U.S. Congressman Introduces Bill to Remove Income Taxation from Gold and Silver

WASHINGTON D.C., USA, February 11, 2019 /EINPresswire.com/ -- The battle to end taxation of constitutional money has reached the federal level as U.S. Representative Alex Mooney (R-WV) today re-introduced sound money legislation to remove all federal income taxation from gold and silver coins and bullion.

The Monetary Metals Tax Neutrality Act (H.R. 1089) backed by the Sound Money Defense League and free-market activists – would clarify that the sale or exchange of precious metals bullion and coins are not to be included in capital gains, losses, or any other type of federal income calculation.

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“If they’re indeed U.S. money, it seems there should be no taxes on them at all. So, why are we taxing these coins as collectibles?”

Acting unilaterally, Internal Revenue Service bureaucrats have placed gold and silver in the same “collectibles” category as artwork, Beanie Babies, and baseball cards – a classification that subjects the monetary metals to a discriminatorily high long-term capital gains tax rate of 28%.

Sound money activists have long pointed out it is inappropriate to apply any federal income tax, regardless of the rate, against the only kind of money named in the U.S. Constitution. And the IRS has never defended how its position squares up with current law.

Furthermore, the U.S. Mint continuously mints coins of gold, silver, platinum, and palladium and gives each of these coins a legal tender value denominated in U.S. dollars. This formal status as U.S. money further underscores the peculiarity of the IRS’s tax treatment.

A tax neutral measure, the Monetary Metals Tax Neutrality Act states that “no gain or loss shall be recognized on the sale or exchange of (1) gold, silver, platinum, or palladium coins minted and issued by the Secretary at any time or (2), refined gold or silver bullion, coins, bars, rounds, or ingots which are valued primarily based on their metal content and not their form.”

Under current IRS policy, a taxpayer who sells his precious metals may end up with a capital “gain” in terms of Federal Reserve Notes and must pay federal income taxes on this “gain.”

But the capital “gain” is not necessarily a real gain. It is often a nominal gain that simply results from the inflation created by the Federal Reserve and the attendant decline in the Federal Reserve Note dollar’s purchasing power.

Under Rep. Mooney’s bill, precious metals gains and losses would not be included in any calculations of a taxpayer’s federal taxable income.

“Inflation is a regressive tax that especially harms wage earners, savers, and retirees on a fixed income,” said Jp Cortez, policy director at the Sound Money Defense League. “We are encouraged to see legislation targeting the evils of the Federal Reserve System.”

“The IRS does not let taxpayers deduct the staggering capital losses they suffer when holding Federal Reserve Notes over time,” said Stefan Gleason, president of Money Metals Exchange, a precious metals dealer recently named “Best in the USA” by a global industry ratings group.

“So it’s grossly unfair for the IRS to assess a capital gains tax when citizens hold gold and silver to protect them from the Fed’s policy of currency devaluation.”

The text of the H.R. 1089 can be found here.

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