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Tax Guidance for Persons, Firms, and Corporations Selling or Purchasing Gold, Silver, Platinum and Palladium Bullion, and Money

The legislature has passed and the governor has signed Act 2018-164 amending Sections 40-23-4 and 40-23-62, relating to the sales and use tax exemptions, to exempt gold, silver, platinum and palladium bullion, and money from sales and use tax for five years.

Effective June 1, 2018, and ending five years thereafter, the gross proceeds of sales of bullion or money, as defined in Section 40-1-1 (7) shall be exempt from sales and use tax.

For the purpose of Act 2018-164 the following terms shall be defined and interpreted as follows:

1. **BULLION.** Gold, silver, platinum, palladium, or a combination of each precious metal, that has gone through a refining process and for which the item's value depends on its mass and purity, and not on its form, numismatic value, or other value. The term includes bullion in the form of bars, ingots, or coins that meet the requirements set forth above. Qualifying bullion may contain other metals or substances, provided that the other substances are minimal in value compared with the value of the gold, silver, platinum, or palladium and the other substances do not add value to the item. For purposes of this subparagraph, "gold, silver, platinum, or palladium" does not include jewelry or works of art.
2. **MASS PURITY.** An item's mass is its weight in precious metal, and its purity is the amount of precious metal contained within the item.
3. **NUMISMATIC VALUE.** An external value above and beyond the base value of the underlying precious metal, due to the item's rarity, condition, age, or other external factor.

In order for bullion to qualify for the sales and use tax exemption, gold, silver, platinum, and palladium items must meet all of the following requirements:

1. Must be refined.
2. Must contain at least ninety percent gold, silver, platinum, or palladium or some combination of these metals.
3. The sales price of the item must fluctuate with and depend on the market price of the underlying precious metal, and not on the item's rarity, condition, age, or other external factor.

If you should have any questions concerning this notice, please contact the Sales and Use Tax Division by telephone at (334) 242-1490, by email at STExemptionUnit@revenue.alabama.gov, or by mail at Sales and Use Tax Division, Exemption Unit, P.O. Box 327710, Montgomery, AL 36132-7710.