



Gold Coin Sellers Angered by New Tax Law

Gold coin sellers say new tax law is unfair.

By Rich Blake
July 20, 2010, 1:49 PM

Share

July 21, 2010— -- Those already outraged by the president's health care legislation now have a new bone of contention -- a scarcely noticed tack-on provision to the law that puts gold coin buyers and sellers under closer government scrutiny.

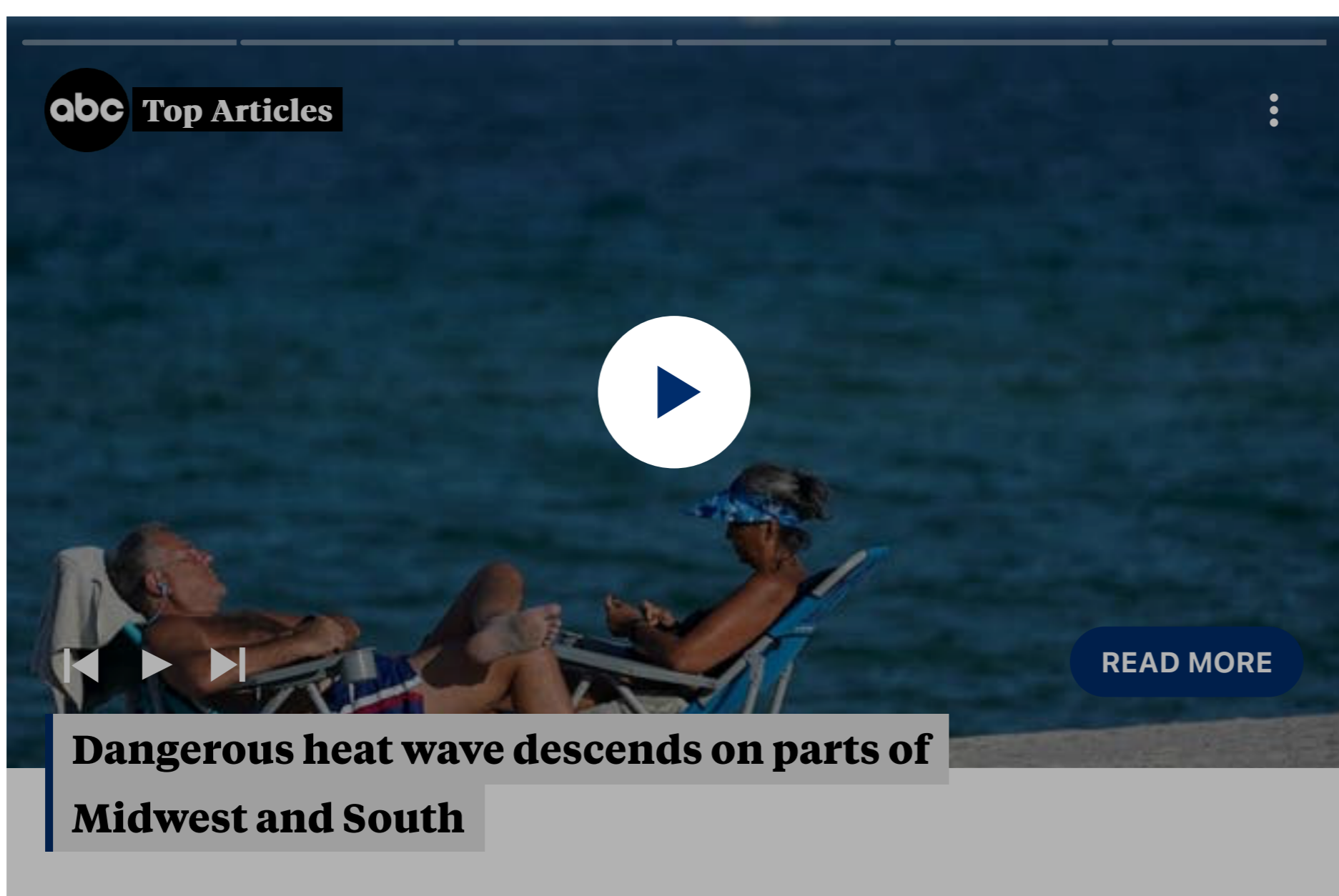
The issue is rising to the fore just as gold coin dealers are attracting attention [over sales tactics](#).

Section 9006 of the Patient Protection and Affordable Care Act will amend the Internal Revenue Code to expand the scope of Form 1099. Currently, 1099 forms are used to track and report the miscellaneous income associated with services rendered by independent contractors or self-employed individuals.

Starting Jan. 1, 2012, Form 1099s will become a means of reporting to the Internal Revenue Service the purchases of all goods and services by small businesses and self-employed people that exceed \$600 during a calendar year. Precious metals such as coins and bullion fall into this category and coin dealers have been among those most rankled by the change.

This provision, intended to mine what the IRS deems a vast reservoir of uncollected income tax, was included in the health care legislation ostensibly as a way to pay for it. The tax code tweak is expected to raise \$17 billion over the next 10 years, according to the Joint Committee on Taxation.

Recent Stories from ABC News



Taking an early and vociferous role in opposing the measure is the precious metal and coin industry, according to Diane Piret, industry affairs director for the Industry Council for Tangible Assets. The ICTA, based in Severna Park, Md., is a trade association representing an estimated 5,000 coin and bullion dealers in the United States.

