

DEPARTMENT OF STATE REVENUE

Information Bulletin #50
Sales Tax
September 2016
(Replaces Information Bulletin #50 dated December 2002)
Effective Date: July 1, 2016

SUBJECT: Sales of Coins, Bullion, or Legal Tender

REFERENCE: [IC 6-2.5-3-5](#); [IC 6-2.5-4-1](#); [45 IAC 2.2-4-1](#); [IC 6-2.5-5-47](#)

DISCLAIMER: Information bulletins are intended to provide nontechnical assistance to the general public. Every attempt is made to provide information that is consistent with the appropriate statutes, rules, and court decisions. Any information that is inconsistent with the law, regulations, or court decisions is not binding on the department or the taxpayer. Therefore, the information provided herein should serve only as a foundation for further investigation and study of the current law and procedures related to the subject matter covered herein.

SUMMARY OF CHANGES

HEA 1046-2016 provides that transactions involving the sale of or the lease or rental of storage for certain coins, bullion, or legal tender are exempt from sales tax.

INTRODUCTION

In general, an excise tax known as the state gross retail ("sales") tax is imposed on sales of tangible personal property made in Indiana. However, transactions involving the sale of or the lease or rental of storage for certain coins, bullion, or legal tender are exempt from sales tax.

Transactions involving the sale of coins or bullion are exempt from sales tax if the coins or bullion are permitted investments by an individual retirement account ("IRA") or by an individually-directed account ("IDA") under 26 U.S.C. 408(m). Transactions involving the sale of legal tender are always exempt from sales tax. The lease or rental of storage space for coins, bullion, or legal tender is exempt from sales tax if the storage space is used to store exempt coins, exempt bullion, or legal tender.

Under 26 U.S.C. 408(m), IRAs and IDAs are prohibited from investing in "collectibles," the definition of which includes any metal or gem and any stamp or coin. However, Congress created a limited exception to this rule by exempting certain coins and bullion from the definition of collectible. Accordingly, only specifically approved coins, coins described in 26 U.S.C. 408(m)(3)(A), and specifically approved bullion, bullion described in 26 U.S.C. 408(m)(3)(B), which may be available in the form of coins, bars, or rounds, are permitted investments by an IRA or by an IDA.

EXEMPT COINS

Indiana law provides a sales tax exemption for coins that are permitted investments by an IRA or by an IDA under 26 U.S.C. 408(m) ("specifically approved coins"). As such, the following specifically approved coins, commonly referred to as "American Eagles" and "American Eagle Proofs," and coins issued under the laws of any state may be purchased exempt from tax.

| Gold Eagles | Silver Eagles | Platinum Eagles |
|------------------------------------|---------------------------------|-------------------------------------|
| 1 Troy oz. \$50.00 Face Value | 1 Troy oz. \$1.00 Face Value | 1 Troy oz. \$100.00 Face Value |
| 1/2 Troy oz. \$25.00 Face Value | | 1/2 Troy oz. \$50.00 Face Value |
| 1/4 Troy oz. \$10.00 Face Value | | 1/4 Troy oz. \$25.00 Face Value |
| 1/10 Troy oz. \$5.00 Face Value | | 1/10 Troy oz. \$10.00 Face Value |

Note: In addition to American Eagle and American Eagle Proof coins, coins issued under the laws of any U.S. State are permitted investments by an IRA or by an IDA under 26 U.S.C. 408(m).

Note: American Eagle coins, American Eagle Proof coins, and coins issued under state law are the only

specifically approved "coins" in which an IRA or an IDA is permitted to invest. However, other gold, silver, platinum, and palladium coins may be permitted investments by an IRA or by an IDA if the coins qualify as specifically approved bullion that is a permitted investment by an IRA or IDA under 26 U.S.C. 408(m). See EXEMPT BULLION below.

Note: U.S. coins that are legal tender may be purchased exempt from sales tax regardless of whether they're a permitted investment by an IRA or an IDA under 26 U.S.C. 408(m). See LEGAL TENDER below.

EXEMPT BULLION

As a general rule, transactions involving the sale of bullion, which may be available in the form of coins, bars, or rounds are subject to tax. Notwithstanding the general rule, Indiana law provides a sales tax exemption for bullion that is a permitted investment by an IRA or by an IDA under 26 U.S.C. 408(m) ("specifically approved bullion").

Specifically approved bullion is bullion that meets the following fineness requirements:

- gold coins, bars, or rounds that are 995 parts per 1,000 (99.5%);
- silver coins, bars, or rounds that are 999 parts per 1,000 (99.9%);
- platinum coins, bars, or rounds that are 999.5 parts per 1,000 (99.95%); and
- palladium coins, bars, or rounds that are 999.5 parts per 1,000 (99.95%)

if such bullion is in the physical possession of a qualified trustee.

