

Dodging the IRS



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THE Internal Revenue Service is secretly investigating 50 of the nation's largest corporations for tax evasion. But many more companies, according to IRS sources, have escaped paying their fair share of taxes.

IRS Commissioner Donald Alexander told us that his agency was looking into serious criminal charges against 50 major corporations. Among them, we have learned, are such giant firms as General Tire and Rubber, Gulf Oil, McDonnell Douglas, Phillips Petroleum, Revlon, Schlitz Brewing and the 3M Company.

Evidence of fraudulent activities by these corporations was uncovered, Alexander said, by his "large case audit program." Under this program, the IRS automatically audits the nation's 1230 corporations which have assets of more than \$250 million each.

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OUR IRS SOURCES contend, however, that the tax agency should be catching even more corporate tax evaders. One source estimated there could be 200, maybe more, additional corporations filing phony tax returns.

Some of the nation's most prominent and prestigious corporations have resorted to shabby, if ingenious, schemes to evade taxes. Of course, the taxes they escaped paying had to be made up by the honest taxpayers. Here are just a few of the tax evasion schemes, with the names omitted in order not to jeopardize the investigation:

- One large corporation paid \$2.5

million to a public relations firm, which was used solely for political lobbying under the direction of corporate officers. The corporation wrote off the money as a bad debt.

- Another big firm bribed state officials and then deducted the bribes as salesmen's expenses.

• A multinational corporation deducted the expenses of a foreign subsidiary from its U.S. tax return, thereby illegally decreasing the amount of taxes it paid.

- Still another corporation used a public relations outfit to distribute political payoffs, which would have been illegal if the firm had made the contributions directly. The company then compounded the offense by deducting the payments as business expenses.

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ALLEXANDER told us the IRS is cracking down on the big corporations. He has ordered his auditors to ask 11 questions of corporate executives, questions that are calculated to expose bribery, kickbacks and secret foreign bank accounts. If the executives give false answers, they would be subject to criminal prosecution.

Yet the IRS intelligence agents confided to us that the crackdown has been less effective than it should be. They contended that Alexander is relying on auditors who are well intentioned but lack the investigatory skills of the intelligence agents.