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**Joint Tax Panel Expected to Ask
What Nixon Knew About Claims**

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WASHINGTON, March 5—President Nixon appeared today to be headed for a possible confrontation with Congress over his tax returns.

The possible confrontation concerns a likely attempt by the Joint Committee on Internal Revenue Taxation to find out just how much Mr. Nixon personally knew about several claims on his tax returns, from 1969 onward, that saved him hundreds of thousands of dollars in Federal income taxes.

The joint committee, which is examining Mr. Nixon's tax returns for the last four years at the President's own request, has not yet made any attempt to determine how well informed Mr. Nixon was about the details of his tax returns.

Issue to Be Faced

But Representative Al Ullman of Oregon, the ranking House Democrat on the joint committee, said today that the committee would have to get into this question before it completed its inquiry.

What is not yet known is what the President and his lawyers will be willing to disclose about their conversations concerning the tax returns.

It has been learned that Frank Demarco Jr., the Los Angeles lawyer who prepared Mr. Nixon's 1969 tax return, has on two occasions invoked the lawyer-client privilege against testifying to what he and the President talked about on April 10, 1970, the day that Mr. Nixon signed his 1969 tax return.

This was the return on which Mr. Nixon claimed a deduction for his Vice-Presidential papers, valued at \$576,000, which he asserted had been given as a charitable contribution to the National Archives.

Dates at Issue

At issue is whether the donation was actually made before July 25, 1969, the effective date of a change in the tax laws denying deductions for such gifts.

Mr. Demarco has reportedly admitted, in testimony before a California state investigation and also to the joint committee, that the deed of the papers to the archives, dated March 29, 1969, was signed in April, 1970. He has reportedly testified that there was an earlier deed, but that it has been misplaced.

Both the California investigators and two Internal Revenue Service agents who took testimony from Mr. Demarco last month reportedly asked him what he told Mr. Nixon about the deed on the day that the tax return and the backdated deed were signed. It was this question that Mr. Demarco pleaded the attorney-client privilege.

If the backdated deed was, in fact, the only deed ever executed—a matter that has been neither proved nor disproved—what Mr. Nixon knew about the deed is central to the question of whether he was guilty of fraud on his 1969 return and the subsequent re-

turns on which deductions for the gift of the Vice-Presidential papers were claimed.

If there was fraud, Mr. Nixon could be liable for a 50 per cent penalty, in addition to the additional taxes of about \$300,000 that he would owe if the deduction for the gift of the papers was disallowed.

Mr. Nixon has pledged voluntarily to pay any back taxes that the joint committee finds he owes. In addition he would, as a matter of law, have to pay any back taxes that Internal Revenue, in its separate investigation, found he owed.

Senator Russell B. Long, Democrat of Louisiana, who is chairman of the joint committee, has said several times and repeated today that he did not believe the committee would find that Mr. Nixon had committed a fraud.

It was learned from other sources on the joint committee that its members did not believe they could legally make a finding, one way or the other, on the the question of fraud, because the committee's staff have conducted its inquiry without putting the witnesses under oath.

The staff, which have done all the investigating, subject to a generalized authorization by members of the joint committee, found that it had no authority to swear witnesses.

As a result, committee members said, they will turn over the question of tax fraud to the House Judiciary Committee, which is studying the possible impeachment of the President.