

**Hill Hearings on Disclosure Law****IRS, Justice Eye Tax Privacy**

By Douglas Watson

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Internal Revenue Service and Justice Department officials stressed opposing needs yesterday in testifying on Senate bills to restrict IRS disclosure of tax return information.

IRS Commissioner Donald C. Alexander said that to protect taxpayers' privacy he favors tightening the law under which IRS last year provided information from returns of 63 million taxpayers to their home states and made returns of 8,210 taxpayers available to a dozen federal agencies.

Deputy Attorney General Harold R. Tyler Jr. said the bills by Sens. Lowell P. Weicker (R-Conn.) and Lloyd Bentsen (D-Tex.) "would unduly restrict the availability and use of tax returns in criminal investigations and prosecutions not involving the tax laws."

Alexander said federal law defines tax returns as "public" information and puts limitations on their release. He said that since 1973 he has urged that the law be changed to make returns "private" and

their acquisition by other governmental agencies more difficult.

Tyler said the Justice Department—the leader among federal agencies in obtaining tax returns—"would be very concerned if the historic cooperation of the IRS and the Justice Department were totally cut off or unduly restricted."

Tyler said Justice lawyers need tax returns of individuals being prosecuted for tax violations, and also, in many cases, of those prosecuted in non-tax cases and of defense witnesses and government witnesses called to rebut defense witnesses.

Tyler, a former federal judge and prosecutor, said federal prosecutors also frequently want to look at the tax returns of potential jurors. While acknowledging that he had done this as a prosecutor, Tyler said he was "not so sure" the Justice Department should have access to potential jurors' tax returns.

Sen. Floyd K. Haskell (D-Colo.), chairman of the Senate Finance subcommittee on administration of the Internal Revenue Code, said he is

"quite concerned about the proliferation" of tax return information. He asked whether Alexander is worried about Justice Department lawyers obtaining tax returns "on mere whim."

"It gives me great concern," Alexander responded.

IRS officials have said that the Justice Department here and U.S. attorneys around the nation received 7,676 of the 8,210 returns of taxpayers made available to other federal agencies. That does not include the many tax cases the Justice Department handles as prosecutor for IRS, and in many instances it involves more than one year's return.

Alexander, who did not comment directly on either Senate bill, reiterated his determination to narrow IRS' law enforcement focus and to prevent use of the tax-collection agency as "a generalized tool for enforcement of the law or unrelated goals."

U. S. Attorney Jonathan L. Goldstein of New Jersey expressed concern in an interview last week that narrowing IRS' law enforcement focus would have a "disastrous impact" on the ability of U. S. at-

torneys to prosecute corrupt politicians and white-collar criminals.

"They often can only be brought to justice as a result of the meticulous and comprehensive analyses of complex financial transactions, which can only be accomplished through the closely coordinated efforts of IRS agents and U. S. attorneys," Goldstein said.

Tyler said yesterday, "I fail to see the reason why a tax return should not be available for use in the prosecution of the taxpayer for any serious criminal offense." Weicker's bill would ban use of tax returns in non-tax cases.

Tyler said unauthorized disclosure of tax return information is a misdemeanor punishable by up to a year in jail and a \$1,000 fine.

Frederic M. Scherer, director of the Federal Trade Commission's Bureau of Economics, said Weicker's bill, which would prohibit IRS from releasing tax returns to other federal agencies, "threatens the continuation" of FTC's examination and publication of quarterly financial reports from corporations.