

F Pool
W/2/75

IRS probing 50 corporations

WASHINGTON (AP) — The Internal Revenue Service has assigned 300 top-flight examiners to probe about 50 large corporations known or suspected to have made illegal campaign donations or foreign payoffs, officials say.

The tax men are seeking to uncover previously undisclosed corporate contributions, to find whether companies improperly claimed tax deductions on donations or payoffs, and whether they

committed criminal tax fraud in doing so.

A well-placed source, who asked not to be identified, said a new criminal case involving a major corporation is now being readied for a federal grand jury.

Those known to be under IRS investigation presently include United Brands Co., Gulf Oil Corp., and Northrop Corp., which have admitted making overseas payoffs; and Phillips Petroleum Co. and Ashland Oil Inc., which have admitted making illegal U.S. campaign donations.

The IRS investigations are being undertaken by regular field auditors who can call for assistance from a staff of 300 veteran auditors, computer experts, economists, engineers and others in the IRS headquarters in Washington.

The probes are being coordinated through a special Campaign Contribution Compliance Project, which was set up in the wake of the Watergate money scandals. This has recently been expanded to include probes of overseas payoffs.

IRS also has established regular

contact with the Securities and Exchange Commission, the stock-market watchdog agency that uncovered some foreign bribes and donations by U.S. companies.

Asst. IRS Commissioner Singleton B. Wolfe said in an interview that the campaign project focuses on corporations whose top policy-making officers have made campaign donations.

He said IRS is sifting through the tax returns of these top officials, usually the highest dozen officials, to see whether the donations came out of their own pockets or were reimbursed through phoney expense accounts, travel vouchers, salary bonuses or other corporate payments.

Illegal campaign donations are not allowed as tax deductions. IRS regulations also prohibit deduction of any payment to any foreign official if a similar payment would have been illegal under U.S. law. This means bribes to foreign government officials can't legally be deducted.