



**Smithsonian Institution**

*Archives of American Art*

## **Jacques Seligmann & Co. records, General Correspondence: Mellon, Andrew W., 1929-1937**

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[[newspaper clipping]]  
TIMES, FRIDAY, APRIL 5, 1935

## GOVERNMENT WILL TAX MELLON ON ART GIFTS

Bureau Denies Exemption on \$19,000,000 Paintings, and Gallery Plan Is in 'Jeopardy.'

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PITTSBURGH, April 4. - The Bureau of Internal Revenue has notified Andrew W. Mellon that it does not regard his projected \$50,000,000 national art gallery as a tax exempt organization.

A close associate of the former Secretary of the Treasury said that not only was another tax appeal involving millions of dollars made possible by this ruling, but that the entire project would be in "serious jeopardy" if the decision should be sustained by the courts.

He asserted that most of the \$19,000,000 in paintings which Mr. Mellon turned over to the the A.W. Mellon Educational and Charitable Trust for the art gallery would be subject to the gift tax, since these were given after that law went into effect in 1932.

In addition, he said, there would be a likelihood that in event of Mr. Mellon's death the bureau would attempt to levy a 55 per cent inheritance tax on the entire sum in the institution at the time.

Charles H. Russell, Deputy Tax Commissioner, brought the ruling to Pittsburgh and gave a copy to Mr. Mellon's attorneys.

The attorneys had requested a copy of a former ruling by a former tax commissioner which had held the art gallery project non-taxable. Apparently they intended to introduce this ruling before the Board of Tax Appeals now hearing Mr. Mellon's protest against a \$3,089,000 assessment on his 1931 income.

Mr. Mellon seeks a tax exemption on more than \$3,000,000 worth of pictures given in 1931 to the Mellon Trust, which was organized to promote the art gallery in Washington.

His lawyers said the gallery would not bear the name of Mellon, nor would there be any special Mellon exhibit in it—that it was Mr. Mellon's intention to make the project a national one.

A close associate of the financier said it was his understanding that in addition to giving the Mellon Trust several other valuable pictures, it had been his intention to turn over to it \$20,000,000 in preferred stock of his family's Coalesced Company to finance the art gallery building.

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