



Written by [Bruce Walker](#) on July 23, 2010

New Tax Burdens for Selling Gold

People are increasingly turning to gold as a hedge against financial collapse. As long as people can have the real security which comes from owning something portable, convertible, and which is not subject to the whims of federal financial bureaucrats, free citizens can maintain a degree of independence from the heavy hand of government. The right to own gold is analogous to the right to own firearms. Both empower the individual citizen in a very direct and practical way.



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The new tax measure could have a devastating impact upon the businesses that buy and sell gold. Pet Heller, the owner of Liberty Coin Service in Michigan, has an estimated 1,000 customers every week. These are often people looking for some security in very uncertain economic times. Because the price of gold is so high, about \$1,200 an ounce, a very high percentage of sales transactions at Liberty Coin Service will involve more than \$600 worth of gold. Heller figures that he will be filing between 10,000 and 20,000 tax forms each year. That, in turn, will require Liberty Coin Service to hire a couple of clerical employees just to handle this mountain of new paperwork. The impact of that, of course, will be to reduce Heller's profit margin and to raise the price he has to charge customers for the gold he sells.

Perhaps the worst consequence of this new tax law is that huge corporations and very wealthy Americans will find this only a minor inconvenience. If a billionaire wants to buy gold, he is probably going to buy a very large amount of gold at one time. Americans in the middle class, seeking refuge from the economic problems of our nation, are more likely to save up to buy a much smaller amount, \$1,000 perhaps, and then when he can afford it, buy some more gold.

Another very troubling aspect to this new tax change is that it seems directed at those who urge Americans to protect themselves by investing in gold. Glenn Beck, for example, and other outspoken critics of our slide towards socialism, are spokesmen for companies that sell gold. Congressman Weiner of New York has openly condemned these libertarians and the gold industry as forming an "unholy alliance." Punishing political critics with the IRS Code is, tragically but clearly, part of the whole system of power in Washington.

The last flaw in this new law is that many Americans, knowingly or often unknowingly, will not file the IRS 1099 form. Oppressive and complex laws almost always lead some citizens to move into the underground economy and others to unwittingly violate the law. Although coin dealers will surely understand the new law, it is dubious whether a citizen who has saved up thousands of dollars of gold and then needs to convert that into cash will know that he will need to file a tax form for every gold sale of over \$600.

It is hard to understand just what real good this measure in a federal bill intended to improve health care will actually achieve. It is certain, however, to weaken our freedom, complicate our lives, and push some Americans into innocent violation of federal law.



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