



Tax Reduction Letter

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Riley v. Commissioner **328 F.2d 428 (5th Cir. 1964)**

The taxpayers conveyed to a contractor forty lots from a subdivided tract of land, under a contract for the improvement of the tract, and as compensation for making the improvement. The Tax Court properly held that this conveyance of property in payment for services rendered constituted a taxable disposition of property, and resulted in the realization of gain in the amount determined by the Commissioner. The Tax Court found that the forty lots in question were held primarily for sale to customers in the ordinary course of business and that the taxable gain from the conveyance of the lots was ordinary income. The evidence fully supports this finding. We see nothing that we can add to the opinion of the Tax Court. (37 T.C. 932).

The judgment is affirmed.