

The Deductible President

An American couple that earns a salary of \$200,000 a year is theoretically liable for federal taxes as high as \$100,000. In 1970 Richard and Pat Nixon, who have an income of more than \$200,000 a year, reportedly paid \$792.81 in federal income taxes; in 1971 they paid \$878.03. Their taxes were the equivalent of those paid by a family of three that earns between \$7,500 and \$8,500 annually. While the Nixons escaped the category of zero taxpayers, it was only by a pittance.

The reason that the First Family paid so little tax is, of course, the large amount of deductions they were able to take, substantially reducing the amount of their taxable income. The deductions, if startling, were proper and permissible. Part of them were for tax payments on the San Clemente and Key Biscayne sites and for interest payments on loans the Nixons had made to finance the purchase of these properties. But the biggest deduction of \$570,000 covered the gift of Nixon's vice-presidential papers to the National Archives. He wrote off \$60,000 in 1969 with the remainder to be deducted over the next five years. This kind of deduction was eliminated in June 1969 by the Tax Reform Act, but the President got his gift in under the wire in March of that year.

Two Lines. Nevertheless, Tax Analysts and Advocates, a public-interest, tax-law firm based in Washington, has challenged the write-off on a variety of grounds. The organization charges that the deed transferring the papers to the archives was signed by neither Nixon nor the General Services Administration but by a White House legal aide. The tax group also claims that the President did not clearly transfer "dominion and control" over the papers; there are restrictions on who can see them and quote from them.

Ordinarily, presidential tax returns are not a matter of public record. They are apparently locked up in a safe across the hall from the office of the IRS Commissioner. But narrow information contained on two lines of all returns—taxes paid and refunds received—is stored in the central IRS computer in Martinsburg, W. Va. Any clerk could have leaked them to the Providence (R.I.) *Journal-Bulletin*, which broke the story. While not disputing the facts as printed, the White House replied that the President had followed "normal procedures" in filing his taxes. His returns had received a "complete audit" and were accepted without change.

Some of his taxes, however, are going up. In the wake of the uproar over his San Clemente property, local officials have ordered the house and grounds to be reappraised. As a result, this year his California property tax is expected to jump from \$34,000 to \$74,000.