



HOUSE BILL 434: Coins/Currency/Bullion Sales Tax Exemption.

2017-2018 General Assembly

Committee: Senate Rules and Operations of the Senate	Date: June 26, 2017
Introduced by: Reps. Bumgardner, Collins	Prepared by: Nicholas Giddings
Analysis of: First Edition	Staff Attorney

OVERVIEW: *House Bill 434 would exempt from sales and use tax the sales of rare coins, paper currency, and precious metal bullion. This bill would become effective July 1, 2017, and apply to sales made on or after that date.*

CURRENT LAW: Sales and use tax is imposed on sales of tangible personal property. Coins and currency are considered tangible personal property and, therefore, are subject to the sales and use tax unless a specific exemption applies.¹ North Carolina does not currently exempt the retail sale of coins or collectible stamps.² A person engaged in the business of selling collectible stamps, coins, investment-quality bullion, and related items to collectors must register with the Department of Revenue for the purpose of collecting and remitting the applicable State and local sales tax. Casual or isolated sales of coins and stamps by individuals who are not engaged in business are exempt from tax.

BILL ANALYSIS: House Bill 434 would exempt retail sales of investment coins, investment metal bullion, and non-coin currency from sales and use tax.

Investment coins. – These are numismatic coins or other forms of legal tender of the United States or a foreign nation that are made of metal and have a fair market value greater than any statutory or nominal value of the coins. Numismatic coins are considered collectibles, valued more for their rarity than their actual metal content.

Investment metal bullion. – Generally speaking, investment metal bullion is a refined precious metal, such as gold, silver, platinum, or palladium, the value of which is based upon its precious metal content rather than its form. It is typically sold as bars or coins, and its value directly corresponds with the rise and fall of the value of the underlying metal.

Non-coin currency. – Forms of money or legal tender *other than that manufactured of metal* with a fair market value greater than any statutory or nominal value of the currency.

EFFECTIVE DATE: The bill would become effective July 1, 2017, and would apply to sales made on or after that date.

BACKGROUND: Thirty-four states have a complete or partial sales tax exemption on the retail sale of precious metal numismatic and bullion items, including Arizona, California, Colorado, Connecticut, Delaware, Florida, Georgia, Idaho, Illinois, Indiana, Iowa, Louisiana, Maryland, Massachusetts, Michigan, Missouri, Montana, Nebraska, North Dakota, Ohio, Oklahoma, Pennsylvania, Rhode Island, South Carolina, South Dakota, Texas, Utah, Virginia, and Washington.

Trina Griffin, counsel to House Finance, substantially contributed to this summary.

¹ However, the exchange of currencies is not a sale of tangible personal property for sales and use tax purposes.

² Sales of stamps through vending machines or in any other manner for use as United States postal fees are exempt from the tax.

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