27 T.C. 974 (1957)

Payments received for relinquishing rights under a distributorship agreement are classified as ordinary income rather than capital gains if the transaction does not constitute a “sale or exchange” of a capital asset.

Summary

In Skannel v. Commissioner, the Tax Court addressed whether a payment received for the relinquishment of a distributorship agreement qualified for capital gains treatment. The court held that the payment was ordinary income because the transaction did not involve a

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