

Nixon Tax Study Finished By Congress Inquiry Staff

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WASHINGTON, April 1—Congressional staff investigators have completed their examination of President Nixon's tax returns, for the years 1969 through 1972, but it was not clear today just how soon the public would learn what they found.

The staff's report, which has been taken under armed guard to the section of the Government Printing Office that deals with secret documents, is scheduled to go before a closed meeting of the Congressional Joint Committee on Internal Revenue Taxation on Wednesday. 3 APR

A majority of the committee is, however, apparently opposed to the original plan of the chairman, Senator Russell B. Long of Louisiana, who wanted to make the staff's study public Wednesday.

The vice chairman, Representative Wilbur D. Mills of Arkansas, along with all four of the Republicans on the 10-member committee, believes that the committee itself should have the opportunity to review the staff's recommendations—and perhaps to change them—before the study is made public.

Senator Wallace F. Bennett of Utah, the ranking Republican Senator on the Joint Committee, said he believed it would take at least a week or 10 days for the committee members to review the staff's findings.

The question of immediate

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publication of the staff report, which is said to conclude that Mr. Nixon underpaid his taxes by several hundred thousand dollars, is only one issue that the committee will have to decide on Wednesday.

Another is whether Mr. Nixon's tax lawyers, Kenneth A. Gemmill of Philadelphia and H. Chapman Rose of Cleveland, should be allowed to appear before the committee to discuss the conclusions reached by the staff. They have reportedly asked to be allowed to appear.

It has also been reported that the White House is considering an attempt to fight, in the tax court, any finding that the President owes additional taxes.

Mr. Gemmill and Mr. Rose had nothing to do with the original preparation of Mr. Nixon's tax returns for the years in question, but they are in charge of defending him on tax matters now.

The returns were originally prepared and signed by a Los Angeles accountant and a Los Angeles lawyer, Arthur Blech and Frank Demarco Jr., respectively. Both have given extensive testimony as part of the staff study.

The fact that Chairman Long even considered asking the Joint Committee to make the staff's study public before the committee had time to analyze and possibly amend it reflects the unique status in Congress of the committee's staff.

23 Professionals

It is widely regarded as the most nonpartisan and one of the most competent staffs serving either house of Congress. The Joint Committee staff actually serves both houses. It is also one of the largest committee staffs, with 23 professionals, including lawyers, economists, accountants and statisticians.

When Mr. Nixon, in December, first asked the Joint Committee to examine his returns and decide whether he had underpaid his taxes, most of the members assumed that the staff would merely examine the returns themselves and make a report, which the committee would accept.

At that time, for example, Representative Herman T. Schneebeli of Pennsylvania, the senior House Republican on the committee told The New York Times, "Well, Larry and his boys will look at the returns and tell us what they think and that will be that."

The "Larry" to whom he referred was Dr. Laurence N.

Woodworth, the director of the Joint Committee staff.

Senator Bennett agreed today, in an interview, that he also had thought that the examination of Mr. Nixon's tax returns would be a simpler matter than it has turned out to be.

The staff decided almost at once that it could not merely look at the face of the returns, plus any supporting documents available, but that it would have to take testimony on such matters as the precise sequence of events involved in Mr. Nixon's donations of some of his pre-Presidential papers to the National Archives. One of the major disputes surrounding Mr. Nixon's tax returns is whether he made the gift before a statutory deadline, after which tax deductions for such gifts were disallowed.

Not Binding

Senator Bennett said today that he thought the staff's report should be turned over to the Internal Revenue Service, because "the staff has no legal standing."

Internal Revenue is conducting its own separate audit of Mr. Nixon's taxes, though its agents have done some joint interviewing of witnesses with the committee staff. The staff's findings would not be binding on Internal Revenue.

There have been reports that the staff has found as many as seven questionable items in Mr. Nixon's tax returns.

These include, in addition to the \$576,000 deduction taken for the Vice-Presidential papers, the possibilities that Mr. Nixon failed to declare and pay tax on two separate capital gains that he may have realized; that he wrongly took depreciation on his houses in San Clemente, Calif., and Key Biscayne, Fla., and on some office furniture in the White House, that he exaggerated payments of state gasoline taxes and that he received personal benefits in the form of taxpayer-financed improvements to his houses that should have been declared as taxable income.