

Fringe Tax Would Dilute Tax Cut

THERE might be an income tax cut in your future, as politicians frequently promise. But there may be a tax increase ahead, too.

The Internal Revenue Service is preparing rules that will subject about 40 types of employee fringe benefits to income taxes. Fringe benefits amount to about one-third of payroll costs.

Not all fringe benefits would become taxable. Health insurance paid by employers is specifically exempted. So are a Thanksgiving turkey or Christmas gift, if they cost less than \$25.

But here are some of the places where IRS agents will be looking to squeeze out a few extra tax dollars in the future:

If you are a store clerk and get a price discount, you may have to pay taxes on what you save on purchases over \$20.

If your employer provides free tickets to ball games, concerts or theaters, that's income and you may be taxed for it.

If your employer has a recreation

facility that you may use for vacations, you may be taxed for rental value.

Almost any kind of travel provided that is not strictly business may be taxed, even just taking your wife along. If you get a free parking space, that, too, may be regarded as taxable income.

Employee cafeterias, executive dining rooms and company picnics may be included as taxable fringe benefits.

Medical checkups, as well as physical fitness facilities, that are provided for employees without cost will become taxable.

The tax roundup includes perquisites provided for executives, including houses and trips on company planes, but the new tax definition probably will hit hardest on the mass of ordinary workers.

In regard to fringe benefit taxation, Jerome Kurtz, IRS chief, has declared "the statute says all income is taxable, and all income in-

cludes income in kind as well as in cash."

Protests might be futile. If Kurtz's declarations are correct, the law allowing taxing of fringe benefits already exists.

In February, Michael Ivens, director of a conservative organization opposing Socialist policies of the Labor government in Great Britain, toured the United States under auspices of the United States Industrial Council Educational Foundation. Ivens said:

"What I think the Socialists are discovering in Britain and elsewhere is probably the biggest way one can control a country is through the use of money. . . . If you have the power of money through taxation, there is really nothing that can't be done."

Speaking in Oklahoma City last week, Dr. George Gallup said that surveys made by his firm showed people would rather get the federal budget balanced and control inflation than have a tax cut.