

DISPATCH

CLASSIFICATION
SECRET

PROCESSING UNIT

TO	Chief of Station, Mexico City	FILED (DATE)	
INFO		IS BOOKS INDEXED	
FROM	Chief, [redacted]	CAN CHECK FOR CIA FILE NUMBER	
DATE	12/1/55 - 12/7/55	STATUS	

ATTORNEY GENERAL'S OFFICE

1. A. [redacted], 17 March 1955
 B. [redacted], 17 November 1954

1. The information provided in reference B can only be reaffirmed, as the fact has not changed on this particular aspect since 1953. It would be the best source of comparison to an individual, whether he is an employe of an independent contractor, the commission is tenuous. Attached to Internal Revenue Code Section 911.

2. If after reading Section 911 of the Code [redacted] believes that his own firm from the Commission should not be tenuous, it is suggested that one of the following procedures be used to provide satisfaction to him:

A. That the Station authorize the issuance of an ORDER Form 1079 (Statement of Earnings) for the year 1954. This would allow us to turn over the documentation directly to Internal Revenue and the [redacted] [redacted] could be handled between Internal Revenue and [redacted] [redacted] [redacted] of the situation. The issuance of [redacted] [redacted] [redacted] is not a particularly serious cover problem, since a man in his field could easily be approached by [redacted] to contact a research project for them.

B. Attached is a revised 1954 covert tax return which [redacted] [redacted] could submit to Internal Revenue, through the Government. This return would be processed by Headquarters and forwarded to the IRS Court Unit, who would audit the return. The chances are excellent that they would prepare an audit letter and request payment of tax on the [redacted] [redacted] [redacted]. At this point [redacted] could prepare and forward to Headquarters his statement on why he considers the [redacted] [redacted] and follow normal procedures to contact the case. This procedure requires [redacted] to act as the intermediary handling all the resulting correspondence.

Either of the above procedures will provide him with the same opportunities to contact a Revenue finding as any other taxpayer; however, the [redacted] suggestion (B) will require considerable effort on the part of [redacted].

Handwritten initials/signature

CROSS REFERENCE TO	DISPATCH SYMBOL AND NUMBER	DATE
	ECS-4674	1 April 1955
	CLASSIFICATION	NO FILE NUMBER
	SECRET	
ORGANIZATION		
OFFICE	OFFICER	UNIT
CC3/IC	POWELL	F
COORDINATING		
OFFICE SYMBOL	DATE	OFFICER'S NAME
W1/1/Kax	4/1/55	
W1/Pers	4/1/55	
OP/CIB		Tel. coord. by [redacted]
ACTION		
OFFICE SYMBOL	DATE	OFFICER'S NAME
C/W/S		

3. During the review of Case Section 911, please note the wording used in the paragraph on the limitations on the amount of the contribution. The (b)(3)(C)(i) limitation is for an individual who qualifies as a bona fide resident for such quality solely under Section 911 (a) (1); that is, it can exclude "persons domiciled in areas outside the United States (persons domiciled by the United States or by agency thereof)." The (b)(3)(C)(ii) limitation is for individuals domiciled in any city and does not exclude "persons domiciled in areas outside the United States (interest, dividends, etc.)."

4. Since this involves a 1954 tax return, it is suggested that the office be made as soon as possible because, as you note in paragraph one of reference 4, interest is accruing.

5. If we can be of any further assistance, please advise.

vdc
VICTOR D. UHRY

Distribution:
Orig. & 1 - C03 (v/ats)
1 - W/Pers