



Louisiana Department of Public Safety
Office of Motor Vehicles
Policy 47.01 Trade-Ins

Section: 4. Motor Vehicle Registration Requirements

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Authority:

R.S. [47:301\(13\)\(a\)](#)

General:

- The amount of sales tax due when titling a vehicle in Louisiana may be reduced when a vehicle is purchased from a dealer with a qualifying trade-in.¹
 - The credit allowed for trade-in **cannot** exceed the sales price of the vehicle being purchased.
 - The bill of sale or invoice for the new vehicle must list:
 - A complete description of the vehicle (vehicle year, make, model, and vehicle identification number (VIN))
 - The trade credit amount being allowed
- **Trade-In Credit Eligibility** – The following must be met in order to qualify for trade credit:
 - The certificate of title to the trade-in vehicle must be in the name of, or jointly in the name of, the purchaser of the new vehicle.
 - Ownership of the trade-in vehicle must be transferred to the seller of the new vehicle on or before the purchaser taking delivery of the new vehicle.
 - The actual trade-in value of the vehicle must be agreed upon by the purchaser and the seller at or before the time of transfer of ownership, but must be within ten (10) days after delivery.
 - If there is a delay from the time the purchaser delivers the trade-in vehicle to the time the purchaser receives the new vehicle, the purchaser is obligated to take delivery of the new vehicle at the time of delayed delivery.
 - If the trade in is not in the vehicle purchaser's name, trade credit cannot be given. However, if the trade-in vehicle is transferred in the purchaser's name prior to taking delivery of the new vehicle, trade credit may be given.
 - **Exception:** A trade-in vehicle does not have to be in the same name as the purchaser of the new vehicle when the trade-in vehicle is registered to a spouse of the person purchasing the new vehicle. One of the following must be included in the file:
 - An affidavit indicating the relationship of the parties and the owner of the vehicle being traded affirms that they give consent for the vehicle to be traded-in
 - An act of donation between the two parties.

Qualifying Trade-in Situations and Examples:

- When a vehicle, solely owned by an individual is traded in towards the purchase of a new or used vehicle that will solely owned by the same individual, a full credit for the value of the trade vehicle will be applied towards the purchase of the new vehicle.
 - **Example:** John Doe trades in his Jeep towards the purchase of a Ford. The registration and/or title indicates John Doe is the owner of the Jeep. The dealer allows \$10,000 for the trade vehicle and the sales price of the new vehicle is \$30,000. John Doe will be assessed sales tax on \$20,000
- Anytime a vehicle is purchased by two (2) people, as long as the trade-in vehicle is in the name of at least one of those two people, 100% credit on the trade-in allowance will be allowed.
 - **Example:** John Doe trades in a Chevy towards the purchase of a Land Rover. John is listed as the sole owner on the title/registration of the trade vehicle. Both John Doe and Bobby Safety will be listed as the owners of the Land Rover. The dealer allows \$20,000 for the trade vehicle towards the purchase of the new vehicle which is being sold for \$60,000. The tax base for the newly purchased vehicle will be \$40,000. John Doe will not be required to donate ½ interest in the trade vehicle to Bobby Safety prior to trade credit being allowed
- A tax credit will be allowed for trade vehicle when a jointly owned vehicle is traded in towards the purchase of a new or used vehicle that will be titled in the name of one of the owners of the trade.
 - **Example:** John Doe and Jane Brown are listed as owners of a Volvo that is being traded in towards the purchase of a Volkswagen that will be owned solely by John Doe. A trade in allowance of \$15,000 is being given towards the purchase of the new vehicle being purchased for \$30,000. John Doe will be assessed sales tax on \$15,000 for the purchase of the Volkswagen. It is not necessary for Jane Brown to donate her interest in the trade-in vehicle to John.

Related Policies:

Section 4, Policy [2.00, Basic Requirements for Obtaining a Certificate of Title](#)