

## **Sample article for organizations to use to reach customers (290 word count)**

*Customize and provide the following article in your communication vehicles for your audience.*

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### **Bartering and Trading? Each transaction is taxable to both parties**

Sometimes, when the right opportunity presents itself, people are able to “pay” for goods and services that they need or want by trading goods that they own, or providing a service that they can perform in return. For example, a person who owns a lawn maintenance company may receive legal services from an attorney and “pay” for those services by providing an agreed upon amount of mowing and maintenance services at the attorney’s home or place of business. In this scenario, the fair market value of the legal services that are being provided is taxable to the lawn maintenance company owner. At the same time, the fair market value of the lawn and maintenance services being provided is taxable to the attorney or his firm.

This type of transaction – bartering or trading - can prove to be useful when cash-flow problems would otherwise prevent a person’s ability to secure needed goods and/or services. And, while there is no exchange of cash or credit, the fair market value of the goods and/or services that have been exchanged are taxable to both parties and must be claimed as income on an individual or business’s income tax return.

When considering record keeping requirements, barter and trade transactions should be treated just like any other financial transaction or exchange. Original cost of goods being bartered or traded, transaction dates, fair market value at the time of the transaction, and other pertinent details should be recorded to assist in the preparation of your income tax return and held for a period of 3 years in accordance with other documents and receipts which are used to substantiate income and expenses.

For more details on barter and trade transactions, please visit the [Bartering Tax Center](#) at IRS.gov.

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**NOTE TO EDITOR:** Below are helpful resources on IRS.gov:

#### **On Twitter? Send this Tweet to your customers:**

IRSTaxTip - 4 #IRS facts on bartering and paying taxes on traded goods and services.  
<http://go.usa.gov/rpGB>

#### **TUMBLR**

Four facts you should know about [bartering](#)  
Follow [IRS TUMBLR](#) for your tax information.