

ALABAMA DEPARTMENT OF REVENUE - SALES AND USE TAX RULES
Code of Alabama 1975, Sections 40-23-31 and 40-23-83

810-6-1-.22. Barter, Exchange, Trade-In.

(1) Except as outlined in paragraph (2), the money value allowed for property received and exchanged for other property constitutes payment or partial payment of the purchase price and must be included in the measure of the sales or use tax.

(2) Exceptions to the general rule are:

(a) The agreed value placed on automotive vehicles, truck trailers, semitrailers, or house trailers taken in trade on sales of other automotive vehicles, truck trailers, semitrailers, or house trailers. On so called "trade-ups" this allowance shall not exceed the sales price of the vehicles sold by the dealer. (Sections 40-23-2(4) and 40-23-61(c))

(b) Exchanges of cottonseed for cottonseed meal at or by gins. (Sections 40-23-4(6) and 40-23-62(9))

(c) The agreed value placed on any used part including tires of an automotive vehicle, truck trailer, semitrailer, or house trailer taken in trade as a credit or part payment on the sale of a new, used or rebuilt part or tire, for an automotive vehicle, truck trailer, semitrailer or house trailer; provided, however, this provision shall not include batteries. (Section 40-23-2(1))

(d) The agreed value placed on any machine, machinery, or equipment used in planting, cultivating, and harvesting farm products or used in connection with the production of agricultural produce or products, livestock or poultry on farms taken in trade on the sale of other farm machines, machinery, or equipment. (Section 40-23-37)

(3) Property received as a "trade-in" or received in barter or exchange for other property is subject to tax, when resold, at the full resale price. (Amended June 12, 1978, amended August 8, 1982, readopted through APA effective October 1, 1982, amended April 3, 1987, amended July 9, 1998)