

IRS Gets Centrex Records

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By George Lardner Jr.
Washington Post Staff Writer

Internal Revenue Service agents have obtained the phone billing records of The Washington Post and all other firms in the city using Centrex equipment, telephone company officials said yesterday.

The Chesapeake & Potomac Telephone Co. said it produced the billing records for an estimated 140 to 150 businesses, including The Washington Post and the Washington Star-News, last week in response to an administrative summons by the IRS.

IRS officials said the records were obtained as part of a nationwide audit to determine liability for federal excise taxes on communications equipment. The result could

be some hefty bills for Centrex customers in Washington.

The C&P phone company, IRS officials indicated, has taken the position that such phone equipment is not subject to the excise tax and has not been billing its subscribers for it.

"While telephone companies are responsible for collecting the tax from their subscribers, the equipment users are liable for paying the tax," the IRS said in announcing the nationwide audit March 19.

The audit includes 2,500 Centrex customers across the country, most of them large businesses whose phone companies have not been charging them for the 9 per cent excise tax, IRS officials said yesterday.

IRS Commissioner Donald

C. Alexander said a check requested by The Washington Post showed that toll records showing individual phone calls by reporters and other personnel were neither sought nor obtained.

"There's no way in the world of telling what calls were made or who made them," IRS spokesman Philip L. Rotheild said. He said IRS agents took down only a description of the phone equipment and the monthly bills for it, with toll calls reflected simply as a single dollar amount.

American Telephone & Telegraph Co. attorney William Caming had announced a systemwide policy in March of giving "automatic notification" to subscribers within 24 hours after receipt of a subpoena or summons from law enforcement agencies for toll billing records.

C&P security supervisor J. H. Helvey notified The Washington Post and other firms in a form letter dated June 24 that the IRS had issued a summons for Centrex billing records May 28 and that the phone company had furnished the records on June 18.

Joseph A. Califano Jr., counsel for The Washington Post, said AT&T's Caming told him yesterday that AT&T regarded the IRS summons as "a sensitive request" which should have been treated as requiring 24 hours' notice. Califano said the notification was several days late.

IRS officials said it had yet to be determined how far back the excise-tax liability of Centrex users might extend.

C&P's Helvey said the IRS had asked for the billing records of Washington Centrex users from April 1, 1971,

through June 3, 1974. Helvey said, however, that the phone company generally maintains "only a year's worth."

The IRS ruled last year that Centrex systems were subject to the excise tax on communications equipment. Telephone companies involved in the audit, the agency said, will be asked "to back-bill Centrex customers for additional tax determined to be due. If the telephone company does not direct assessment will be comply with such a request, made by the IRS against the Centrex customer involved."