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POST 4/11/74

The Integrity of the Tax System

Why does the President have so many incompetent advisers? This question was put rather wistfully by a Republican still holding office in the administration when it was revealed that Mr. Nixon must pay \$476,000 for tax deficiencies.

That is not the real question. Why, it must be asked, has the President surrounded himself with so many misfits and incompetents, with the tax judgment only the last of a series of damning revelations?

In the final analysis the responsibility is his and this will surely be taken into consideration by the House Judiciary Committee in its deliberation over a bill of impeachment.

Every single step the President took with respect to his taxes over a four-year period was in error. He himself is a lawyer and he should have given more than a cursory look at his returns showing such a huge deduction for the gift of his vice presidential papers. Those papers, including a number of newspaper clippings, seem to have been a kind of catch-all of uncertain value.

His announcement on December 8 calling on the joint tax committee of Congress to review his returns with a promise to abide by the committee's finding was a cardinal mistake. That

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was a privilege open to no other taxpayer.

If he had simply let the reviewing process of the Internal Revenue Service take its course, as it would have with any other citizen in the same situation, he could have contested the finding of IRS before the tax court. Once he had publicly pledged to follow the congressional committee's report to the letter, this option was foreclosed.

The President's personal misfortunes to one side, the blow to the integrity of the tax system is of real concern. If it had not been for the revelation by the Providence Journal that the President for two years paid only minuscule amounts of tax on an income well over \$200,000, the whole matter might never have come to light. The IRS was in the first instance only too happy to play shut-eye with the Nixon returns. After what must

surely have been a perfunctory audit, a high IRS official wrote the President complimenting him on the care shown in the preparation of his tax returns. That official, William D. Winters, has since been promoted. The integrity of the income tax system has been a rock on which many crooks have foundered. They might get away with their criminality in the courts or by bribing officials.

But if they failed to pay Federal tax on their ill-gotten gains the chances were close to 100 per cent that they would end in prison. Such prohibition era overlords as Al Capone were found guilty of failing to pay their tax and got stiff jail sentences.

If the system cracks in cynical disbelief, one of the remaining strong points of law enforcement will go with it. Without conviction of honesty and unflinching enforcement it will not be workable since even an army of en-

forcing agents could not police 70 million or 80 million returns.

This week you and I and 81 million others will have filed individual income tax returns. The report persists, despite IRS playing the possibility down, that taxpayers this time will squeeze out every possible deduction and revenue will fall below expectations. They will be following the Nixon example with his return showing claimed deductions for flowers sent to funerals and other such petty business.

Let's face it, the income tax is a curse making us into a nation of bookkeepers. But at least it has been kept honest, unlike the tax in France and Italy where the taxpayer is assessed a certain amount and he then proceeds to bargain with the collector to get the best possible deal. With political pull, this can mean zero.

My own returns have been audited for four years running. Because I was on the enemy list I thought it might be political reprisal. My tax attorney says this is unlikely.

In that vast storehouse in West Virginia computers scan each return and under certain circumstances the red light flashes and an audit is ordered. That is the impersonal turn of fate as millions of ordinary taxpayers, Presidents excepted, have learned.