

VESCO SUES I.R.S. OVER BACK TAXES

Seeks to Stop Agency From
Collecting \$800,000

WASHINGTON, Jan. 4 (Reuters)—Robert L. Vesco has sued the Internal Revenue Service to prevent it from forcing him to pay more than \$800,000 in back taxes.

In a complaint filed with the United States Tax Court today, the financier said that the revenue agency had improperly interpreted the income figures he reported for 1971.

A principal point in dispute is his use during that year of a Boeing 707 jet plane provided by International Controls Corporation, one of the companies in his financial empire.

According to the Internal Revenue Service, the use of the jet and other benefits he received from I.C.C. during the year were a form of income and should have been treated as such when he paid his taxes.

Since last year, Mr. Vesco has lived primarily in the Bahamas, thwarting efforts of the United States to bring him to trial on charges of having used interstate telephone and telegraph communications in a stock swindle.

He filed his tax court suit from the Bahamas, using U.S.-based legal counsel.

The Internal Revenue Service notified Mr. Vesco that it could not accept his 1971 tax return and that it had concluded he

had underpaid his taxes that year by \$775,310. With a five per cent penalty for negligence, this brought the total recovery sought to \$814,075.

During 1971, foreign subsidiaries of the International Controls Corporation acquired a substantial interest in Investors Overseas Services, Ltd., and Mr. Vesco became chairman of that Geneva-based concern.

It was largely because of the I.O.S. acquisition, he told the tax court, that he made extensive use of the I.C.C.-furnished plane. At no time did he make trips in the aircraft that were not for the primary purpose of conducting business, Mr. Vesco said.

In addition to the wire fraud charges, he is facing criminal charges in New York that he conspired with former Attorney General John N. Mitchell, former Commerce Secretary Maurice H. Stans and others to obstruct justice and commit perjury in connection with a \$200,000 contribution to President Nixon's 1972 re-election campaign.

The Government contends that the contribution was a payoff to purchase intercession by high Government officials aimed at sidetracking an investigation by the Securities and Exchange Commission into Mr. Vesco's financial dealings.

The United States made no attempt to extradite Mr. Vesco from the Bahamas to stand trial in the political contribution case because, the Justice Department said, this was not an basis for extradition.

The Government did attempt, however, to force his return on the stock swindle charges but was thwarted by a Bahamian magistrate who ruled that wire fraud, not being against any Bahama's law, could not be the basis for extradition.