

Tax Plea

Wheat Export Break Denied

WASHINGTON — (UPI) — The Treasury turned down today the request of U.S. export firms for a tax break on the sale of American wheat to the Soviet Union.

The refusal was contained in additional proposed regulations that the Treasury announced for the Domestic International Sales Corporation Program.

"Under Treasury's proposal," the statement said, "agriculture products exported under the Public Law 480 Program and the Commodity Credit Corporation Barter and Export Payment programs will be ineligible for DISC treatment."

1971 Law

Acting under a 1971 law, Continental Grain Co., the largest exporter involved in the 400 million bushel sale to Russia, asked the Treasury to forgive the taxes on half its profits on the transaction.

The law allows a U.S. company to set up a special corporation to handle its receipts from exports, and defer indefinitely the taxes on half the profits.

Export firms, while denying they would make any

windfall profits on the Soviet wheat deal, have not disclosed their potential earnings. Agriculture secretary Earl Butz has estimated the margins would be around 1 per cent, which would put total profits at around \$6.5 million.

Continental's request for the tax break was disclosed in correspondence which included letters from Sens. Russell Long (D-La.) and Herman Talmadge (D-Ga.) respective chairmen of the Senate finance and agriculture committees.

Old Nixon Firm

Also writing on behalf of the break was President Nixon's old New York law firm, Mudge, Rose, Guthrie and Alexander.

Sen. Harry Byrd, Jr. (D-Va.) had complained yesterday that granting the tax forgiveness could cost the taxpayer "another \$100 million or so" in addition to the \$131.6 million in subsidies paid out to exporters.