

DISPATCH		CLASSIFICATION SECRET	PROCESSING UNIT FIELD OFFICE
TO Chief of Station, Mexico City			IS BOOK INDEXED
FROM Chief, [redacted]			CIVILIAN INDEX ON ALL BOOKS
SUBJECT [redacted]			STATUS
ACTION REQUIRED - [redacted]			

- 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 or an independent contractor, the comparison is tenuous. Attached to Internal Revenue Code Section 911.

2. If after reading Section 911 of the Code [redacted] believes that his appeal 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 OMBUDSMAN Form 1079 (Statement of Inquiry) 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] the [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] items. 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.

Neither of the above procedures will provide him with the same opportunities to contest a Revenue finding as any other taxpayer; however, the [redacted] suggestion (B) will require considerable effort on the part of [redacted].

[Handwritten signature] 101

CROSS REFERENCE TO	DISPATCH SYMBOL AND NUMBER EAS-2673	DATE 1 April 1955																																																		
	CLASSIFICATION SECRET	NO FILE NUMBER																																																		
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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 "residents" furnished from sources outside the United States (such as amounts paid by the United States or by agency thereof)." The (b)(3)(C)(ii) limitation is for amounts earned from any and does not include "residents" earned from the United States (interest, dividends, etc.).

4. Since this involves a 1974 tax return, it is suggested that the dates be made as close 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:
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1 - W/Pers