

810-6-1-.22                    The Measure of Sales and Use Tax on the Barter,  
Exchange, or Trade-In of Tangible Personal Property

(1)     The money value allowed for tangible personal property received and exchanged for other tangible personal property constitutes payment or partial payment of the purchase price and must be included in the measure of the Sales or Use Tax, unless the agreed upon value or transaction is one of the following:

(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 cannot exceed the sales price of the vehicles sold by the dealer. (§§40-23-2(4) and 40-23-61(c), Code of Ala.1975.)

(b)     The exchange of cottonseed for cottonseed meal at or by gins. (§§40-23-4(a)(6) and 40-23-62(3), Code of Ala.1975.)

(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 does not include batteries. (§40-23-2(1), Code of Ala.1975.)

(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. (§40-23-37, Code of Ala.1975.)

(2)     Tangible personal property received as a "trade-in" or received in barter or exchange for other tangible personal property is subject to sales or use tax, when resold at full resale price.

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**Authority:**        §§40-2A-7(a)(5), 40-23-2(1), 40-23-2(4), 40-23-4(a)(6), 40-23-31,  
40-23-37, 40-23-61(c), 40-23-62(3), 40-23-83, Code of Ala. 1975.  
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