The *Aurora Municipal Code* provides for a reduction of the taxable purchase price by the fair market value of property exchanged at the same time and place of the sale if:

1. The property exchanged is to be resold thereafter in the usual course of the retailer's business; or

2. The property exchanged is a vehicle and is exchanged for another vehicle and both vehicles are subject to licensing, registration, or certification under the laws of this state, including but not limited to, vehicles operating upon public highways, off-highway recreation vehicles, watercraft, and aircraft.

Any money or other consideration paid by the purchaser in excess of the value of the exchanged property is subject to Aurora sales/use tax. Amounts paid by the seller to satisfy liens or loans/chattel mortgages on the property taken in trade do not reduce the trade-in allowance, even where the amount is in excess of the fair market value.

**Examples**

1. A resident of Aurora buys a car from a licensed Aurora car dealer. The price of the car is $20,000. The resident is trading in his used car for $3,000. The taxable purchase price for the new car is $17,000.

2. A resident of Aurora buys a car from a licensed Aurora car dealer. The price of the car is $20,000. The resident is trading in his used car for $3,000 and also puts down $1,000 in cash. The resident owes $4,000 on the old car, which the dealer agrees to pay off. Thus, the resident will borrow $20,000. The taxable basis for the new car is $17,000 ($20,000 less $3,000 trade-in allowance).

3. Furniture Dealer A, an Aurora retailer, makes a deal with Warehouse Operator B to furnish Warehouse Operator B's Aurora office space in exchange for a forklift, which Furniture Dealer A plans to use in their own warehouse. Furniture Dealer A must collect Aurora sales tax on the full purchase price of the office furniture supplied to Warehouse Operator because Furniture Dealer B is not engaged in business selling used forklifts and intends to use the forklift in their business.