

Withholding tax may rise

WASHINGTON — The chief of the Internal Revenue Service said Tuesday the government will require employers to increase the amount of taxes withheld from workers' paychecks after Dec. 31 if no new tax law has been approved by then.

IRS Commissioner Donald C. Alexander ruled out any temporary administrative extension of current tax rates until Congress and President Ford resolve their tax dispute and raised the possibility that Americans' paychecks could shrink in January, then expand again later in the year.

Alexander said in a speech before the American Institute of Certified Public Accountants, "We intend to be understanding when you take good faith efforts to accomplish what may be an impossible task," but he said the higher withholding rates would be enforced.

For a married man supporting a family of four on an income of \$15,000, for example, the reduction in his weekly paycheck due to higher

income tax withholding alone would amount to \$4.73.

For a single person earning \$15,000 a year, the reduction in take-home would be \$3 a week.

And the changes would not include the reduction in paychecks for people who earned more than \$14,100 this year and no longer had Social Security taxes deducted from their checks after they passed that salary level. The Social Security tax, which amounts to 5.85 per cent of gross earnings, kicks back in for those people on Jan. 1.

The reason for the higher withholding rate for federal income taxes is the temporary tax reduction earlier this year as an anti-recession move.

The taxes were written to self-destruct on Dec. 31, and revert to the 1974 tax rate.

Most economists, including President Ford's top economic advisers, have generally decided since then that higher taxes and the resulting reduction of consumer buying power could slow the economic recovery.

Both President Ford and Con-

gress agree they want to cut taxes, but they disagree on how to do it. And with a congressional holiday recess looming within two weeks or so, time for resolving the dispute is running out.

The President has conditioned his approval to an equivalent cut in spending for any cut in taxes. Congress has contended it's impractical to set spending ceilings now for a budget year which doesn't begin until June.

President Ford has threatened to veto a tax bill currently pending in the House. The bill would extend the temporary tax cuts and add other changes in specific sections of the tax law, but it contains no spending ceiling.

People in the News

NEW YORK — Heavy-weight champion Muhammad Ali has come to the rescue of the Hillside Aged Program.

At 9 a.m. Tuesday, the program was on the verge of being closed for lack of funds to serve its 54 handicapped elderly clients. At 9:30 a.m., director Maria Brown answered a knock on the door. It was Ali.

"I understand you need a lot of money to stay open," Mrs. Brown quoted the boxer as saying. "Why don't you stay open. I'll give it to you."

News reports had said the center needs \$100,000 for the next year and had been unable to get government aid. Social worker Frances Adler said Ali mentioned that figure and a little later raised it to \$150,000. But he wanted to know where all the people were.

Told they didn't show up until 10 a.m. he waited.

When the old folks arrived, Mrs. Brown said, "Everyone was crying. The old people came up to hug him and kiss him. It was very moving."

SAN ANTONIO, Tex. — Former President Lyndon B. Johnson would be happy that the Brooke Army Medical Center suite where he stayed will be used as a patient lounge, his widow says.

"Lyndon was a great one for spreading benefits around to as many people as possible," Lady Bird Johnson said. "I know he would be as happy about this as I am."

Mrs. Johnson spoke Tuesday at the dedication of the suite on the seventh floor of the hospital at Ft. Sam Houston. The lounge will be named for the late president.

LONDON — Britain's Prince Charles "would have made a good fighter pilot," says Gen. Adolf Galland, the German Luftwaffe ace in World War II.

Galland and the heir to the British throne, now a Navy helicopter pilot, had a chat about flying Tuesday at a celebration marking the opening of a new wing at the Royal Air Force Museum in London.

MIAMI BEACH, Fla. — New York City might have avoided its financial problems had a woman been mayor, says New York State's lieutenant governor, Mary Anne Krupsak.

"New York was spending money it didn't have, and I don't think that would have been allowed to continue under the kind of women I have seen in public life," said Ms. Krupsak.

She spoke Tuesday at a meeting

of the National League of Cities. She said women officeholders knows appear to be more candid than some male officials. She attributed the difference to the women's background in idealistic volunteer organizations.

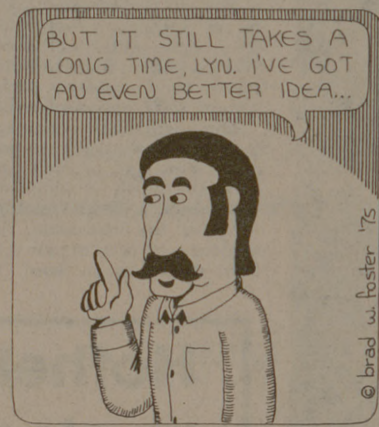
LOS ANGELES — Violence could result from a failure of the United States and Panama to reach agreement on a new Canal Zone treaty, Ambassador Ellsworth Bunker warned.

