



Canada Revenue  
Agency

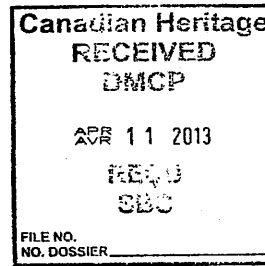
Agence du revenu  
du Canada

PROTECTED

MAR 27 2013

International and Large Business Directorate  
Aggressive Tax Planning Division  
344 Slater Street  
Ottawa Ontario  
K1A 0L5

Delphine Bishop, Director  
Moveable Cultural Property and  
Secretary of the Board  
Terrasses de la Chaudière  
15 Eddy Street, 3<sup>rd</sup> Floor  
Gatineau, Quebec K1A 0M5



Dear Ms. Bishop:

**Subject: Exchange of information relating to the valuation of cultural property**

For the purpose of administering sections 32 to 33.2 of the *Cultural Property Export and Import Act*, we are providing the enclosed documents, which contain information about a proposed gift of cultural property with questionable values. The information is approved for release in accordance with Appendix C of the Memorandum of Understanding between The Department of National Revenue (now the Canada Revenue Agency), The Department of Canadian Heritage and The Canadian Cultural Property Export Review Board (CCPERB), effective April 23, 1998.

The information was obtained by the Canada Revenue Agency (CRA) in support of an application for a Tax Shelter Identification Number. The nature of the tax shelter is a one-time purchase and donation, and the property involved is to be the subject of an application for certification as cultural property. Our understanding of the proposed transactions is that the cultural property will be acquired in an arm's length transaction from the original owner and then donated.


The legal representative originally submitted a tax shelter application October 23, 2012 and Tax Shelter #080168 was issued. Subsequently, CRA requested additional information that should have been included in the tax shelter application. At that time the legal representative indicated that they might cancel the application. No further communication was received regarding this tax shelter number.


A follow-up tax shelter application was sent to the CRA, March 20, 2013. The information is for the most part the same as the previous application with a small change in the purchase price and the identification of the buyer.

Canada

.../2  
DGB  
17.04.13.  
R350 (08)

The following is a summary of the information we have received:

Promoter 2338078 Ontario Ltd.  


Vendor AL Archive LLC and Annie Leibovitz  


Purchasers 2174217 Ontario Inc.  
 c/o Harley Mintz  
 Suite 1700 – 5140 Yonge Street  
 Toronto, ON M2N 6L7

Donee Art Gallery of Nova Scotia (or other qualified donee)

Property 2,070 photographs (1,308 vintage prints and 762 vintage file prints) –  
 Annie Leibovitz, artist. Set 1 of 3 sets in a limited edition, made during  
 the artist's lifetime, and signed or inscribed by the artist.  
 Original prints and negatives but not copyright

Licence N/A

Provenance Details not provided. It appears the photographs were taken by Ms.  
 Leibovitz and currently are the property of her corporation, AL Archive  
 LLC

Purchase Price \$4,750,000 US

\$2,375,000 paid at the time of closing and held in escrow.  
 \$2,375,000 deposited in escrow and held for payment to be paid within 10  
 days of issuance of a Certificate per the CPEIA, or if no certificate is  
 issued the balance is to be released to the Vendor by December 31, 2013.

Notwithstanding the above, the parties agree that upon the issuance of a  
 Certificate, the balance of the purchase price is deemed to be 50% of 25%  
 (i.e. 12.5%) of the FMV certified, and not greater than \$2,375,000.

*Note: If the target value is approximately \$15,000,000 the final purchase price paid would be \$2,375,000 + \$1,875,000 = \$4,250,000 or 28.3% of the value/donation amount. This value would generate a tax credit/refund of approximately \$6,900,000 or 162% of the price paid. These are the ratios commonly seen in tax shelter gifting arrangements.*

Description Schedule A (not attached)

Valuation: To be done if and when a donation is made

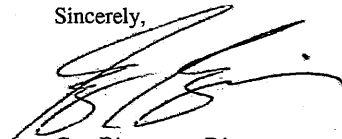
Covenant:

*"The Vendor and the Artist covenant that the Book Collection is a limited edition of 3 sets. The Purchaser is purchasing set 1 of 3; and that only three sets in the edition of 3 of the Book Collection shall ever be sold at any time."*

*Note: It seems that this would allow the Artist/Vendor could produce more sets of these prints in the future – which could be significant for determining the fair market value of each set.*

The information provided herein may be used only for purposes of administering sections 32 to 33.2 of the *Cultural Property Export and Impact Act*. Per Appendix E of the Memorandum of Understanding regarding the Protection of Information, all information provided shall be considered as "Protected – Particularly Sensitive".

Sincerely,



Guy Bigonnesse, Director  
Aggressive Tax Planning Division  
Compliance Programs Branch  
344 Slater Street  
Ottawa Ontario K1A 0L5

Enclosures