

Beating The Tax Report

Buttressed by insistent advice from political aides, President Nixon has tentatively decided to beat his tax inquisitors to the punch by paying back taxes covering part or all of the controversial half-million-dollar deduction he took for donating his pre-presidential papers to the U.S. government.

This sensational move by Mr. Nixon is designed to reduce the storm of taxpayer fury that will follow the predictable report of the Joint Congressional Internal Revenue Committee's findings.

The joint committee is well along in its study, its high-powered staff of tax experts working closely with the Internal Revenue Service. Its recommendation, probably within 30 days, is sure to be accepted in full by its chairman, Sen. Russell Long of Louisiana, and its vice chairman, Rep. Wilbur D. Mills of Arkansas.

That recommendation almost certainly will find the President erred in taking the huge \$482,019 in deductions during his first four years in office. Those deductions were based on an authorized expert's appraisal of \$576,000 for his public papers—meaning, in the

words of the White House statement Dec. 8, that "he is still entitled to additional deductions of \$93,981."

Political advisers in and around the President's Oval Office are fearful, and for good reason, that taxpayer reaction to any finding that Mr. Nixon is in serious tax arrears could set off another presidential crisis, perhaps rivaling even the Saturday night massacre and the 18 minute buzz mystery.

Hence, their strong advice: even if Mr. Nixon takes his tax case to court and wins on each and every point, which they believe he would, the political risk of being found in arrears by a prestigious congressional committee is unacceptably high. Instead, anticipate that finding (with discreet help from the committee itself) and pay up in advance, thus diluting the stigma of being found in arrears.

Much soul-searching has been going on inside the White House on this issue, including endless post-mortems on the Dec. 8 revelation of Mr. Nixon's entire financial situation, embracing the release of his actual income tax returns for the questionable four years.

Form 1040
For the year January 1-December 31, 1972, or other taxable year beginning in 1972.

U.S. Department of the Treasury
Internal Revenue Service

Individual Income Tax Return

Please print or type

First name and initial (If joint return, use first names and middle initials of both)

Richard M. and Patricia R. Nixon

Present home address (Number and street, including apartment number or rural route)

The White House
Washington

City, town or post office, State and Zip code

Filing Status—check only one

1 Single
2 Married

3 Married
4 Here

Last name, 1972, a

Nixon

It had been believed, wrongly, by presidential aides that this report would rebut and stifle the tax accusations swirling around the President. In fact, the Dec. 8 statement "just didn't fly the way we thought it would," says one Nixon political aide. White House hardliners pointed to the Niagara of criticism which descended on the White House after Dec. 8 to support their view that Mr. Nixon should yield nothing, ever, anywhere.

Despite that Niagara of criticism and continuing pleas of hardliners not to bend to pressure, the White House consensus still believes the Dec. 8 statement was essential. Anything less, senior advisers feel, would have posed even harsher problems for the President.

The same prospect is foreseen inside the White House if Mr. Nixon beats the punch and agrees to pay up for alleged delinquencies from 1969 to 1972. Even though doing so would be a damaging admission of error many taxpayers would regard as outrageous, to wait would be worse. That explains presidential press secretary Ronald Ziegler's curious statement that the

President is conducting his own tax investigation.

Even if Mr. Nixon makes restitution in full of the \$482,019 charitable deduction covering his pre-presidential papers (which might cost him more than \$200,000 in back taxes), prosecution for fraud in alleged postdating of the charitable gift remains possible. The alleged postdating apparently had only one purpose: to make the gift legal as of July 25, 1969, the repeal deadline for the law permitting deductions for the gift of political papers.

The decision by Mr. Nixon's tax accountants not to pay capital gains tax on the sale of his Manhattan apartment in 1969 or the sale of part of the land he bought at San Clemente, both highly profitable transactions, is also reversible by the joint committee. So is the decision not to pay a cent of California state income taxes.

On all these, his total tax debt could exceed \$300,000. If he paid in advance he would look like a man belatedly taking his medicine—but, if he waited, like a man caught with his hand in the cookie jar.