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Shultz, Reuss Clash on IRS

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Treasury Secretary George P. Shultz and Rep. Henry S. Reuss (D-Wis.) clashed yesterday over charges by Reuss that the Internal Revenue Service helped the Nixon campaign committee escape taxes on \$20 million in stock contributions.

Reuss also reviewed allegations that the White House had pressured the IRS last year into exempting large political donors

from gift taxes and had tried to get the agency to audit radicals and political "enemies" and call off audits on friends of the President.

His voice raised, Shultz told the congressman at a congressional Joint Economic Committee hearing, "I resent the phraseology that there was some sort of complicity or plot" on the part of the IRS to aid the Republican campaign.

After the charges are investigated, the Secretary de-

clared, "we'll all be proud of the IRS." He said the Treasury Department is making its own investigation, as are the Joint Committee on Internal Revenue Taxation and Special Watergate Prosecutor Archibald Cox.

Reuss, noting that at his request the General Accounting Office is also investigating, told Shultz, "I think it's vital that you conduct a thorough, in-depth investigation of this matter." He asked if IRS is willing to cooperate with the GAO.

After Shultz expressed reservations, Sen. Charles H. Percy (R-Ill.) charged that Treasury had stalled in aiding a GAO investigation of the \$250 million federal bank loan guarantee to the Lockheed Aircraft Corp. in 1971. He asked if the department would be more responsive this time:

"Well, there are limits," Shultz replied. "We can't let the GAO take over the job of Secretary of the Treas-

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ury. That's my job . . . If they want to join in the decision-making process, my answer is no."

IRS Commissioner Donald C. Alexander, after a long colloquy with Reuss, promised that his agency would cooperate with GAO, which is Congress's investigative arm.

On Wednesday Alexander announced that IRS intends to tax political campaign committees' capital gains from stock gifts only on

sales after Oct. 3, unless Congress objects.

Reuss charged that the policy amounted to "legalized larceny" since most campaign stock gifts and sales occurred before Oct. 3. Estimates of campaign treasurers have put stock gifts to the Committee for the Re-election of the President at \$18 million to \$20 million and to the McGovern for President Committee at about \$1 million.

Alexander also said IRS will require political parties

and campaign committees to file income tax returns, starting with one for 1972. He said Wednesday, "The historical practice of the IRS was not to require" parties to file returns.

Reuss called the statement "misleading." He said that since 1965 the IRS has issued a half-dozen public statements and rulings requiring returns and payments. "Literally scores of political committees, including my own, have paid," Reuss said.