



TAX BULLETIN 15-6

Virginia Department of Taxation

June 26, 2015

Important Information Regarding Gold, Silver and Platinum Bullion Sales

Retail Sales and Use Tax Exemption for Bullion

Legislation enacted during the 2015 Session of the Virginia General Assembly (House Bill 1648 and Senate Bill 1336, *Acts of Assembly, 2015, Chapters 620 and 629*) provides an exemption from the Retail Sales and Use Tax for gold, silver, or platinum bullion, provided the total sales price for each such transaction exceeds \$1,000. The legislation will take effect on July 1, 2015 and is scheduled to expire on July 1, 2019.

Gold, Silver, or Platinum Bullion, Defined

As provided in the statute, "gold, silver, or platinum bullion" means gold, silver, platinum or a combination of each such precious metal, that has gone through a refining process and for which the item's value depends on its mass and purity, and not on its form, numismatic value, or other value. An item's mass is its weight in precious metal, and its purity is the amount of precious metal contained within the item. Numismatic value is an external value above and beyond the base value of the underlying precious metal, due to the item's rarity, condition, age or other external factor.

Based upon these definitions, in order to qualify for the sales and use tax exemption, gold, silver, and platinum items must meet all of the following requirements:

- Must be refined.
- Must contain at least 90 percent gold, silver or platinum, or some combination of these metals.
- The sales price of the item must fluctuate with and depend on the market price of the underlying precious metal, and not on the item's rarity, condition, age or other external factor. Bullion with a sales price that exceeds 120% of the value of the underlying precious metal will not qualify for the sales and use tax exemption.

The exemption extends to gold, silver, or platinum bullion in the form of bars, ingots, or coins that meet the requirements set forth above. Qualifying bullion may contain other metals or substances, provided that the other substances are minimal in value compared with the value of the gold, silver or platinum, and the other substances do not add value to the item. For example, a combination of gold and diamonds would not qualify for the exemption.

For purposes of the exemption, gold, silver, or platinum bullion do not include jewelry or works of art.

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Example: A broker makes a sale of precious metal bullion in the following transaction:

1 troy oz. platinum bar	\$530.00
5 troy oz. palladium bar	\$745.00
Total sale	\$1,275.00

Bullion platinum closed at \$500.00 per troy ounce. Thus, the selling price of the bullion platinum is 106% more than the daily closing cash bullion price. The bullion palladium closed at \$150.00 per troy ounce, or \$750. Thus, the selling price of the bullion palladium is 99% of the daily closing cash bullion price. The entire transaction is exempt from sales and use taxes because the selling price of the bullion purchased did not exceed 20% of the daily closing cash bullion price of either metal.

Sales Price Requirement

The sales and use tax exemption applies to all such gold, silver, or platinum bullion, provided the sales price for each such transaction exceeds \$1,000. The price for each individual bar, ingot, or coin need not exceed \$1,000, provided that the sales price of one entire transaction of such pieces exceeds \$1,000. If the single transaction includes a taxable item, such as a numismatic coin, the price of the taxable item may not be taken into consideration in calculating the total sales price.

For purposes of this exemption, a single transaction is a single sale made at one time to one buyer by one seller, and reflected on a single invoice or sales slip.

Example: Dealer A sells both rare and bullion coins. As part of a single transaction, Purchaser buys a rare, 19th century coin and a new U.S. Mint bullion coin with no numismatic value. The bullion coin is priced at \$975, while the rare coin is priced at \$4,000, which is more than 120 percent of the value of the underlying metal content. Although the sales price of the total transaction is \$4,975, because the qualifying bullion coin is priced below \$1,000, the entire transaction is subject to the Retail Sales and Use Tax.

Administration of the Exemption

Purchasers of qualifying gold, silver or platinum are not required to present an exemption certificate to sellers in order to purchase these items exempt of the sales and use tax. Precious metal dealers may not collect Retail Sales and Use Tax on qualifying sales of gold, silver, or platinum bullion.

Dealers are required to maintain proper documentation of any transaction whole or in part, which is considered to be exempt. Proper documentation for bullion will describe the date of the sale, the fine metal content of the precious metal bullion sold, the form of the precious metal bullion, (such as bars, ingots, or coins), the manufacturer or issuer of the item, the date of the item if dated, the name and address of the purchaser, and the sales price of each item, items, lots, groups or sets of bullion.

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For additional information, please contact the Office of Customer Services at (804) 376-8037. This Tax Bulletin, along with other reference documents, is available online in the Laws, Rules, and Decisions section of the Department's website, located at www.tax.virginia.gov.