

The Fair Treatment for Precious Metals Investment Act

H.R. 1772

- H.R. 1772 would remove gold, silver, platinum and palladium investment products from the collectible tax category, making them eligible for the 15 percent capital gains treatment currently afforded to investments such as equities and mutual funds. Currently, precious metals bullion investments products are taxed at the disadvantaged rate of 28 percent.
- A slightly different version of this legislation was originally introduced in the 106th Congress.
- In 2004, the legislation was modified to include palladium bullion and was added as an amendment to the Senate version of the JOBS bill. Unfortunately, this provision did not make it into the conference report.
- The Joint Committee on Taxation has scored the bill at only \$49 million in total over a ten-year time frame.
- Precious metals bullion investments should be treated like equities and mutual funds under the tax code because they trade like equities and mutual funds. Gold, silver, palladium and platinum are mediums of exchange that trade in a liquid market, around the world and around the clock.
- Congress recognized the investment nature of precious metals when it amended the tax code to allow investors the opportunity to include physical precious metals bullion investment products in their Individual Retirement Accounts (IRAs). H.R. 1772 conforms to the spirit of the IRA provision by providing capital gains tax treatment for physical precious metals bullion investments.
- The bill provides capital gains treatment for precious metals bullion investment products, including bullion coins and bars. Bullion coins are legal tender coins, issued by government mints, and are distinct from numismatic coins prized by collectors. Bullion coins bear a face value that is largely symbolic; their true value depends on the metal content and the day-to-day changing price for the metal. Bullion coins provide the investor with an economical way to make precious metals investments for diversification and portfolio protection purposes. Bullion coins are manufactured in large quantities and in a standardized uniform manner, making them fungible, or interchangeable with each other.
- H.R. 1772 does not cover numismatic – or collectible – coins.
- Bullion bars are also covered under H.R. 1772. Bullion bars come in a wide range of sizes, and their weight is measured in troy ounces or grams. Bullion bars are typically sold at a low premium above the bullion price and can be purchased from select commercial banks, brokerage houses and precious metals dealers. Bullion products are liquid investments, with a global 24-hour market.