

Dear Colleague:

I have introduced the Monetary Metals Tax Removal Act (H.R. 1089), and I hope you will agree to co-sponsor.

H.R. 1089 simply ends federal income taxation of gold and silver coins and bullion.

As you know, the Federal Reserve has repeatedly articulated an “inflation targeting” policy which seeks deliberately to devalue the unbacked Federal Reserve Note at a specific rate per year.

Indeed, the purchasing power of our currency has fallen some 96% since Congress passed the Federal Reserve Act in 1913, with an acceleration in the rate of decline occurring since the early 1970s when the final link to gold was severed. Prior to the Fed’s creation, there was little to no inflation for over 100 years.

Acting unilaterally, the Internal Revenue Service has 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%.

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 inappropriate nature of IRS income tax treatment.

The Fed policy of creating inflation and monetizing debt has the effect of driving up the cost of virtually everything our constituents consume, while simultaneously reducing the real value of the money in their pockets and savings accounts.

A tax neutral measure, H.R. 1089 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.”

Finally, the IRS does not let taxpayers deduct the staggering capital losses they suffer when holding Federal Reserve Notes over time, so it is unfair for assess a capital gains tax when citizens hold gold and silver to protect them from the Fed’s policy of currency devaluation.

The Monetary Metals Tax Removal Act (H.R. 1089) ends the inappropriate taxation on the only money mentioned in the U.S. Constitution, and I request that you co-sponsor the bill.

Sincerely,

Alex X. Mooney
Member of Congress

