

McGovern Charge On ITT Taxes Hit

WASHINGTON — (AP) — Financial statements on file at the Securities and Exchange Commission today contradicted Sen. George McGovern's charge that International Telephone and Telegraph Corp. paid no federal income taxes for the past three years.

McGovern leveled the latest charge against the giant conglomerate, storm center of Senate hearings on President Nixon's nomination of Richard Kleindienst as attorney general, on the radio and television CBS show, "Face the Nation" yesterday.

He said documents on file with the SEC and used by members of the Senate Judiciary Committee in questioning ITT. President Harold Geneen last Wednesday indicated the corporation paid no federal income tax for 1968, 1969 and 1970.

'Business Expense'

He also charged the corporation listed a controversial \$400,000 contribution to the Republican National Convention as a business expense. He later retracted that charge.

And his campaign organization amended it to say that ITT officials "considered it a proper business expense."

An ITT spokesman in New York said that in 1971 the corporation paid more than \$207 million in income taxes of which about one-third were U.S. income taxes.

He also said the company paid more than \$195 million in 1970 of which about 28 per cent went for U.S. federal income taxes. He listed \$174 million as the combined tax for 1969, and more than \$146

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million as the figure for 1968.

Financial statements the company is required to file with the SEC were examined today and support the ITT figures.

In its statement of consolidated income for the years 1966 through 1970 the company lists income taxes paid to the U.S. government and to foreign and state governments. The figures are listed in a manner that could have led to misinterpretation.

The tax figures are in parentheses. In many financial statements that indicates a negative amount such as a business loss. In the ITT settlement it indicated the figure should be subtracted

McGovern, however, did not retract his charge that ITT paid no income tax.

His clarifying statement said. "It has been clear that the documents which were filed with the SEC indicate that at least for the taxable years 1968, 1969 and 1970, the corporation as a whole was in a net non-payment situation with respect to federal corporate income taxes.

"It may be," the statement added, "that some subsidiaries may have paid a tax but the consolidation corporate posture of ITT appears from the SEC filings to be that of a company which paid no income tax in those years, despite annual profits of over \$300 million."