

# Report on Nixon Tax Difficulties

## Washington

The Joint Committee on Internal Revenue Taxation is expected to issue a report next Wednesday finding that President Nixon owes between \$300,000 and \$400,000 in back taxes, sources close to the committee said yesterday.

The sources also said the Internal Revenue Service is expected to assess the President for the back taxes shortly after the House-Senate committee report is made public.

When the President made public his finances last December, he asked the joint committee to study what he called two "controversies" on his 1969-1972 tax returns. He promised to abide by the committee's findings.

Then, early in January, the IRS announced it had re-opened the returns for audit. Since then, the committee and IRS have exchanged information in their parallel studies.

According to informed sources, the committee report is expected to include evidence of civil fraud in connection with preparation of the President's returns. However, the committee report will not include any recommendations for pursuing the fraud route on grounds this would be beyond its purview.

Sources close to the investigation said the IRS has had a criminal fraud investigation under way for several weeks. This does not necessarily mean, however, that the agency will recommend any criminal fraud prosecutions.

The IRS could push for civil fraud proceedings which are not as difficult to prove as criminal fraud and which carry penalties of 50 per cent of any back taxes owed. For example, a back tax finding of \$100,000 would

call for a total payment of \$150,000.

Despite Mr. Nixon's statement that he would abide by the committee's findings, it has been learned that the President's tax attorneys have prepared a brief defending his tax returns for possible submission to the U.S. tax court. The tax court has jurisdiction over civil tax cases.

Representative Wilbur Mills (Dem-Ark.), vice chairman of the joint committee, said Mr. Nixon's lawyers have rejected suggestions that he voluntarily pay an additional tax.

In this connection, the Associated Press reported that the President's lawyers have sought permission to argue their case before the committee. If the Nixon counsel press their request, the AP said, the committee will give them a chance to present their case.

The two "controversies" the President asked the committee to look into involved his tax deductions — totaling \$482,000 — for giving his pre-presidential official papers to the national archives and his non-payment of capital gains taxes for the 1970 sale of San Clemente property he had purchased 18 months earlier.

*Los Angeles Times*