

(a) **Trade and Bargaining Discounts.** -- A trade discount is a reduction in the price a seller charges that is extended to a particular purchaser or group of purchasers without reservation at the time the sale is being negotiated. A bargaining discount is a reduction in the price a seller charges that is extended to a purchaser at the time the sale is being negotiated as a result of bargaining between the purchaser and the seller. The sales price of an item, as the term item is defined in G.S. 105-164.3, does not include a trade discount or bargaining discount that is not reimbursed by a third party.

(c) Trade-ins and Over-allowance. -- The amount of a trade-in, including an over-allowance, which is the difference between the trade-in amount and the actual cash value of the trade-in, taken by a purchaser as a credit or partial payment on the sale of an item is not a reduction in the sales price of the item. The trade-in is consideration given towards the purchase of the item. Any applicable sales or use tax shall be computed and paid on the sales price of the item without any deduction for a trade-in.

*History Note: Authority G.S. 105-164.3; 105-164.4; 105-164.6; 105-262; 105-264; Eff. February 1, 1976.
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