WestVirginiaUniversity
THE RESEARCH REPOSITORY @ WVU

Volume 67 | Issue 3 Article 1

April 1965

Masthead Volume 67, Issue 3

Follow this and additional works at: https://researchrepository.wvu.edu/wvlr

Recommended Citation

Masthead Volume 67, Issue 3, 67 W. Va. L. Rev. (1965).
Available at: https://researchrepository.wvu.edu/wvlr/vol67/iss3/1

This Prefatory Matter is brought to you for free and open access by the WVU College of Law at The Research Repository @ WVU. It has been accepted for inclusion in West Virginia Law Review by an authorized editor of The Research Repository @ WVU. For more information, please contact ian.harmon@mail.wvu.edu.

West Virginia Law Review

Published by the College of Law of West Virginia University. Official publication of The West Virginia Bar Association

STUDENT BOARD OF EDITORS

John Ralph Lukens, *Editor in Chief*
Fred Adkins, *Associate Editor*
Victor Alfred Barone, *Associate Editor*
Ward Day Stone, Jr., *Associate Editor*
Boyd Lee Warner, *Associate Editor*

Charles Edward Barnett
Ralph Judy Bean, Jr.
Frank Cuomo, Jr.
David Gail Hanlon
Charles Ellsworth Heilmann
Lester Clay Hess, Jr.
Dennis Raymond Lewis
Charles Marion Love, III
John Payne Scherer
Larry Lynn Skeen
William Walter Smith
Robert Willis Walker

Willard D. Lorensen, *Faculty Editor in Charge*
Agnes A. Furman, *Business Manager*

STUDENT NOTE

A Comparison of the Tax Consequences of a Sale of Good Will with a Covenant Not To Compete

A, the owner of a business with tangible and identifiable intangible assets valued at 75,000 dollars, sells his business to *B* for 100,000 dollars and *A* promises in the sales agreement that he will not compete with *B* in this business for a specified time and within a specified area. This transaction may give rise to serious tax consequences which affect both *A* and *B* concerning the amount of the contract price which exceeds the value of *A's* tangible and identifiable intangible assets. *A* will argue that the 25,000 dollars was the proceeds from the sale of a capitol asset which is good will, resulting in capital gains treatment.[1] Should *A* prevail in this contention, *B* in turn must capitalize this amount, a distinct disadvantage to *B*, because he will not be allowed to amortize the amount as a deduction for income tax purposes.[2] On the other hand, *B* will argue that the amount was paid for a covenant not to compete.

[1] See, *e.g.*, Estate of Masquelette v. Commissioner, 239 F.2d 322 (5th Cir. 1956).
[2] Farmers Feed Co. v. Commissioner, 17 B.T.A. 507 (1929).

Published by The Research Repository @ WVU, 1965