

NEW YORK

Alec Baldwin Accused of Sales Tax Evasion by Art Gallery Owner

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Actor Alec Baldwin has been accused of evading nearly \$17,000 in New York state and local sales taxes by New York City art gallery owner Mary Boone after he purchased a \$190,000 painting from her gallery.

In response to a complaint filed by Baldwin in the New York State Supreme Court for New York County claiming that the painting he received from Boone was fraudulent, the gallery owner said in a memo in support of her motion to dismiss the case that the *30 Rock* actor had “engaged in a clear and fraudulent scheme to avoid paying” \$16,625 in sales taxes on the artwork.

Boone’s counsel, Ted Poretz of Zukerman Gore Brandeis & Crossman LLP, wrote in his affirmation in support of the gallery owner’s motion that Baldwin had the Ross Bleckner painting *Sea and Mirror* shipped to his residence in Los

Angeles in April 2010 and then immediately shipped back to his New York City apartment.

“Baldwin turned on its head the well-established rule that no sales tax is due on goods purchased in New York but delivered to the purchaser in another state,” Boone’s memo argued.

Baldwin has publicly decried Boone. On October 27 he tweeted a profanity-laced reaction to a *New York Post* report that he didn’t pay sales tax on the painting: “You [expletive] idiots that buy this shit. It was sent 2 LA bc in 2010, I had a home there!”

A day later, he tweeted in response to a post sharing a *New York Times* article on the issue: “Of course the woman sued for fraud needs to lie to distract from her own actions.”

Baldwin’s complaint, which his counsel filed September 12, said the actor bought the painting from Boone in 2010 for \$190,000 — \$175,000 for the painting and \$15,000 for the art gallery’s work to obtain it. The cost of shipping to California was \$1,960, “saving Baldwin \$14,665,” according to the defendants’ October 27 affirmation in support of their motion to dismiss.

Timothy Noonan of Hodgson Russ LLP told Tax Analysts that Boone’s allegation that Baldwin did not pay the nearly \$17,000 in sales taxes on the painting “is a legitimate concern.” It is the seller’s responsibility to collect sales tax, Noonan said, adding that the seller in this instance did not have to collect, but the buyer still has a responsibility to pay the tax.

Boone’s allegation that Baldwin did not pay the nearly \$17,000 in sales taxes on the painting ‘is a legitimate concern,’ Noonan said.

Noonan noted New York prosecutors’ investigation of L. Dennis Kozlowski, chair and chief executive of Tyco International Ltd., who was indicted in 2002 on charges that he evaded paying more than \$1 million in New York sales taxes on artwork. The investigation revealed that Kozlowski did this by shipping paintings to Tyco’s headquarters in New Hampshire and then back to his Fifth Avenue apartment.

When that case popped up, “it raised a lot of concerns in our industry generally about avoiding sales tax, because it was the first time that states had taken the criminal [tack] in combating this kind of alleged tax fraud,” Noonan said. States saw an influx of art galleries and buyers approaching the state voluntarily and saying, “Oops, didn’t pay the sales tax,” he added.

When asked if he thought the allegations were raised to deflect from Baldwin’s initial claim that the painting Boone sent him was fraudulent, Noonan said it is possible. “I certainly understand their position — they’re fighting back on his lawsuit,” he said. ■



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Alec Baldwin