

Transmittal Sheet For Notice Of Intended Action

Control: 810

Department or Agency: Revenue

Rule Nos: 810-6-1-.22

Rule Title: Barter, Exchange, Trade-In

New; Amended; Repealed; Adopt by Reference

Would the absence of the proposed rule significantly harm or endanger the public health, welfare, or safety? No

Is there a reasonable relationship between the state's police power and the protection of the public health, safety, or welfare? Yes

Is there another, less restrictive method of regulation available that could adequately protect the public? No

Does the proposed rule have the effect of directly or indirectly increasing the costs of any goods or services involved and , if so, to what degree? No

Is the increase in cost, if any, more harmful to the public than the harm that result from the absence of the proposed rule? N/A

Are all the facets of the rulemaking process designed solely for the purpose of , and so they have, as their primary effect, the protection of the public? Yes

Does the proposed rule relate to or effect any matter of litigation which the agency is a party to concerning the subject matter of the purposed rule? No

Does the proposed rule have any economic impact? No

If the proposed rule has an economic impact , the proposed rule is required to be accompanied by a fiscal note prepared in accordance with subsection (f) of Section 41-22-23, Code of Alabama 1975.

Certification of Authorized Official

I certify that the attached proposed rule has been proposed in full compliance with the requirements of Chapter 22, Title 41, Code of Alabama 1975 and that it conforms to all applicable filing requirements of the Administrative Procedure Division of the Legislative Services Agency .

Signature of certifying officer

Date 10/20/2020



ALABAMA DEPARTMENT OF REVENUE
Sales and Use Tax

NOTICE OF INTENDED ACTION

RULE NO. & TITLE

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

INTENDED ACTION

Amended

**SUBSTANCE OF
PROPOSED ACTION:**

In compliance of the Red Tape Reduction Act, 2013-088, the rule has been reviewed and is being amended to provide clarification to taxpayers through grammatical and citation updates.

TIME, PLACE, MANNER OF PRESENTING VIEWS: A public hearing will be conducted at **01:30 PM on Tuesday, December 08, 2020** via web-conference. To participate in the upcoming web-conference public hearing please contact the Tax Policy and Governmental Affairs Division at Taxpolicy@revenue.alabama.gov or 334-242-1380 to obtain the appropriate sign-in information for a specific public hearing date. Copies of the rule(s) can be obtained at <http://www.revenue.alabama.gov/tax-policy/>.

All interested parties may present their views in writing to the **Secretary of the Alabama Department of Revenue, Room 4131, Gordon Persons Building, 50 N Ripley Street, Montgomery, Alabama 36132** at any time following publication of the notice up until the conclusion of the hearing. Interested parties may also may present their views during the web-conference.

FINAL DATE FOR COMMENT AND COMPLETION OF NOTICE:

Tuesday, December 08, 2020

CONTACT PERSON AT AGENCY:

Meagan Barrett

Alabama Department of Revenue
4131 Gordon Persons Building
Montgomery, Alabama 36132
(334) 242-1380



Kelley Askew Gillikin, Secretary
Alabama Department of Revenue

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

(1) ~~Except as outlined in paragraph (2),~~ 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:

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

(b) ~~The Exchanges~~ of cottonseed for cottonseed meal at or by gins. (~~§§~~40-23-4(a)(6) and 40-23-62(9) 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 ~~shall~~ 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.)

(3) 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 ~~the~~ full resale price.

Author: Patricia A. Estes

Authority: ~~Code of Ala. 1975, §§40-2A-7(a)(5), 40-23-31, 40-23-83, 40-23-2(1), 40-23-2(4), 40-23-61(c), 40-23-4(6), 40-23-62(9) 40-23-37, §§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.~~

History: ~~Amended:~~ June 12, 1978. Amended: August 8, 1982, Readopted through APA effective October 1, 1982. ~~Amended:~~ Filed February 26, 1987; effective April 3, 1987. ~~Amended:~~ Filed June 4, 1998; effective July 9, 1998. ~~Amended:~~ October 20, 2020; effective