

Rocky Discloses That He
Owes \$1 Million More
on His Taxes

Audits by IRS Over Five Years

Washington

Vice President - designate Nelson A. Rockefeller disclosed last night that he will have to pay an additional \$903,718 in federal income and gift taxes as a result of Internal Revenue Service audits.

The assessment would also be subject to interest charges, probably about \$100,000.

Rockefeller summarized the audit results in letters to the two congressional committees considering his vice presidential nomination.

White House spokesmen said President Ford would have no immediate comment on Rockefeller's announcement.

The figures showed that the audits require him to pay an additional \$820,718 in federal income taxes and an additional \$83,000 in federal gift taxes, largely because the IRS disallowed some deductions the former New York governor took for office and investment expenses and for charitable contributions.

A Rockefeller spokesman said later that there were no IRS penalties involved, but that six per cent interest would be added to the additional taxes.

When Rockefeller testified before the Senate Rules Committee last month he gave no indication in his prepared remarks that his income tax returns were subject to further audit.

A Rockefeller spokesman said last night the additional tax assessments resulted from "a normal audit that goes on for someone with as big an income" as Rockefeller's.

The letters left uncertain exactly why Rockefeller's deductions had been disallowed.

They also included a conflict between the \$903,718 in additional federal income and gift taxes listed and the \$896,173 increase in Rocke-

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feller's total taxes over the past ten years. Aides said that was because the larger figure included additional gift taxes for 1974 that were not included in the ten-year totals.

The main IRS adjustments in tax totals Rockefeller had earlier supplied the Senate Rules and House Judiciary Committees — subject to final audits — were a reduction of \$824,598 in deductions for office and investment expenses and a reduction of \$420,649 in deductions for charitable contributions.

Rockefeller said that at the time he submitted the figures to the two committees, federal tax audits were in process for 1969, 1970 and 1971, and had not yet begun for 1972 and 1973.

"Through intensive work by the Internal Revenue Service," he said, "these audits have now been completed and have resulted in adjustments, as in the past."

The additional taxes include \$104,180 for 1970, a year in which he had previously not paid any federal income tax because of major shifts in investments held by the two trusts from which the former New York governor receives the bulk of his income.

Adding the \$903,718 to the

\$21 million in taxes Rockefeller has paid over the past ten years would make the total tax just less than \$22.6 million. Interest on the latest taxes plus a recomputation of state and city taxes will make the total higher.

His total income for the period was just under \$47 million.

Rockefeller sent identical letters to Senator Howard W. Cannon (Dem-Nev.) and Representative Peter W. Rodino Jr. (Dem-N.J.), the chairmen of the two committees considering the Rockefeller nomination.

Since Rockefeller testified for three days before the Senate panel in late September, disclosures about nearly \$2 million in gifts he gave to former aides and about a campaign book aimed at a political opponent and financed by his brother have cast doubt on the earlier prospect that the nomination would be approved without much difficulty.

Rockefeller gave these details on the adjustments that stem from the IRS audit:

- Deductions for office and investment expenses were reduced by \$824,598 over the five-year period.

- Deductions for charitable contributions were reduced by \$420,649 because

gifts he made by paying certain expenses, primarily on a government mission to Latin America, were classified by the IRS as within the 20 per cent of income limit rather than the 50 per cent category.

- Income for 1969 was increased by \$146,229 because a gain on foreign exchange, resulting from repayment of loans to a bank in Venezuela, was classified as income rather than an adjustment to his investment cost.

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