



Tax Division  
15151 E. Alameda Parkway, Ste. 5700  
Aurora, Colorado 80012  
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## Tax Compliance Guide

### Trade-Ins

(3/2024)

THIS GUIDANCE IS A SUMMARY IN LAYMEN'S TERMS OF THE RELEVANT AURORA TAX LAW FOR THIS TOPIC, INDUSTRY, OR BUSINESS SEGMENT. IT IS PROVIDED FOR THE CONVENIENCE OF TAXPAYERS AND IS NOT BINDING UPON THE CITY. IT IS NOT INTENDED FOR LEGAL PURPOSES TO BE SUBSTITUTED FOR THE FULL TEXT OF THE AURORA MUNICIPAL CODE AND APPLICABLE RULES AND REGULATIONS. THIS GUIDE DOES NOT CONSTITUTE A CITY TAX POLICY.

[Auroragov.org/tax](http://Auroragov.org/tax)

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.

### Related Topics

Automotive Vehicles  
Coupons, Discounts, & Promotional Items

### Citations

*Aurora Municipal Code*  
§ 130-31. Definitions  
§ 130-33. Legislative Intent  
§ 130-156. Taxable Items § 130-160. Responsibility for payment  
§ 130-161. Schedule of Taxes  
§ 130-196. Levy  
§ 130-199. Use tax credit

### Contact Us

For additional assistance, please contact us:

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