

TAX PLOT CHARGED BY A NADER GROUP

Panel Says Nixon Aides and
House Committee Try to
Hide Need for Reform

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By EILEEN SHANAHAN

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WASHINGTON, Nov. 22—The Tax Reform Research Group, a Ralph Nader organization, charged today that the Nixon Administration and the House Ways and Means Committee were conspiring to keep from the public facts that would demonstrate the need for tax reform.

The facts at issue are those that show the dollars and cents benefits that individuals at different income levels realize from the various preferential provisions of the tax laws.

The tax group, which is financed by Mr. Nader's Public Citizen organization, said that the Administration kept providing the committee, and the committee kept publishing, misleading figures that "attempt to show that income tax loopholes favor middle-class taxpayers."

This is true, according to Robert Brandon, director of the Tax Reform Research Group, only when the figures on the benefits are lumped together. The tens of millions of middle-income taxpayers, when lumped together, do get more total benefits from such tax preferences as the deduction for mortgage interest than do the few thousand in the income class of over \$100,000, he said.

Some Benefit More

But when the average advantage per person is calculated, the benefits to upper-income taxpayers are much higher, he continued.

For instance, the group of taxpayers just below the exact middle income, those with incomes of \$7,000 to \$10,000, had total tax savings of \$310-million because of the deduction for mortgage interest, while those in the over \$100,000 bracket had total savings of only \$55-million.

However, for each of the 12.6 million taxpayers in the \$7,000-to-\$10,000 bracket, the saving averaged \$24.59, while the 91,286 persons in the over-

\$100,000 bracket saved an average of \$602.

If the mortgage interest deductions were eliminated completely and tax rates were cut across the board, instead of granting the deductions, a tax reduction of \$46.92 could be given to everyone, according to the tax group's calculation.

"Obviously, the average taxpayer would be better off without the deduction and with lower taxes instead," Mr. Brandon said.

The disparities in the benefits from preferential sections of the tax law are considerably greater in some cases, the tax group's study showed.

The largest disparity, by far, was in the benefits realized from the preferential treatment of capital gains, which are generally taxed at half the rate at which ordinary income is taxed.

Tax Savings Listed

Individuals in the over-\$100,000 income group averaged tax savings of \$39,211 under this provision of the law, while those in the \$7,000-to-\$10,000 group averaged \$15.07; those in the \$10,000-to-\$15,000 group averaged \$23.27; those in the \$15,000-to-\$20,000 group averaged \$52.67, and those in the \$20,000-to-\$50,000 group averaged \$284.59.

Some tax preferences, such as the depletion allowance for oil and gas wells and other mining operations, are hardly used at all except by individuals with the highest income, the tax group's figures showed. The average tax saving, from the depletion allowance to taxpayers in the \$10,000-to-\$15,000 bracket, which is just above middle income, was \$1.23. For the over-\$100,000 group, the average benefit was \$1,150.23.

Mr. Brandon said that Nixon Administration officials and Representative Wilbur D. Mills, chairman of the House Ways and Means Committee, had "tried to cover up the unfairness of the nation's tax laws."

The tax group used published Treasury Department information on 1972 tax payments but was forced to use 1971 figures on the number of taxpayers in each income class because these figures for 1972 have not yet been published. The tax group said that the use of figures from two different years would have only a small impact on the accuracy of the statistics.

Mr. Brandon concluded that the tax group's figures showed that the assertion that "average taxpayers are the major beneficiaries of our present tax loopholes are completely false."

"Those responsible for our unfair tax system are perpetrating a cruel hoax on the American people," he said.