



How the IRS Taxes Various Precious Metals Investments A Dillon Gage Metals Primer on Proper Compliance

ADDISON, Texas (March 29, 2018) – [Dillon Gage Metals](#), an international precious metals wholesaler, is providing recommended tax comments for precious metals owners ahead of this year's April 17 filing deadline.

Astute investors understand that owning precious metals can provide an insurance policy for balancing a portfolio. History has shown that precious metals, typically function as a hedge on inflationary concerns. Investors also need to know how to properly report their tax liability to the IRS. With tax season upon us, now is the time to prepare. Below, international wholesaler Dillon Gage Metals provides insight into the tax treatment for precious metals

Capital Gains Taxation

Capital gains from either physical gold or silver or Exchange Traded Funds (ETFs), held externally from an individual retirement account (IRA), are taxed as collectibles, much like art and antiques. Metal bullion coins and bars are also viewed as collectibles by the IRS, albeit their value is based on the metal content and not rarity or design. Tax implications only come into play if liquidated or ownership is transferred.

Capital gains from the trade or sale of physical bullion, collectibles and precious metals-backed investments are taxed as short-term capital gain income, provided they're held for less than a year. If kept longer, treatment by the IRS changes. For gain on investments maintained over a year, taxpayers are subject to a maximum rate of 20 percent. However, collectibles can be taxed at up to 28 percent. To sum this up, if an investor's metals holdings go beyond a year, gains revealed at the time of sale could be taxed up to 28 percent. And additionally, a 3.8 percent net investment income tax could also apply.

ETNs and ETFs

Metals ETFs are supported by physical bullion. Thus, the treatment of ETF ownership by the IRS is directly influenced by how much of the ETF fund is vested in physical metals. Gold Exchange Traded Notes (ETNs) are labeled debt instruments, with the return rate tied to a specific gold index. The tax liability of ETNs depends on either short or long-term gains. When gold prices rise, taxpayers usually receive a greater after-tax return on gold held in IRAs than ETFs or brokerage accounts.

IRAs and Coins

Since the 1933 federal restrictions on gold ownership were removed in 1975, U.S. investment in precious metals has grown. The Taxpayer Relief Act of 1997 broadened investment options even further, permitting IRAs to include one, one-half, one-quarter or one-tenth ounce U.S. gold Eagle coins and one-ounce silver American Eagle coins minted by the U.S. Treasury Department, along with additional coins and bars that meet minimum minting and purity standards. IRA holders can also invest in IRS-permitted gold, silver, palladium and platinum, whether in bullion bars or coin forms.

The Self-Directed IRA

With the self-directed IRA, investor funds may be directly contributed or rolled from a traditional IRA or



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401(k). However, while precious metals IRAs can be expedient, a few restrictions apply. Also, an IRA owner isn't allowed to keep physical possession of the precious metal, it is required to be kept in an investor's name via a trustee. In turn, the trustee sets storage and administration fee amounts.

As for self-directed Roth IRAs, they may also invest in coins and bullion, provided they adhere to IRS requirements.

As a leading international wholesaler with a network of dealers, Dillon Gage Metals offers clients a range of products that meet IRA requirements. With storage facilities in New Castle, Delaware, and Dallas, Texas, Dillon Gage Metals' subsidiary, International Depository Services, can assist IRA administrators and investors with the storage of physical metals for IRA accounts.

Proper IRS Forms

As for the correct paperwork, taxpayers report capital gains from selling precious metals on Form 1040, Schedule D. Any losses are reported on Schedule D and can be utilized as a tax deduction. ETF owners provide taxpayers with 1099 forms to report either short-term or long-term gains or losses.

Disclaimer

The information contained in this press release is meant to offer tips for proper tax liability compliance on any precious metals holdings. However, as with any tax preparation, always have a qualified tax professional or licensed CPA ensure the accuracy of your full tax return prior to filing.

For more information, please visit www.dillongage.com or call (800) 375-4653.

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About Dillon Gage Metals

Dillon Gage Inc. of Dallas (DillonGage.com), founded in 1976, companies include:

- Dillon Gage Metals (www.DillonGage.com/Metals), one of the world's largest precious metals wholesale trading firms. The firm is an authorized purchaser for all major world mints and maintains inventory in over 20 countries around the world. 800-375-4653
- FizTrade Online Trading (www.FizTrade.com) offers a real-time bid/ask trading platform for gold, silver, platinum and palladium. 800-375-4653
- Digital Metals (www.DigitalMetals.com) delivers advanced tools and technologies that enable market participants to be more successful in their businesses, offering cloud-based solutions for the physical precious metals marketplace built upon the Digital Metals Platform. 866-494-3577
- Dillon Gage Refining (www.dillongage.com/refining/why-dg), professional assayers and refiners of precious metal scrap, from low grade to karat scrap. Stone removal services and diamond experts on staff. 888-436-3489
- International Depository Services Group with locations in Delaware, USA (www.ids-delaware.com; 888-322-2431), and Ontario, Canada (www.idsofcanada.com; 855-362-2431), offers secure, efficient and insured precious metals and certified coin depositories that focus on custom business logistics solutions including storage, fulfillment, inventory managements and many other value-added services.

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