

I.R.S. Reconsidering Tax Status Of Fund for Vietnamese Hospital

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WASHINGTON, July 23—The Internal Revenue Service has withdrawn for reconsideration a ruling it made last month denying tax-deductible status to contributions made to the Bach Mai Emergency Hospital Fund, Inc.

The fund solicits contributions in this country to help finance the rebuilding of the Bach Mai Hospital, which was heavily damaged in the bombing of the Hanoi area by American planes at Christmas, 1972.

The I.R.S. informed officials of the fund on June 24 that the tax-deductible status of contributions to the fund was being revoked because its donations were made directly to the Government of Vietnam, and that Government has not yielded the sovereignty necessary to permit the American-based charity to exercise any control over the use of its funds.

The tax laws require sufficient supervision over the use of tax-deductible funds to insure that they are being spent for the purposes for which the tax-exemption was granted.

Letter Made Public

In a letter to the fund, dated Monday, and signed by George Delegianis, the acting director of the I.R.S. Boston District Office, the agency said that its June ruling "has been recalled by the national office for further consideration." The fund made that letter available today.

The case is being handled by the Boston office because the fund is headquartered in Cambridge, Mass., but the final ruling denying tax-deductibility

was made in the Washington office.

The letter from Mr. Delegianis stated explicitly that prospective donors to the fund could rely on the deductibility of their future contributions unless and until I.R.S. announces that they are no longer deductible. Any future ruling denying deductibility "will be prospective in application," the letter said.

Internal Revenue will ordinarily not discuss matters relating to any given taxpayer, even when the taxpaying individual or organization has made a public disclosure of a dispute with the Internal Revenue service.

Thus, the agency would not concede that the original ruling had been made, much less that it had been withdrawn or the reasons for the withdrawal.