

NYTimes SEP 12 1973  
**Nixons' Potential '70 Deductions  
Enough to Offset Taxable Income**

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Special to The New York Times

WASHINGTON, Sept. 11—

President and Mrs. Nixon may have claimed enough tax deductions in 1970, and possibly in 1971 as well, to have wiped out all of their taxable income for Federal income tax purposes, according to figures published by the White House and other official sources.

It is not known whether the Nixons actually paid no Federal income tax for either of these years, and thus attained membership on the "zero taxpayer's list" of persons with incomes in excess of \$200,000 who paid no Federal income tax.

Gerald L. Warren, the deputy White House press secretary, declined today to answer questions about Mr. Nixon's tax payments.

Published figures indicate,

however, that the Nixons might have claimed large enough deductions at least in 1970 and possibly in 1971 to offset all of Mr. Nixon's \$200,000 salary plus whatever other income he had. The additional income has been said by the White House to be limited to a relatively small amount of interest from savings accounts.

The chief deductions that the Nixons are presumed to have claimed have been the interest on various loans they have made, mainly finance purchases of property in California and Florida, property

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taxes, and a deduction as a charitable contribution of Mr. Nixon's gift of his pre-Presidential papers to the National Archives.

The White House has stated that Mr. Nixon took the deduction for the gift of the papers. It has not said whether he claimed the interest on the loans and the property taxes as deductions, but there was no apparent reason why he would not have done so.

No question has been raised by authorities in the tax field concerning the legality of the deductions for interest paid or for the property taxes. The much larger deduction that was taken for the gift of the personal papers has been challenged, however, by a public-interest law group, tax analysts and advocates.

The "zero taxpayers list," which has long been a focus of tax-reformers, consists of persons with adjusted gross incomes of \$200,000 a year or more who paid no Federal income tax.

The Internal Revenue Service does not publish their names, but does compile figures annually on how many such tax returns were filed.

In 1970, there were 111 returns that showed \$200,000 or more of adjusted gross income but no tax liability, and preliminary figures for 1971 show 72 such returns.

The disclosure in 1969 that there were more than 150 persons who paid no Federal income tax, despite adjusted gross income of \$1 million-a-year or more, was one of the main events that led to enactment of the Tax-Reform Act of 1969.

That law contains a provision called the "minimum tax," which is aimed at making it more difficult for high-income individuals to combine various tax-reducing provisions of the law in such a way as to avoid all Federal income tax.

The principal deductions that Mr. Nixon is presumed to have

claimed are interest connected with the property-purchases, property taxes, and the contribution of his papers, and are not covered by the "minimum tax."

However, another section of the 1969 law abolished the deduction for gifts of their papers to institutions by public officials. That deduction was eliminated, as of July 25, 1969, and tax analysts and advocates has argued that Mr. Nixon did not actually make the gift before that date, as he has claimed.

Mr. Nixon's pre-Presidential papers were valued at \$570,000 by an independent appraiser. The old law that still permitted deductions for such gifts also contained some limitations on the size of the deduction in any given year.

The limit was 30 per cent of adjusted gross income in the year of the gift and 50 per cent in each of the five following years.

Thus, if the Nixons had income from savings accounts of \$10,000, in addition to the President's salary they presumably may have claimed a deduction of about \$63,000 for the gift in 1969, which they assert is the date of the gift, and about \$105,000 in each of the subsequent years. That would have wiped out half of their income, for Federal income tax purposes.

#### Tax Records on Coast

According to the audit of the Nixons' property transactions that was made by Coopers and Lybrand, and released by the White House on Aug. 27, the Nixons paid at least \$81,000 in interest in 1970 on notes covering the purchase of their San Clemente property.

Property tax records in California indicate that they were liable for payment of about \$21,000 in property taxes that same year.

Additional taxes paid on the Key Biscayne property, plus some interest related to the purchase of that property that is not given, by years, in the Coopers and Lybrand audit,

would almost certainly bring the deductions for 1970 up over the necessary total of \$210,000 or so.

Ira L. Tannenbaum of Tax Analysts and Advocates, said that "it is 99 per cent sure that, based on these figures, the Nixons paid no Federal income tax for 1970." J. Reid Hambrick, professor of tax law at the George Washington University Law School, agreed.

Mr. Tannenbaum said he was less sure that the Nixons had paid no tax in 1971 because the Coopers and Lybrand audit had been so unclear concerning the dates of some large interest payments.

The audit shows a total of \$85,000 in interest as having been paid on loans associated with the San Clemente property but dates the payments only as "subsequent" to the sale of part of the San Clemente property, to an investment company controlled by two of the President's friends, Robert H. Abplanalp and Charles G. Rebozo. The White House said that that took place in December, 1970, although there has been some dispute about the date.

In addition, the audit lists another interest payment of \$113,102 due in 1971 and 1972, without making clear what portion was paid in each year.

It appeared to be possible, though not certain, that the interest payments in 1971 totaled enough—combined with the disputed reduction for the gift of the pre-Presidential papers and with property taxes and other deductions,—to have made the Nixons zero taxpayers in that year.

Mr. Nixon said at a news conference last week that his tax returns for 1971 and 1972 had been audited by the Internal Revenue Service and that the agency had ordered no change in the returns.

There was apparently no audit for 1970, although Mr. Warren said that the revenue service had looked at the Nixons' 1970 tax return.

Same story, as carried by SFChronicle, same date, includes paragraph (col. 2, last paragraph) omitted here. SFC filed Nixon, real estate.