SFChronicle
Editorials
APR 14 1976

The IRS and Montoya's Audit

AS THOSE SLUGGARDS among us begin the last minute scramble to file our income tax reports, the good news out of Washington is that Internal Revenue Commissioner Donald C. Alexander was not guilty of criminal conduct in the way he and other department officials handled the returns of New Mexico Senator Joseph Montoya.

Further news is that Alexander and his aides — according to Treasury Secretary William E. Simon — may have been guilty of "questionable judgment." There is some solace to be found in the fact that the head of the IRS may get things wrong, too.

It is important that the American public have faith in the tax collector, and the official explanation of what happened in the Montoya case rings true. In mid-1973, the Treasury Department said, the IRS decided not to undertake an audit of Montoya's returns because it did not want to make it appear that Montoya was being persecuted as an enemy of the Nixon administration, whose actions were being investigated by the Senate Watergate committee on which he sat.

THE PROBLEM WAS complicated by the fact that Montoya was chairman of the subcommittee that handles IRS appropriations, but Simon found that he was shown no favoritism in this regard. The probe of Montoya's returns, he said, was stopped "in the good faith desire to avoid allegations of deference by the IRS."

Montoya was indeed given preferential treatment. A solution to this sort of well-meaning action, Simon suggested, would be to institute automatic audits of all elected federal officials and presidential appointees on a periodic basis. This would protect the IRS from suspicions of singling out enemies of the incumbent administration — to which improper end the Nixon White House did indeed press the agency to go. The suggestion is a good one; the question now is whether Congress is willing to authorize itself to be periodically audited.

THE FINAL NEWS from the IRS this April 14 is that the tax collectors are unable to cope with departmental paperwork. Estimates were made to the House governmental operations subcommittee that this might result in a loss to the government of between $1 billion and $10 billion per year and that, additionally, millions of persons might be paying more taxes than they owe.

Depending upon one's tax situation, tax skill, moral philosophy, and gambling instincts, this news is either good or bad. We tend to find it, in the abstract, delightful.