

NIXON'S TAX DATA DISPUTED IN STUDY

Nader Group Denies Middle
Class Benefits Greatly

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WASHINGTON, Aug. 28—A tax reform group attacked today, with detailed figures, the recent assertion by the Nixon Administration that the middle class was the group that benefited most from what are commonly called "tax loop-holes."

What the Administration left out of its figures, according to the reform group, was any information about how many taxpayers there were in each income group.

The Administration's figures showed, for example, that persons in the \$10,000 to \$15,000 income group realized a total of \$642-million in tax savings last year from the section of the tax law that permits deductions of property taxes. Persons in the over-\$100,000 bracket realized only about one-fifth as much, or \$137-million.

But there are more than 14 million individuals and families in the \$10,000-\$15,000 bracket, about 20 per cent of all taxpayers, while there are only about 78,000, or less than two-tenths of one per cent of the total, in the over-\$100,000 category.

Disparity Reported

Thus, according to the figures released by the reform group, when the benefits of the property-tax deduction are calculated on a per-taxpayer basis, the savings for those in the \$10,000-\$15,000 bracket averaged \$45.52 a year, whereas in the over-\$100,000 bracket, the savings averaged \$1,758.66.

The disparity created by the special tax treatment of capital gains is even greater, according to the reformers' figures. The middle-income taxpayers in the \$10,000-\$15,000 class realized an average saving of \$16.31 a year from this tax-law provision but those in the over-\$100,000 bracket realized an average of \$38,1125.80.

The study of the impact on individual taxpayers of various tax law provisions was done by the Tax Reform Research Group, an organization created by Ralph Nader.

The organization accused the Nixon Administration of "presenting deliberately misleading statistics to the Congress and the American public in an attempt to undermine the growing pressure for tax reform."

The figures criticized by the reform group were given to the Congressional Joint Economic Committee last month by Edwin S. Cohen, Under Secretary of the Treasury, who is the Administration's chief spokesman on tax policy matters.

The tax reform research group said that the disparity in benefits between middle-income and high-income taxpayers could be dealt with, in part, by converting many of the special tax preferences to credits rather than deductions.

A credit is subtracted from the amount of tax that the tax-

payer would otherwise owe and thus \$1 of credit is worth \$1 of tax savings to anyone, regardless of income bracket.

On the other hand, a deduction is subtracted from the income on which the tax is calculated, and \$1 of deduction is worth 14 cents to a person in the bottom tax bracket but 70 cents to a person in the top bracket.

The study by the tax reform group showed that even tax benefits that have been kept in the law primarily out of concern for persons of average income benefit the wealthy more. An example is the tax-free status of the first \$100 of dividends received each year by an individual.

Difference in Saving

According to the reformers', for persons in the \$10,000-\$15,000 income bracket, the average tax saving created by this provision was \$3.90, whereas in the over-\$100,000 bracket, the average saving was \$115.53.

The special tax treatment of an investment owned almost exclusively by the wealthy—the tax-exempt bond issued by state or local governments—was said by the group to yield annual tax savings averaging only 71 cents for those in the \$10,000-\$15,000 bracket and \$4,621.31 for those in the over-\$100,000 bracket.

The group said the 22 per cent depletion allowance for investors in oil and gas wells yielded tax savings of 85 cents for the average person in the \$10,000-\$15,000 class and \$847.24 for the average person in the over-\$100,000 class.

The tax reform research group said that its figures were calculated by using the statistics presented by Under Secretary Cohen for 1971, plus treasury figures on the number of taxpayers in each bracket for 1970. The latter figures are not yet available for 1971 but would not change the calculations appreciably, the tax group said.