

Post 10/9/73 **Tax Exempt Groups and the IRS**

For the three years of its existence, the Center for Corporate Responsibility has proven itself a well-run, careful and socially constructive group. Its efforts, for example, led to the addition of several black citizens to corporate boards, such as the Rev. Leon Sullivan, who has joined General Motors. The center was credited with prompting Coca Cola executives to eliminate the inhuman conditions in several migrant labor camps.

With this kind of record, it is an item of sorrow that the center has been the object of such insensitive treatment by the Internal Revenue Service that it is now almost dead. For almost three years, the IRS delayed acting on the center's application for tax-exempt status, even though such applications are usually processed in a matter of months. Finally, because the center had severe problems raising money with its status in doubt—a fact the IRS knew—it sued the IRS to make a decision. The agency ruled against the exemption, arguing that the center was not properly organized for tax-exempt status. Currently, the center is continuing its original suit, with new amendments to overrule the IRS decision.

The importance of this case is the number of questions raised about recent IRS activities involving similar groups. Two years ago, several public interest law firms

saw themselves under attack by the IRS, only to have the latter drop the issue following publicity. Last year, even The Catholic Worker, a small charitable group that runs a Bowery soup kitchen, found itself under the powerful IRS foot. Here again, following several news stories, the IRS backed off.

In the current case, an IRS audit of six weeks was just concluded, an unusually long time to go over the ledgers of such a small group. U.S. District Court Judge Charles R. Richey noted this when he said, before the audit began, that the center's books are "so minuscule that they could be audited and examined in a matter of an hour." In addition, a former IRS commissioner, Sheldon S. Cohen, has filed an affidavit saying that in several ways the IRS processing of the center's application "appears to have departed sharply" from normal practices. Mr. Cohen found it "particularly striking" that the final denial reversed the unanimous recommendations of three branches within the IRS itself.

The case is now in the courts. It needs to be settled quickly. Such groups like the center are too useful to waste their time staving off the bureaucratic delays of the IRS, not to mention protecting themselves from possible political kicks to the shins from the Nixon administration.