

Nixon and the IRS Ruling

Washington

The Internal Revenue Service is expected to rule shortly that President Nixon should have paid capital gains tax on the 1970 sale of part of his San Clemente estate, the Knight newspapers reported yesterday.

The Knight report said the ruling could cost the President about \$30,000 in back taxes plus interest of 6 per cent per year. Mr. Nixon sold part of the estate to his friends, C.G. (Bebe) Rebozo and Robert Abplanalp.

The report said that the ruling is expected to come from the IRS task force, which is checking the President's tax returns for the years 1970 through 1972.

It said that IRS Commissioner Donald C. Alexander "has not yet approved the recommendation from the task force, known as the special group, but a source familiar with the Nixon tax investigation said 'no one in the building' thinks the President's failure to pay capital gains tax on the 1970

sale was justified."

The report said the IRS has not decided yet what position to take on the legitimacy of Mr. Nixon's deduction of \$576,000 from his taxable income for the gift of his pre-presidential papers to the government. It said the IRS might not make a ruling on the papers but would leave that to the joint congressional committee on internal revenue taxation, which also is looking into the President's returns.

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