

# After years, court hands tax win to Michael Jackson heirs

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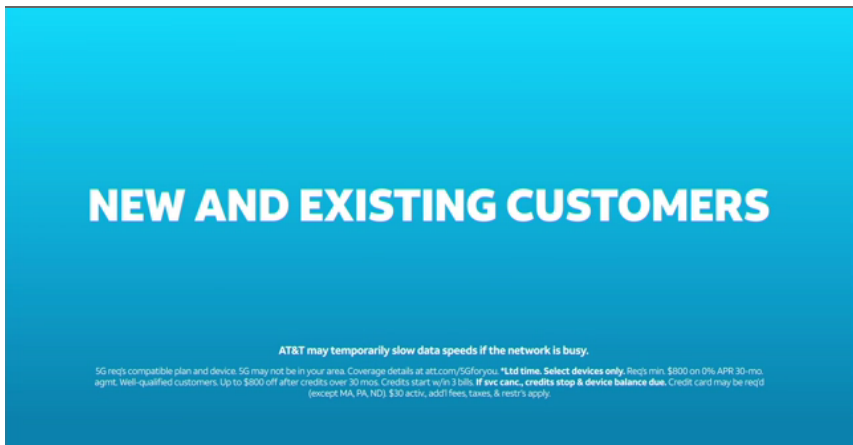
By **ANDREW DALTON** AP Entertainment Writer

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LOS ANGELES -- A U.S. tax court has handed a major victory to the estate of Michael Jackson in a years-long battle, finding that the IRS wildly inflated the value at the time of his death of Jackson's assets and image, leading to an estate tax bill for his heirs that was far too high.

The IRS had put the value of three disputed aspects of Jackson's worth at the time of his 2009 death at about \$482 million. In his decision issued Monday, Judge Mark Holmes put that figure at \$111 million, far closer to the estate's own estimates.

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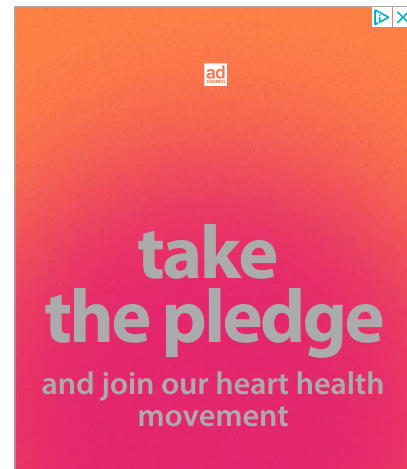
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The estate's executors said it was a huge and unambiguous victory for Jackson's children.

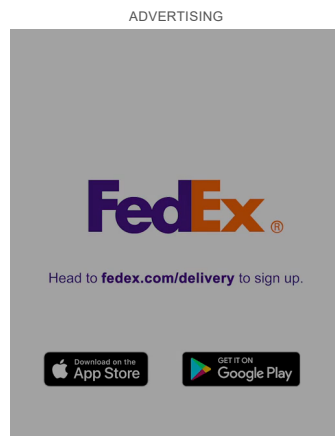
"We're pleased," co-executor John Branca told The Associated Press on Tuesday. "We always try to do the right thing. We tried from the beginning to follow the IRS rules and regulations, and relied on the best experts possible. It's unfortunate that we were forced to litigate to protect ourselves."

The judge most disagreed with the IRS over the value of Jackson's image and likeness. While the IRS put it at \$161 million, Holmes ruled it was just \$4.15 million. He noted that despite Jackson's acquittal on all counts at his 2005 trial for child molestation, the allegations continued to dog him, and while Jackson was selling out dates for a planned world tour when he died, he could not find a sponsor or merchandise partner.

"The fact that he earned not a penny from his image and likeness in 2006, 2007, or 2008 shows the effect those allegations had, and continued to have, until his death," Holmes wrote in the sprawling 271-page decision that tracks Jackson's fame and finances through most of his life.

The tax fight had led to a bill of about \$700 million after an audit of the 2013 taxes on the estate, whose heirs are Jackson's mother and three children, about \$200 million of it a penalty for underpaying.

A new tax bill will now be calculated using Holmes' figures, and it will include no penalties.



Also in dispute were Jackson's 50% stake in Sony/ATV Music Publishing, a catalog that includes 175 Beatles songs; and his interest in another catalog that includes the songs he wrote.

The IRS expert had put those assets at a combined total of about \$320 million. The judge found that with Jackson's debts, both combined were worth only \$107 million at the time of his death.

The ruling, awaited for years, resolves one of the few disputes that still hovered over Jackson's estate nearly a dozen years after his unexpected death on June 25, 2009, after a lethal dose of the anesthetic propofol.

Another was resolved a week earlier when a judge dismissed a lawsuit brought by choreographer Wade Robson, one of two men featured in the 2019 documentary "Leaving Neverland," who alleged Jackson sexually abused him as a child. The similar lawsuit of James Safechuck, the other man featured in the documentary, was dismissed in October. The men's attorney called the decisions a dangerous precedent for protecting children, and said they plan to appeal.

With years of disputes cleared and a pandemic-forced delay on projects lifting, the estate's leaders feel like they are in an excellent spot to again start promoting Jackson's legacy.

"We're at an absolute turning point," Branca said. "I think people have come to realize that Michael was innocent of any charges and unable to protect himself. We've got a wonderful Broadway play coming, we'll be reopening our Cirque du Soleil show soon and we've got some surprises coming."

The judge noted the huge success that the estate has seen since Jackson's death through such shows, a hit concert film, and several strategic decisions to sell assets.

However, he said, the IRS appeared to be factoring those successes into its decisions rather than considering only the circumstances at the moment of Jackson's death, when things were considerably more grim after several years of waning popularity, poor management and reckless spending from Jackson.

The judge mocked the estate's initial valuing of Jackson's image and likeness at only \$2,000, however, saying it was putting "one of the best known celebrities in the world — the King of Pop — at the price of a heavily used 20-year-old Honda Civic."

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