



NEWS from U.S. Senator Bob Dole

(R.—Kans.)

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DOLE CALLS FOR IMMEDIATE INVESTIGATION OF TAX ADVANTAGES OF MAJOR OIL COMPANIES

WASHINGTON, D.C.--Senator Bob Dole, in a letter today to Secretary of the Treasury George Schultz, called for an "immediate and detailed investigation" of recent reports that some major oil companies "stand to gain significant tax advantages through increases in foreign crude oil prices." Following is the full text of that letter:

Dear Mr. Secretary:

I have noted with concern recent reports that some major oil companies stand to gain significant tax advantages through increases in foreign crude oil prices. Apparently, these companies can achieve substantial reductions in their U.S. tax liability under Internal Revenue Service treatment of foreign oil production royalties as dollar-for-dollar credits against American taxes.

This unusual treatment of an ordinary business expense of one industrial segment would appear most inappropriate and in conflict with basic principles of tax equity and fairness. In the first place it means that these corporations can uniquely avoid the impact of rising prices through tax offsets. Secondly, the consumer is at the same time forced to bear 100 per cent of these increases under current price control policies. In effect the oil companies would seem to be assured of their profits in spite of -- and perhaps because of -- foreign crude price increases.

Added to these considerations is the fact that much of this costly foreign oil comes from the Middle East and is being denied the United States by the Arab embargo. Thus, these oil companies receive benefits on production going almost entirely to other countries, and the average American taxpayer is penalized by having to pay higher petroleum prices and shouldering an inequitable share of the tax burden.

In light of the fact that some major oil companies are reported to have paid as low as 1.2% federal taxes on their 1972 income, I believe that Internal Revenue Service policy in this area requires immediate and detailed investigation. I request that such a study be undertaken at the earliest possible date and that I be furnished with a report on its findings. Your cooperation in this matter will be appreciated.

Sincerely,

BOB DOLE
United States Senate