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How Nixon Could Get New Tax Deal

Washington

President Nixon's intended gift to the American people of his house and grounds in San Clemente could give him another big tax deduction at about the time that the one he claimed for the donation of his pre-presidential papers runs out.

Tax lawyers who have been looking at the President's financial disclosures calculate that the deduction for the gift of La Casa Pacifica will be somewhat smaller, year by year, than the one Mr. Nixon has been taking for the disputed gift to the National Archives of his pre-presidential papers, valued at \$576,000.

But the new deduction could be spread out over the years from 1974 through 1979, and, throughout that period, help to keep President and Mrs. Nixon on the list of high-income indivi-

duals who pay relatively little federal income tax.

Deputy White House Press Secretary Gerald L. Warren denied that Mr. Nixon has any plans to take advantage of a potential tax deduction on the gift.

"Any assertion that the President would use the gift of his home to the American people as a short term tax deduction in 1974 is false," Warren said. "The idea that the President would utilize the gift of the home to the American people for a short term tax benefit completely misses the spirit of the gift."

The actual deed, giving the San Clemente property to the American people, has not yet been drawn up, because the President's lawyers have not had the time, according to Bruce Whelihan of the White House press office.

Whelihan also said that so far "nobody has figured out the tax consequences" of the planned gift. "That's down the road."

A gift of the sort that Mr. Nixon has pledged himself to make comes under some special tax rules.

Because the President and Mrs. Nixon intend to use the San Clemente property throughout their lives and turn it over to the nation only after both are dead, they will be eligible for an immediate tax deduction, but not for the full value of the property.

Instead, the value of the gift as a tax deduction is calculated according to a formula that is based on the

Back Page, Col. 6

From Page 1

ages of the donors at the time they make the gift.

When the man making such a gift is 61 and his wife is 62 — the ages the Nixons will be in 1974 — 30 per cent of the value of the gift is permitted as deduction.

In the statement of their net worth that the Nixons made public last weekend, the value of the San Clemente property was given as \$571,000. That, however, as the financial statements noted, was a figure based on the original cost of the property. It is assumed to be worth much more now, not only because of improvements that have been made, but also because of inflation.

The property is currently valued at \$1.3 million by California authorities, for

More Nixon news
on Pages 9-11

purposes of the property tax, and some public officials in the state have argued that it ought to be valued as high as \$2.9 million.

Thus the value of the gift as a tax deduction could range from about \$390,000 to \$870,000.

The entire deduction cannot be taken at once. However, it may be spread over six years but in no year may it be larger than 30 per cent of the donor's adjusted gross income.

Thus, if the Nixons continue to have an annual income of about \$260,000, as they do now, they could deduct \$78,000 a year from their taxable income each year for six years, or a total of \$468,000.

If Mr. Nixon's income goes up after he leaves office, his potential total deduction will be higher.

New York Times