

Mr. Nixon's Tax Returns

Although President Nixon has wisely decided to pay the back taxes and interest assessed by the Internal Revenue Service, his decision leaves some troubling questions unresolved.

The most serious and factually the most obscure concerns the large deduction that he claimed for the donation of his Vice-Presidential papers. On the face of it, this deduction could not stand because there is no deed of gift signed by the President prior to the deadline of July 25, 1969. Neither the I.R.S. nor the staff of the Congressional Joint Committee on Internal Revenue Taxation apparently believes the explanation that an earlier deed had been signed and lost.

At best, President Nixon showed an extraordinary failure of judgment in taking this huge deduction in a taxable year when Congress was in process of forbidding such a deduction. At worst the President was a party to tax fraud. The issue properly goes to the House Judiciary Committee, where it can be studied anew as part of the impeachment inquiry and where witnesses can testify and evidence be introduced with regard to the suspicious timing of the President's donation of his papers.

The other deductions which the committee staff and, presumably, the I.R.S. decided had been improperly claimed by the President are not esoteric or difficult to understand. One would not have to be a lawyer—as Mr. Nixon is—to understand them. A layman reading the statement of financial net worth released in Mr. Nixon's behalf several months ago by a private accounting firm could readily perceive that the President owed a capital gains tax on the sale of his New York City apartment unless he claimed his new estate in San Clemente, Calif., as his principal residence. But that was manifestly impossible inasmuch as he lived in the White House and paid no California state income tax.

Similarly it was self-evident that he owed a sizable capital gains tax on the sale of the undeveloped portion of his San Clemente estate to two friends in 1970 at a good price while he kept the house and the more valuable ocean-front acreage. What is hard to understand is how Mr. Nixon could have had the audacity to fail to report these capital gains or how the officials of the Internal Revenue Service who ostensibly audited his returns could have acquiesced in those omissions.

The same statement of net worth showed that Mr. Nixon must either have paid virtually no income tax much of the time he was in office or had a large flow of cash from an undisclosed source. Otherwise, he could not have sustained his visible standard of living and still have acquired and maintained expensive estates in Florida and California. It was in order to quell unpleasant rumors that he had a cash flow from some occult source that Mr. Nixon referred his income tax returns to the Joint Committee and made his famous statement, "I am not a crook."

Against that background, the closing sentence of President Nixon's statement is disturbing and offensive: "Any errors which may have been made in the preparation of the President's return were made by those to whom he delegated the responsibility for preparing his returns and were made without his knowledge and without his approval."

Such a statement would be a plausible excuse if the I.R.S. had found mistakes in arithmetic or trivial omissions. But the failure to report capital gains on his New York apartment and his San Clemente land are not small matters. Moreover, the decision to take a huge deduction for his Vice-Presidential papers was a judgment involving hundreds of thousands of dollars that only Mr. Nixon himself could have made, particularly as the deduction was claimed despite the change in the tax law that Mr. Nixon as Chief Executive was surely aware of.

Mr. Nixon is disclaiming knowledge that common sense indicates he must have known and disclaiming responsibility that cannot be disclaimed. This eagerness to disavow his own acts is as disturbing as the acts themselves.