

HUMPHREY LOSES \$200,000 TAX BID

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Deductions for Gift of His Vice-Presidential Papers Are Disallowed by I.R.S.

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WASHINGTON, March 13—

The Internal Revenue Service has disallowed nearly \$200,000 worth of income-tax deductions claimed by Senator Hubert H. Humphrey for the gift of his Vice-Presidential papers to the Minnesota Historical Society.

The amount of taxes due was not immediately known. The provision of the tax laws under which Mr. Humphrey's deductions were disallowed was different from the one under which deductions by Richard M. Nixon were disallowed.

The I.R.S. objection, according to Mr. Humphrey's lawyer, Joe A. Walters, was based on a regulation that prohibits such deductions for "gifts of a future interest" over which the donor keeps some control.

Mr. Humphrey, a Minnesota Democrat who served as Vice President under President Johnson from 1965 to 1969, has stipulated that public access to the papers be restricted for 25 years.

This stipulation was made, according to David Gartner, the

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Senator's administrative assistant, because the papers comprised "virtually everything that came into his office and went out of it—copies of correspondence, documents, you name it—everything" during the years of his Vice-Presidency.

Among the papers, Mr. Gartner said, were communications between heads of state and



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Senator Hubert H. Humphrey discussing his Vice-Presidential papers in Washington yesterday.

other confidential documents that "could be embarrassing" if made public now.

Mr. Humphrey, in a statement, said:

"The Internal Revenue Service raised a question as to whether the contribution of my Vice-Presidential papers to the Minnesota Historical Society qualifies as a charitable deduction for tax purposes. It was the viewpoint of the I.R.S. examiner who audited my tax returns that it did not. His decision was a result of the fact that I retain a certain controls over access to the papers for a period of time."

The former Vice President said that this was "the only issue" and that the restrictions were necessary "because these papers contain personal correspondence with the heads of state, classified information as defined by Federal law and certain other personal and confidential documents."

The stipulation means that anyone wanting to look at the papers must have Mr. Humphrey's permission.

The issue, according to Mr. Walters, is one about which there could be argument, and the Senator might have chosen to take the I.R.S. ruling to the Tax Court for resolution. Instead, according to Mr. Gartner, he "just decided he would resolve it in favor of the Treasury."

Must Pay Interest

Neither Mr. Walters nor Mr. Gartner would disclose the amount of the taxes on the deductions, which totaled \$199,153 and were taken from 1969 through 1972. The bill from the I.R.S., which Mr. Walters said was being computed by the service now, will include 6 per cent annual interest, Mr. Gartner said.

The audit that led to the disallowance, according to Mr. Walters, was undertaken in December, 1973, after Mr. Humphrey disclosed that he had claimed the deductions as charitable contributions. Mr. Humphrey made the disclosure after Mr. Nixon disclosed his claimed deductions of \$482,000 for gifts of his Vice-Presidential papers to the National Archives.

Mr. Nixon's deductions were later disallowed when it was learned that his lawyers had backdated the official deed to before July 25, 1969—the last day, according to a Congressional amendment to the Internal Revenue Service Code, on which such charitable contributions could be made.

Contract Signed in 1966

Although Mr. Humphrey's contract with the Historical Society was signed in 1966, the deductions were claimed in the later years as "carry-over" deductions, Mr. Gartner said. If a taxpayer's charitable contributions in a given year exceed the allowed percentage, he may carry over the deductions to subsequent years.

Mr. Humphrey has been donating his public papers to the Historical Society since 1957, but claimed as charitable contributions only the Vice-Presidential papers, Mr. Gartner said.

According to Mr. Walters, the I.R.S. contends that the 25-year stipulation on restricted access disqualifies the papers as a charitable contribution until the limitation expires.

A spokesman for the I.R.S. said that the agency would not comment on any individual taxpayer. He did say, however, that "there are regulations" concerning "gifts of future interest" that would make Mr. Walters's explanation a possible one.