

Heirs and IRS Reach Agreement on Unsaleable Artwork Valued at \$65 Million

How much is something worth if it can never be sold? When the children of art dealer Ileana Sonnabend inherited her valuable collection of artwork in 2007, among the pieces was a groundbreaking “combine” by Robert Rauschenberg titled “Canyon.”

The children paid \$471 million in federal and state estate taxes on their mother’s estimated \$1 billion collection, but they did not think they had to pay any tax on “Canyon.” The 1959 work, it turns out, can never be sold because it includes a stuffed bald eagle. Bald eagles are under federal protection and selling or trading one, even if it is part of a famous work of art, is a crime.

The Internal Revenue Service (IRS), however, [saw things differently](#) and appraised the work at \$65 million. On that basis, the IRS said the estate owed \$29.2 million in taxes plus another \$11.7 million in penalties.

The children and the IRS have finally reached an agreement: the IRS will drop the tax assessment on the condition that the children donate “Canyon” to a museum and claim no tax deduction for the donation.

After a contest between two major New York City cultural institutions – the Museum of Modern Art and the Metropolitan Museum of Art – over who will get Rauschenberg’s masterwork, the children have decided to donate it to the Modern. As the [New York Times](#) put it, “the eagle has now landed.”