



## Tax Reduction Letter

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### Rev. Rul. 69-643

M, a domestic corporation, sold its plant, equipment, trade name, and good will to O an unrelated domestic corporation. One of the conditions of the sale was an agreement by M's president, A, that he would not engage in a similar business in a stipulated area. A received money from O with respect to the above agreement.

Held, the amount received by A in consideration of his agreement not to compete is ordinary income to him in the year of receipt.

O.D. 668, C.B. 3, 93 (1920), is hereby superseded, since the position stated therein is set forth under the current statute and regulations in this Revenue Ruling.

Prepared pursuant to Rev. Proc. 67-6, C.B. 1967-1, 576.