

IRS Wants \$800,000

Oil Man's Big Tax

Washington

Armand Hammer, chairman of Occidental Petroleum Corp. and a leading promoter of increased U.S.-Soviet trade, owes the government more than \$800,000 in back taxes, according to the Internal Revenue Service.

Part of the dispute centers on the value of several paintings and a piece of sculpture that Hammer donated to museums and then deducted from his income tax.

Records of the case were obtained yesterday from U.S. tax court, where Hammer has appealed the IRS ruling.

According to court documents, the Los Angeles industrialist donated six paintings from his extensive private collection to the University of Southern California in 1966 and 1967. The works include "Venus Wounded by a Thorn" by the 17th century Flemish master Peter Paul Rubens.

In 1967 Hammer gave to the Lyndon Baines Johnson Library in Austin, Tex., a bronze sculpture called "The Bronco Buster" by the Western artist Frederic Remington.

Based on an independent appraisal, Hammer placed the combined value of these works at \$321,500 and de-

ducted this amount from his federal taxes as a charitable contribution.

But the IRS slashed the value to \$109,500, based on the opinion of its own panel of art experts.

The Rubens work, in the government's judgment, "appears to be either a copy or a studio version" and thus was worth only \$45,000 instead of the \$75,000 claimed by Hammer. The IRS art panel also cut the value of the Remington piece from \$75,000 to \$30,000.

As a result, a higher figure was computed for Hammer's taxable income for the two years and the IRS

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Case

said he owes an additional \$154,000 in taxes.

In 1969 and 1970, the records show that Hammer donated \$6.6 million to various charities and deducted these amounts from his federal tax bill. But the IRS said he failed to qualify under an "unlimited charitable contribution" rule and was entitled to only \$974,000 in deductions.

According to the IRS, his taxable income in this period was thus raised by \$5.6 million and he owes an increase in taxes of \$662,000.

Under Hammer's guidance, Occidental last year signed multi-billion dollar contracts with the Soviet



UPI Telephoto

ARMAND HAMMER

A dispute over deductions

Union to develop fertilizer and natural gas.

He also worked out the first U.S. exhibit of Soviet art collections containing 41 paintings by European Impressionists.

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