

# Does Bartering Work

By Bob Brolhorst

Does Bartering Work

Bob Brolhorst  
bbrolhorst@wave5marketing.com

A-1 Internet Marketing Newsletter <http://www.wave5marketing.com/newsletter.htm>

Does Bartering Work  
By Bob Brolhorst

A few of the companies that I work with and I have a great arrangement. We provide services to each other in exchange for equivalent goods or services. For example, I designed a very simple 29-page web site for a friend who sells internet advertising. In exchange for the cost of building and maintaining the site, I get free email lists from him. Another company gives me courier services in exchange for my designing their website, designing and printing their brochures. There are strict IRS regulations regarding bartering, but here are the most important things to remember.

Both of you charge the going rate for your services or products. Do not mark up the product or service so you can "get more" from the other. You must charge the rate you charge all other clients. You can charge less, though.

Someone has to pay the tax. When I barter my services for the courier, for example, he pays his sales tax, and I pay mine. That way, the appropriate jurisdictions still get the tax based on the value of the "sale."

Make sure you record the bartered service or product as a sale for income tax purposes. You are providing a product or service for consideration monetary or in "kind" and must claim it as income.

Bartering can be a great way to get essential goods and services, but remember to keep it legal, keep it recorded, and pay the taxes. For complete information on IRS rules and guidelines, go to [www.irs.gov](http://www.irs.gov) . Also check with your jurisdiction's web site or business tax office for the records they need you to keep.

Saving money by bartering won't help if you end up having to pay fines for not recording income and paying the tax!

Bob Brolhorst  
Wave 5 Marketing  
bbrolhorst@wave5marketing.com

<http://www.wave5marketing.com>

[Get-Articles.com : 1000's of reprintable business and internet marketing-related articles.](#)

[Submit your article for reprint.](#)