"Coin dealers not only buy for their inventory from other dealers, but also with great frequency from the public," Piret said. "Most other types of businesses will have a limited number of suppliers from which they buy their goods and products for resale."

So every time a member of the public sells more than \$600 worth of gold to a dealer, Piret said, the transaction will have to be reported to the government by the buyer.

Pat Heller, who owns Liberty Coin Service in Lansing, Mich., deals with around 1,000 customers every week. Many are individuals looking to protect wealth in an uncertain economy, he said, while others are dealers like him.

With spot market prices for gold at nearly \$1,200 an ounce, Heller estimates that he'll be filling out between 10,000 and 20,000 tax forms per year after the new law takes effect.



"I'll have to hire two full-time people just to track all this stuff, which cuts into my profitability," he said.

An issue that combines gold coins, the Obama health care law and the IRS is bound to stir passions. Indeed, trading in gold coins and bars has surged since the financial crisis unfolded and Obama took office, metal dealers said.

The buying of actual gold, as opposed to futures or options tied to the price of gold, has been a particularly popular trend among Tea Party supporters and others who are fearful of Obama's economic policies, gold industry members such as Heller and Piret said.

Conservative/libertarian commentators, such as Fox News Channel's Glenn Beck, routinely tout precious metal on the air as being a safe, shrewd investment in an environment in which the financial system -- and paper money backed by the rest of the world's faith in the U.S. government's credit -- is viewed as increasingly fragile.

The recently revealed investigation by California authorities into consumer complaints against Goldline International, which has used Beck as a pitchman, and Superior Gold Group (which has not) has put a spotlight on what one liberal leaning politician, Rep. Anthony Weiner, D-N.Y., calls the "unholy alliance" between gold coin sellers, such as Goldline, and conservative talk personalities, such as Beck.

Beck, who through his spokesman, Matt Hiltzik, declined to comment for this story, and [Goldline marketers](#) portray gold coins as a better alternative to owning bullion in the event that the U.S. government ever decides, as it did under FDR in 1933, to make it illegal for private citizens to own physical gold. At that time, the U.S. dollar was still pegged to the price of gold; the gold standard was abandoned during the Nixon administration.

Rep. Daniel Lungren, R-Calif., has introduced legislation to repeal the section of the health care bill that would trigger the new tax reporting requirement because he says it's a burden on small businesses.

"Large corporations have whole divisions to handle such transaction paperwork but for a small business, which doesn't have the manpower, this is yet another brick on their back," Lungren said in a statement e-mailed to ABCNews.com. "Everyone agrees that small businesses are job creators and the engine which drives the American economy. I am dumfounded that this Administration is doing all it can to make it more difficult for businesses to succeed rather than doing all it can to help them grow."

The ICTA's Piret says identity theft is another concern because criminals may set up shops specifically to extract personal information that would accompany the filing out of a 1099.

The office of the National Taxpayer Advocate, a citizen's ombudsman within the IRS, issued a report June 30 that said the new rule "may present significant administrative challenges to taxpayers and the IRS."

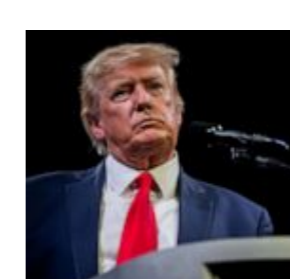
Top Stories



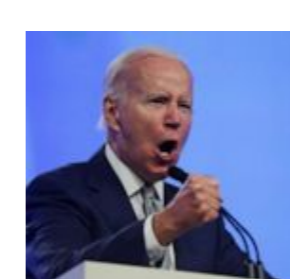
Photos capture election-night tension at WH as Trump family watches lead fade away
Jun 14, 08:20 AM



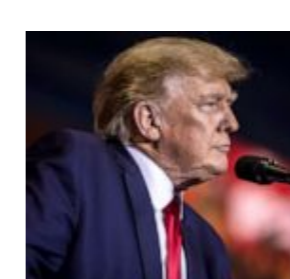
Russian court extends detention for US basketball star
Jun 14, 06:34 AM



Donald Trump, eldest children to give depositions in real estate investigation
1 hour ago



Fired-up Biden blames Republicans for blocking his plan to fight inflation
4 hours ago



Trump issues 12-page statement amid Jan. 6 hearings alleging he plotted a 'coup'
9 minutes ago

ABC News Live



24/7 coverage of breaking news and live events

2022's Gold Bonanza

This \$6 Gold Royalty Stock Pays Royalties And Is About to Soar
Wall Street Watchdogs

Open



Before You Renew Amazon Prime, Read This
Capital One Shopping

Volvo's Gorgeous New Lineup Might Leave You Speechless
Auto Savings Center | Search Ads

Honolulu: Unsold Never-Driven Cars Now Almost Being Given Away: See Prices
© 2022 Honda | © Consumer Auto

The moment John Bobbitt realized his wife had cut off his penis: 'It was a nightmare'

Bear euthanized after ripping into tent, injuring mother and daughter in Tennessee

Donald Trump, eldest children to give sworn depositions in real estate investigation

Most Affordable Camper Vans
Camper Van Warehouse | Search Ads

Tommy Chong: Throw Away Your CBD Now
Tommy Chong's CBD
Shop Now

Empty Alaska Cruise Cabins Are Almost Being Given Away
Cruise Deals | Sponsored searches

Promoted Links by Taboola