

To: Jeffrey Epstein [jeevacation@gmail.com]
Cc: Yopp, Mark [REDACTED]
From: McCaffrey, Carlyn
Sent: Thur 1/31/2013 10:16:57 PM
Subject: RE: FW: Re:

Yes - that 's the problem and that's the position that the state tax commission has taken in the real property transfer tax arena

Carlyn S. McCaffrey | Partner
McDermott Will & Emery LLP | 340 Madison Avenue, New York, NY 10173
[REDACTED]

From: Jeffrey Epstein [mailto:jeevacation@gmail.com]
Sent: Thursday, January 31, 2013 5:12 PM
To: McCaffrey, Carlyn
Subject: Re: FW: Re:

thanks, he is acting in only one capacity, settlor, a sale to a grantor trust usually involves either a third party trustee , or if not- if its the same person he is still a trustee, they can make the argument two seperate roles an distinct entities, even though disregarded for federal tax purposes

On Thu, Jan 31, 2013 at 5:56 PM, McCaffrey, Carlyn <[REDACTED]> wrote:

A lively exchange with you is never a torture.

Carlyn S. McCaffrey | Partner
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[REDACTED]

From: Jeffrey Epstein [mailto:jeevacation@gmail.com]
Sent: Thursday, January 31, 2013 4:50 PM
To: McCaffrey, Carlyn
Subject: Re: FW: Re:

ok, however nystate follows most definitions from federal , talk tomorrw , sorry to torture you

On Thu, Jan 31, 2013 at 5:46 PM, McCaffrey, Carlyn <[REDACTED]> wrote:

The term "sale or exchange" is a term used in the federal income tax law to refer to such a transaction.
There's no identical description in the NYS sales tax law.

Mark, Please email us the basic definition of a sale for purposes of the NYS sales tax law.

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[REDACTED]

From: Jeffrey Epstein [mailto:jeevacation@gmail.com]
Sent: Thursday, January 31, 2013 4:43 PM
To: McCaffrey, Carlyn
Subject: Re: FW: Re:

Sale or exchange is a term used in tax law to refer to a transaction in which value is received, triggering a gain or loss for income tax purposes. A sale or exchange is distinguished from inheritance, gifts, or other transactions in property which do not result in a calculable gain or loss.

On Thu, Jan 31, 2013 at 5:31 PM, McCaffrey, Carlyn [REDACTED] wrote:

Here's a thought from Amy Heller, one of my partners.

Carlyn S. McCaffrey | Partner
McDermott Will & Emery LLP | 340 Madison Avenue, New York, NY 10173
[REDACTED]

From: Heller, Amy
Sent: Thursday, January 31, 2013 4:29 PM
To: McCaffrey, Carlyn
Subject: RE: Re:

Can you put the art and possible some liquid assets in an LLC?

Amy E. Heller
McDermott Will & Emery LLP | 340 Madison Avenue, New York, NY 10173

From: McCaffrey, Carlyn
Sent: Thursday, January 31, 2013 4:24 PM
To: Yopp, Mark
Cc: Rosen, Arthur; Heller, Amy; Kirschner, Elyse
Subject: FW: Re:

Can you find any authority under the NY sales tax law that;

1. A sale between a grantor trust and its grantor is either subject to or not subject to the sales tax. or
2. If a grantor retained annuity trust is funded with art and the annuity payments to the grantor are subsequently funded with interests in that same art that:
 - a. the transfer to the grantor annuity trust is either subject to or not subject to the sales tax
 - b. the annuity payments made with interests in the art are either subject to or not subject to the sales tax

I know there is authority that grantor retained annuity payments funded with real estate interests will be subject to the real property transfer tax.

If you don't know what a grantor retained annuity trust is you can call either me, Elyse or Amy and we'll explain it.

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From: Jeffrey Epstein [mailto:jeevacation@gmail.com]
Sent: Thursday, January 31, 2013 4:11 PM
To: McCaffrey, Carlyn
Subject: Re: Re:

understood, Im in search of authority, if he had put the art in day one, there wouldn't be a sales tax. on contribution to the grat. would there have been on the pourover.? is there case law , ? my accts agree with me, but i pay them . so i discount it

On Thu, Jan 31, 2013 at 5:05 PM, McCaffrey, Carlyn <[REDACTED]> wrote:

Yes - the trust pays and then leon would pay if he took it back.

Remember when you're thinking about this issue that it's not really a substitution power. We refer to it as that but if you look at the trust language, you will see that that's not what it says. It says that the settlor has the power to reacquire and acquire trust property by substituting therefore other property of an equivalent value.

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[REDACTED]

From: Jeffrey Epstein [mailto:jeevacation@gmail.com]
Sent: Thursday, January 31, 2013 4:03 PM
To: McCaffrey, Carlyn
Subject: Re:

so that the trust pays? then if leon wantss to substitutiie cash he pays. i am aware of 1031 but I spoke to a calif sales tax person and she said not under substruion provision. but could not point to authority either

On Thu, Jan 31, 2013 at 4:56 PM, McCaffrey, Carlyn <[REDACTED]> wrote:

the person who pays the sales tax is the person who is acquiring the tangible personal property, i.e., the paintings. yes - it could happen multiple times just like it can happen with individuals. If, for example, I hold a painting for investment purposes and make a section 1031 exchange, I pay sales tax. If I make a second 1031 exchange, I pay another sales tax, etc.

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[REDACTED]

From: Jeffrey Epstein [mailto:jeevacation@gmail.com]
Sent: Thursday, January 31, 2013 3:45 PM
To: McCaffrey, Carlyn
Subject:

my irs people , also now can't see substitution provision causing sales tax , as it could happen multiple times over the life of the trust, settlor could not be liable for sales tax , or is the trust the seller and the settlor the buyer?

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