



## Four Things You Should Know if You Barter

Bartering is the trading of one product or service for another. Often there is no exchange of cash. Small businesses sometimes barter to get products or services they need. For example, a plumber might trade plumbing work with a dentist for dental services.

If you barter, you should know that the value of products or services from bartering is taxable income.

Here are four facts about bartering:

1. Barter exchanges. A barter exchange is an organized marketplace where members barter products or services. Some exchanges operate out of an office and others over the Internet. All barter exchanges are required to issue Form 1099-B, Proceeds from Broker and Barter Exchange Transactions. The exchange must give a copy of the form to its members who barter and file a copy with the IRS.
2. Bartering income. Barter and trade dollars are the same as real dollars for tax purposes and must be reported on a tax return. Both parties must report as income the fair market value of the product or service they get.
3. Tax implications. Bartering is taxable in the year it occurs. The tax rules may vary based on the type of bartering that takes place. Barterers may owe income taxes, self-employment taxes, employment taxes or excise taxes on their bartering income.
4. Reporting rules. How you report bartering on a tax return varies. If you are in a trade or business, you normally report it on Form 1040, [Schedule C](#), Profit or Loss from Business.

For more information, see the Bartering Tax Center in the business section on [IRS.gov](#).

Additional IRS Resources:

[1040 Central](#)

[IRS Tax Map](#)

[Tax Topic 420](#) - Bartering Income

[Publication 525](#) - Taxable and Nontaxable Income