



Understanding Reportable Items and Approved Brands for Precious Metals Contracts

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Introduction

In December 2023, the National Coin & Bullion Association (NCBA) opened an inquiry with the IRS regarding reporting requirements for dealers in precious metals. This led to clarification on the applicability of IRS Revenue Procedure 92-103 to specific precious-metal items under Commodity Futures Trading Commission (CFTC)-approved regulated futures contracts. Following discussions with the IRS Office of Chief Counsel, it was established that precious-metal coins and \$1,000 face-value bags of 90% silver cannot be used to settle currently approved CFTC precious metal contract requirements.

Key Insights

1. IRS Reporting Requirements:

- Sales of precious metals are reportable if they meet specific criteria outlined by the IRS Form 1099-B, Sales of precious metals. These criteria specify the form the precious metal takes and whether it satisfies the minimum required quantity for CFTC-approved regulated futures contracts.
- Transactions involving precious-metal coins and \$1,000 face-value bags of 90% silver are no longer reportable under current CFTC-approved precious metal futures contracts. If in the future CFTC allows precious metal futures contracts to be settled with precious-metal coins, then businesses will likely be required to report them based on new contract requirements.

2. CFTC Regulations and Contract Specifications:

- The CFTC oversees futures and options trading markets, including those for precious metals. Relevant Designated Contract Markets (DCMs) include COMEX and NYMEX, which offer futures contracts for various precious metals.
- Under the current set of CFTC precious metals futures contracts, all settleable contracts must be settled with precious-metal bars from approved brands, generally of a specific purity and a specific number of ounces or kilograms.

Guidance for Dealers

While dealers are no longer required to report purchases of certain types and amounts of precious-metal coins from the retail public on Form 1099-B, this could change. If in the future the CFTC approves precious metal contracts that can be settled with precious metal coins, the IRS may again require dealers to report certain purchases from the retail public.

Those dealers that purchase large amounts of **precious-metal bars** from the retail public should become familiar with the information provided below to identify purchases that might require filing Form 1099-B.

Finding Precious Metal Futures Contracts

Dealers can find information about currently approved precious metals futures contracts at the [Chicago Mercantile Exchange \(CME\) Group](#). There are two CME Group exchanges that offer relevant contracts; each

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has a rule book that list the requirements for contracts, as noted below. Current contracts can only be settled with precious-metal bars from approved brands.

1. [COMEX Rulebook](#) (Gold and Silver)
2. [NYMEX Rulebook](#) (Platinum and Palladium)

Finding Approved Precious-Metal Brands

There are numerous approved precious metal brands, which are determined by the LMBA—the London, UK–based Independent Precious Metals Authority. To download a spreadsheet containing service providers, including approved brands for delivery, click [here](#), then choose the worksheet tab for a specific metal’s brands. This link is provided by the CME Group. Approved brands change over time, as do futures contracts.

Based on the above, if you purchase an approved brand of precious-metal bars from the retail public in amounts and of purity covered in a CME Group futures contract, you will likely need to report the transaction to the IRS on Form 1099-B. However, if you have questions you should consult with your attorney or CPA for guidance.

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