

Giant Firms Get Back-Tax Break

By Jack Anderson

The nation's 1,600 largest corporations, many of which strenuously resist audit of their tax returns by the Internal Revenue Service, have just been saved tens of millions in back taxes thanks to a go-fast order issued to IRS auditors.

Instructions were sent from Washington last Oct. 27 informing agents they had a mere eight months, until June, to finish examining all tax returns filed by the giant corporations prior to 1970. No extra agents were assigned to handle the huge workload.

The actual time spent auditing returns from companies with assets of over a quarter-billion dollars declined from 927 man-years in fiscal 1972 to 372 man-years in fiscal 1973. Result: shoddy audits of the industrial giants.

Many agents were understandably shocked when they received word from Washington. "You just didn't have time to do a proper audit," one agent complained. "All you could do was hit the high spots, drop all the other issues and get out by June."

A field auditor based in New York admitted the new directive forced him to ignore all dubious tax items under \$10,000 in cases he was examining.

"It's ironic," still another agent confided, "but the one class of taxpayers who are most productive (in tax

revenue) are getting a fast shuffle."

The official reasoning for the acceleration order was IRS concern that agents working on large cases had fallen too far behind in their work. So the new instructions were issued, in effect depriving the Treasury of millions.

Footnote: for its part, the IRS denies that recent audits are of low quality, citing use of computers and extra clerical help to assist beleaguered agents. However, such modifications were applied only to a fraction of the 1,600 cases under IRS review.

Official Vacation

Lame duck Federal Trade Commissioner Mary Gardiner Jones recently vacationed in Israel at the expense of the taxpayer even though the FTC's travel office had refused to approve it.

So questionable was the journey that FTC Executive Director Basil Mezines, who handles the commissioners' travel arrangements, would not sign her travel order. He bucked it to Chairman Lewis Engman who obligingly signed it to avoid a fuss with the volatile commissioner.

All told, the trip cost the taxpayers about \$1,000 as tabulated from Miss Jones' expense accounts which were obtained. The resourceful regulator got the government to

pay their air fare for her week-long vacation by coupling it with an "official" visit.

Here's how she worked it: her accounts show that she paid her own expenses in Israel for one week but charged the United States for expenses on the second week. Although the "official" part of her trip was at Israel's invitation, she admitted to us that she had doubts about taking the trip so close to her September departure from FTC.

"I wasn't sure the chairman would approve it," she conceded, then burst out: "Why are you trying to pillory a person who has given her life's blood to the consumer?"

Actually, Commissioner Jones' blood-giving to the consumer has been desultory. Earlier this year, she infuriated consumers by concealing FTC data about the conglomerate hi-jinks of ITT, Gulf Western, and Litton.

In past years, she stalled action against abuses by the AAMCO Transmission repair firm. She also favored a questionable merger of United Fruit with AMK meat packers at a time when it was being pushed by President Nixon's old law firm.

And while she was lobbying to get the chairmanship of the commission in 1969, she flip-flopped and voted for a Neiman-Marcus merger with Broadway-Hale. One of Broadway-Hale's lawyers was her

loyal supporter for the chairman's job.

Footnote: although she is still making FTC decisions she has flirted with Montgomery Ward about a job. Montgomery Ward has major cases before the FTC. Miss Jones insists, nevertheless, she has fended off serious talk about employment in industry until she leaves the FTC.

Killings Continue

The Saigon government has ordered its security forces in the field to continue to arrest and detain Vietcong leaders under the controversial Phoenix program.

South Vietnam's official decree on the subject suggests, however, that the arrests be disguised by giving the Communists a new name. "You may continue to apply measures of administrative detention," says a secret April 5 telegram from the prime minister office, but "do not use the term 'Communist criminal' or 'activities' on behalf of the Communists." Just write disturbers of the peace.

Under the American-South Vietnamese Phoenix program, Communist cadres in South Vietnam were hunted down, arrested, detained without trial and in some cases murdered.

The Paris treaty was supposed to end such activities, but neither the Communists nor Saigon have ceased their terrorist actions.