

# Rebozo to Pay \$52,474 in Disputed Taxes

## Washington

Charles G. (Bebe) Rebozo, a close friend and financial benefactor of former President Nixon, has agreed in U.S. Tax Court to pay disputed federal income taxes of \$52,474 for 1970 and 1971 after the Internal Revenue Service said Rebozo under-reported his taxable income.

According to records filed at the Tax Court, the IRS claimed that Rebozo received taxable income of \$222,334 during those two years but reported only \$62,722 on his tax returns.

The \$52,474 in back taxes, plus interest, that Rebozo agreed last month to pay represents about 60 per cent of what the IRS claimed he owed. Rebozo had already paid \$31,673 in taxes for 1970 and 1971.

It is not clear from the Tax Court records which of the nine IRS claims against Rebozo were included in the figure Rebozo agreed to pay.

One of the claims alleged that Rebozo charged \$14,610 in personal living expenses to Key Biscayne Bank & Trust Co., where he is chairman and president. The payments, averaging more than \$7000 a year for the two years, were listed at the bank as being for advertising, dues and subscriptions, or business-related travel and entertainment. But the IRS said this was not their true purpose.

Included in the payments charged as advertising expenses were Rebozo's personal expenses of \$1132 at the Key Biscayne Hotel, \$1573 at the Sonesta Beach Hotel, the IRS alleged.

The IRS said personal expenses charged to the bank for dues and subscriptions included \$1137 paid to the Key Biscayne Yacht Club, \$354 to the Country Club of Coral Gables, \$629 to the Riviera Country Club, \$200 to the Two Hundred Club of Miami, and \$516 to the Ocean Reef Club.

In addition, the IRS claimed, a \$442 Sony television for Rebozo's personal use, \$1813 in personal travel on National Airlines, and \$1832 in personal items on charge cards were charged to the bank.

These funds amounted to "constructive dividends" Rebozo received from the bank and were taxable, the IRS said.

The IRS claims against Rebozo all related to his personal and business finances rather than the Watergate Special Prosecutor's investigation of Rebozo's handling of a \$100,000 cash contribution from the late Howard Hughes. That investigation ended with a decision not to seek an indictment of Rebozo.

The claims against Rebozo were made in December, 1974. Rebozo challenged them in U.S. Tax Court, claiming that the IRS had erred in its findings. A trial date had been set in Miami, but Rebozo, through his lawyer, agreed December 8 to pay \$52,474 of the total \$86,313 claim against him.

At the same time that Rebozo agreed to pay the back taxes, three companies in which Rebozo has an interest or previously had an interest agreed to pay another \$7534 in taxes the IRS claimed were owed for various years beginning in 1968. The three companies are Key Biscayne Bank, Biscayne Insurance Agency Inc., and Monroe Land Title Co.

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