Bunker, speaking Tuesday to Los Angeles World Affairs Council, said, "If we try to maintain the status quo, we will face mounting hostilities in both Panama and Latin America — and the possible loss of the interest we want to preserve."

Bunker heads the U.S. team negotiating the new treaty. It began two years ago.



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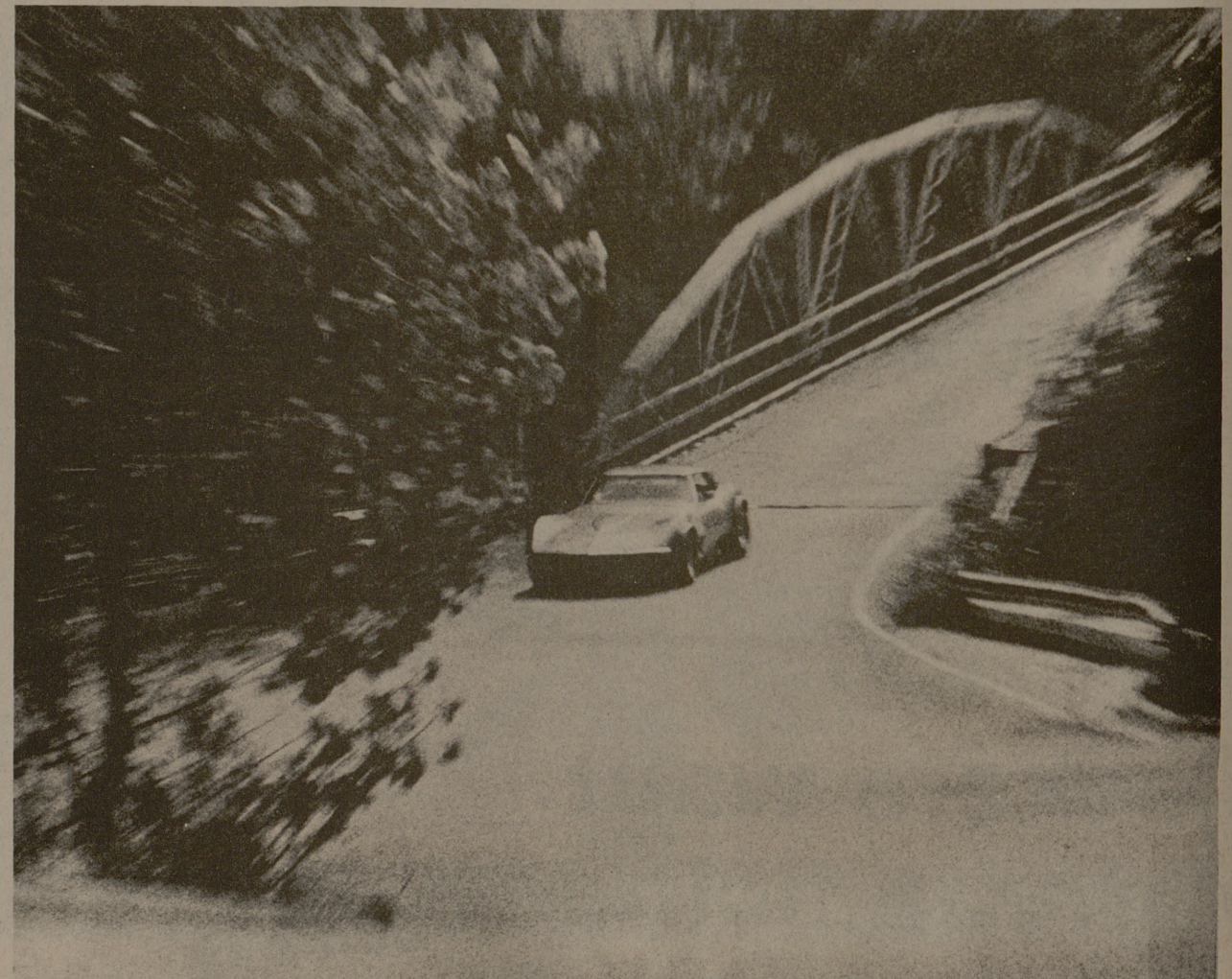
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