before, at, or after maturity” and “in effect” are omitted as surplus.

§ 3126. Losses and relief from liability related to redeeming savings bonds and notes

(a) Under regulations prescribed by the Secretary of the Treasury, a loss resulting from a payment related to redeeming a savings bond or savings note shall be replaced out of the fund established by section 17303(a) of title 40. A Federal reserve bank, a paying agent allowed to make payments in redeeming a bond or note, or an officer or employee of the Department of the Treasury is relieved from liability to the United States Government for the loss when the Secretary decides that the loss did not result from the fault or negligence of the bank, paying agent, officer, or employee. The Secretary shall relieve the bank, agent, officer, or employee from liability when the Secretary decides that written notice of liability or potential liability has not been given to the bank, agent, officer, or employee by the Government within 10 years from the date of the erroneous payment. How-