Common examples of specifically approved bullion, including foreign coins meeting the definition of bullion, include, but are not limited to, the following:

| Gold Min. fineness .995 | Silver Min. fineness .999 | Platinum Min. fineness .9995 | Palladium Min. fineness .9995 |
|--|--|---|--|
| Australian Kangaroo/Nugget Coins | Australian Kangaroo/ Koala/ Kookaburra Coins | Australian Koala Coins | Canadian Palladium Maple Leaf Coins |
| Austrian Philharmonic Coins | Austrian Vienna Philharmonic Coins | Canadian Maple Leaf Coins | *Other Palladium Bars and Rounds with a minimum fineness of .9995 |
| Canadian Maple Leaf Coins | Canadian Maple Leaf Coins | Isle of Man Noble Platinum Coins | |
| Chinese Panda Coins | Chinese Panda Coins | *Other Platinum Bars and Rounds with a minimum fineness of .9995 | |
| American Buffalo Bullion Gold Coins | Mexican Liberated Bullion Coins | | |
| Credit Suisse/PAMP Suisse Bars | *Other Silver Rounds and Bars with a minimum fineness of .999 | | |
| *Other Gold Rounds and Bars with a minimum fineness of .995 | | | |

Note: The examples found in the chart above represent common examples of specifically approved bullion that may be purchased exempt from sales tax. Other forms of bullion, including bullion coins, qualify for Indiana's sales tax exemption if the bullion is a permitted investment by an IRA or by an IDA under 26 U.S.C. 408(m). Bullion of a fineness that fails to meet or exceed the minimum fineness requirements and bullion that is not in the physical possession of a qualified trustee is a "collectible" and remains subject to tax.

Note: The following examples of rare coins are "collectibles" under 26 U.S.C. 408(m). Because "collectibles" are not permitted investments by an IRA or by an IDAs, transactions involving the sale of the following coins do not qualify for Indiana's sales tax exemption and remain subject to tax.

- | | |
|---------------------|----------------------------|
| • Austrian Corona | • Italian 20 Lira |
| • Belgian 20 Franc | • Mexican 20 Peso |
| • British Britannia | • South African Krugerrand |
| • Chilean 100 Peso | • Swiss 20 Franc |
| • Dutch 10 Guilder | • U.S. Buffalo Proof |
| • French 20 Franc | • U.S. Liberty Gold Coin |

- Hungarian 100 Korona

- Other Collectible or Rare Coins

LEGAL TENDER

Indiana law provides a sales tax exemption for transactions involving the purchase of legal tender. "Legal tender" means all United States coins and currency, regardless of age or date of circulation, including Federal Reserve Notes and circulating notes of Federal Reserve Banks. Foreign gold or silver coins are not legal tender.

Note: Foreign circulating currency obtained through an exchange of currency at a bank or "Currency Exchange" is typically obtained through a like kind exchange. Transactions in which foreign currency is obtained through a like kind exchange are not subject to sales tax. Common examples of like kind exchanges include, but are not limited to, the exchange of U.S. dollars for an equivalent amount euros, pesos, yen, pounds, francs, Canadian dollars, or yuan.

EXEMPT STORAGE

In general, Indiana does not impose sales tax on the lease or rental of storage space. Lease fees or rental fees associated with the storage of exempt coins, exempt bullion, or legal tender is not subject to sales tax. In addition, the keeping or retention of exempt coins, exempt bullion, or legal tender in Indiana is not subject to use tax.

RETAIL MERCHANTS - RESPONSIBILITIES AND OBLIGATIONS

Persons occupationally engaged in the selling of gold, silver, platinum, or any other metal or alloy in the form of coins, bullion, bars, or in any other form, shape, size, or condition in Indiana are required to register as Indiana retail merchants and collect and remit Indiana sales tax on such transactions. Registration with the department is required regardless of whether the coins, bullion, or legal tender being sold qualify for the sales tax exemption discussed herein.

Retail merchants selling coins, bullion, or legal tender are required to retain adequate documentation supporting their exempt sales. Exempt sales are to be recorded on the Form ST-103 Sales and Use Tax Voucher.

Transactions involving the sale of coins or bullion that are permitted investments by an IRA or by an IDA, the specifically approved coins and bullion, and transactions involving the sale of legal tender are exempt from sales tax. However, the sale of "collectible" coins and bullion or any other tangible personal property either stored or arranged to be stored in Indiana is subject to Indiana sales tax, regardless of whether the buyer is identified as the owner of the particular coins, bullion, or tangible personal property.

Note: Auctioneers are retail merchants making a retail transaction when selling coins, bullion, and legal tender at auction. As retail merchants, auctioneers are required to register as Indiana retail merchants. In addition to registering with the department, auctioneers are responsible for collecting and remitting sales tax as agents of the state. Like other retail merchants, auctioneers are required to retain adequate documentation supporting their exempt sales. Exempt sales are to be recorded on the Form ST-103 Sales and Use Tax Voucher.

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Commissioner

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