

WXPost
I.R.S. Sees Nothing to Prevent
New Tax Cases Against Agnew

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By EILEEN SHANAHAN
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WASHINGTON, Oct. 10—Former Vice President Agnew's plea of "no contest" today in the income-tax evasion case against him could mark only the beginning of difficulties for him with the Internal Revenue Service.

An official spokesman for Internal Revenue said that so far as the Agency is aware, there was nothing in the agreement leading to Mr. Agnew's resignation that would prohibit Internal Revenue from attempting to collect taxes on every payment to Mr. Agnew that could be documented as having been made but not reported on his tax returns.

The charge of tax-evasion to

which Mr. Agnew pleaded "nolo contendere" involved \$29,500. But a document released by the Justice Department detailing the evidence against the former Vice President alleges payments from contractors and others totaling as much as \$100,000. The precise figure is not clear, because some of the allegations of illegal payments are stated in terms of percentages of the value of construction contracts awarded, and the figures for the contracts themselves are not given.

The Internal Revenue spokesman said, however, that it was common in tax-evasion cases for a charge of criminal tax-evasion to be made involving a

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relatively small figure and for a civil action to come later involving a much larger figure.

Generally, the official explained, the reason is that much higher standards of proof must be met in criminal cases.

Persons familiar with the enforcement of the tax laws also noted that Mr. Agnew was not necessarily getting exceptional treatment in merely being fined \$10,000 and not jailed. The \$10,000 is the maximum fine, per count of tax violation, provided by law, but jail terms of up to five years are also specified.

Fewer than half of all the persons convicted of criminal tax violations in the fiscal year that ended last June 30 were jailed, Internal Revenue figures showed. The exact figure was 44 per cent; that was up substantially from the figure for the preceding year, which was 38 per cent.

Several recent Internal Revenue commissioners and a number of judges have complained publicly in the last decade about the unwillingness of judges to impose sentences on tax-evaders.

Johnnie M. Walters, the last I.R.S. commissioner, said in a speech to the Michigan State Bar Association in September,

1972:

"It is indeed strange that the theft of a used car worth \$500 rates a three-year prison sentence, whereas the theft of \$50,000 of taxes rates only a small fine and no prison time. Yes, theft; what else is tax-evasion?"

George H. Boldt, former chairman of the pay board, who is also a former Federal judge in the state of Washington, once described the disparities between judges in sentencing in tax-evasion cases as "nothing short of shocking."

It can be assumed, according to the Internal Revenue spokesman, that the I.R.S. will allege civil fraud with respect to the \$13,551 in taxes on \$29,500 worth of unreported income, which Mr. Agnew has, in effect, admitted that he did not pay.

It is now automatic in cases where criminal fraud has been determined, and a fine or prison term imposed, for a civil fraud action to be undertaken by the revenue agency for recovery of the unpaid money. Under this procedure, in addition to the \$13,551 in unpaid taxes, Mr. Agnew would be assessed a penalty of 50 per cent of that amount and interest of 6 per cent a year. Since the unreported income involved in the nolo contendere plea was received in 1967, that adds up to six years' interest, as of now. The former Vice President's total payments on this sole item of unreported income could thus run to \$25,204.

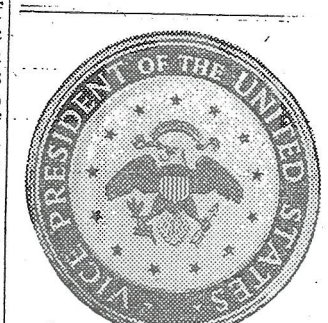
Since the Justice Department handles all cases of criminal fraud in the tax area for internal revenue, it is not expected that any additional allegations of criminal fraud would be made against the former Vice President.

Civil Fraud Case

Internal Revenue could, however, allege civil fraud for years both before and after 1967. There is no statute of limitations for civil tax fraud.

If Internal Revenue were able to prove civil fraud for any amounts of taxes other than those involved in today's plea, the 50 per cent penalty and 6 per cent annual interest would apply.

If Internal Revenue chose instead to allege mere non-fraudulent failure to pay certain amounts of tax, and could prove its case, a one-time 5 per cent penalty, plus 6 per cent in-



terest would be assessed on the amounts owed.

If the former Vice President chooses to pay, without argument, whatever Internal Revenue says that he owes, that fact may never become public.

Even in cases where a criminal conviction has been obtained, civil tax proceedings are kept secret, unless and until an argument between I.R.S. and the taxpayer gets into court.

The accused taxpayer always has the option of saying whatever he chooses about his situation, but Internal Revenue officials may not discuss the case with anyone outside the agency.