



Louisiana Department of Public Safety  
Office of Motor Vehicles  
**Policy 47.02 Criteria Necessary to Quality as a Trade-In**

**Section:** 4. Motor Vehicle Registration Requirements

**Effective Date:** 04/08/1988

**Revised Date:** 11/02/1992

**Authority:**

Article 47:303B

**General:**

- State statute provides the criteria necessary to determine whether a vehicle qualifies for trade in-treatment for sales/use tax purposes.

**Requirements:**

- The criteria is as follows:
  - Ownership of the "trade-in" vehicle must be transferred to the seller of the "new" vehicle simultaneously with or prior to the taking of delivery by the purchaser of the "new" vehicle to the seller.
  - In those cases where special equipment must be installed on the "new" vehicle or where delivery of the trade-in vehicle cannot be made, an additional period of time will be allowed for the installation of the special equipment or delivery of the "trade-in" vehicle provided the "new" vehicle and the "trade-in" vehicle cannot be in the purchaser's service at the same time.
  - The actual trade-in value of the "trade-in" vehicle must be established by the purchaser and the seller at or prior to the time of the transfer of ownership of same to the seller, provided such value must be established within ten (10) days after delivery.
  - The certificate of title to the "trade-in" vehicle must be in the name of the purchaser of the "new" vehicle. The trade-in vehicle must be titled in Louisiana in order to allow trade-in credit.
  - In the event the new vehicle is not delivered to the purchaser at the time the "trade-in" vehicle is delivered to the seller, there must be an obligation on the part of the purchaser to take delivery from the seller of the "new" vehicle.
  - The records of both the seller and the purchaser must reflect a complete description of the transaction.
  - At the time of transfer of ownership of the "new" vehicle, the invoice from the seller must reflect not only the sales price of the "new" vehicle but also a complete description of the "trade-in" vehicle, including the amount of the actual trade-in value.

- The sales or use tax due to the State of Louisiana shall be computed on the gross sales price of the "new" vehicle in the case of a sale, or on the cost price of the "new" vehicle in the case of a transaction subject to the use tax, less the previously established actual trade-in value of the "trade-in" vehicle.
  - R.S. 47:305 ( C) (2) provides that where a part of the cost price of a motor vehicle is represented by a motor vehicle returned to the dealer's inventory, the use tax is payable on the total cost price less the wholesale value of the article returned to the dealer's inventory.
- Provided it can be reasonably determined that a vehicle meets the foregoing conditions, it must be allowed for trade-in treatment for sales/use tax purposes.
- However, when a vehicle does not meet the conditions of the Regulation:
  - trade-in treatment for sales/use tax purposes cannot be allowed,
  - the burden of proof will be upon the purchaser and seller of the "new" vehicle.