



METZENBAUM  
\$118,102 settlement

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## Back Taxes Paid by a New Senator

### Washington

Cleveland industrialist Howard M. Metzenbaum paid \$118,102 in back taxes on December 17, two days before he was appointed as a new U.S. senator from Ohio, U.S. Tax Court records here showed.

Metzenbaum, 56, was named by Ohio Governor John J. Gilligan on December 19 to fill the unexpired Senate term of William B. Saxbe, who will become President Nixon's new attorney general next month.

A statement in a letter from Metzenbaum's attorney to the tax court said the payment "represents the full amount of claims deficiency."

The Internal Revenue Service was seeking to recover from Metzenbaum alleged tax underpayments of \$10,313 for 1967 and \$108,045 for 1968, claiming Metzenbaum had taken improper business deductions for those years.

But attorneys for Metzenbaum filed a petition in tax court on July 16 of this year alleging the IRS was in error in disallowing the deductions.

In Cleveland, Metzenbaum said:

"We have paid the \$118,000 claimed by the government

to avoid any possible misunderstanding. This is not to indicate that we agree with the government position because the tax court case will continue. Assuming that we win the case, as our lawyers indicate we will, the government will refund the entire amount."

The deductions, according to court records here, involve depreciation costs and rental losses on an investment by Metzenbaum in an ethane extraction plant in Louisiana.

Metzenbaum said in the court petition that he had purchased 50 per cent interest in the plant in December, 1967, and leased it to Allied Chemical Corp. the following February.

But the IRS contended the transaction was not a bona-fide transaction entered into for profit and that Metzenbaum therefore was not entitled to the depreciation loss and rental losses he had claimed.

The payment from Metzenbaum was about \$256 less than the IRS sought to collect and there was no immediate explanation for the difference.

Metzenbaum, like Gilligan, is a Democrat. Saxbe is a Republican.

Associated Press