

Silver, Gold, and Platinum Bullion; Bank Notes; Commemorative Coins and Postage Stamps

Social Service Tax Act

This bulletin outlines the application of social service tax to sales of silver, gold, and platinum bullion in the form of bars, wafers, and coins; to commemorative coins, tokens, and trade dollars; to bank notes; and to postage stamps, stamped envelopes, and stamped postcards.

The information in this bulletin is provided for your convenience and guidance and is not a replacement for the legislation. The *Social Service Tax Act* and Regulations can be found on the web at www.gov.bc.ca/sbr

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SILVER, GOLD, AND PLATINUM BULLION

Silver, gold, and platinum bullion wafers and bars sold at a price equal to the current market value of the metal content are exempt from social service tax. Sales of silver, gold, and platinum certificates are also exempt from tax.

Silver, gold, and platinum bullion coins sold at the value of their metal content are exempt from tax, provided that the following are met:

- the price of the bullion coin fluctuates with the current market value of its gold, silver, or platinum content, and
- handling charges are stated separately and are at a rate equivalent to those normally charged in the bullion market (e.g., by banks).

Silver, gold, or platinum bars, wafers, or coins sold at a price greater than the value of their metal content, and purchased primarily for their value as

collectibles, are subject to social service tax. The tax applies to the full amount paid by the purchaser to receive title to the bars, wafers, or coins.

This includes any silver, gold, or platinum coins, wafers, or bars sold at a premium greater than that normally charged in the bullion market, such as numismatic coins, bars, or coins refashioned into jewelry, or stamped with commemorative markings, holiday greetings, or zodiac signs.

COMMEMORATIVE COINS, TOKENS, AND TRADE DOLLARS

Commemorative coins, tokens, and trade dollars are not legal tender in Canada. These items are generally issued by a municipality or service organization in conjunction with a local occasion or event. During the event, these items are accepted at face value by local merchants on purchases of goods and services. At the event's conclusion, these coins, tokens, and trade dollars are redeemed at face value by the issuing organization.

Where the coins, tokens, and trade dollars are intended to be sold at face value during the event, the issuing organization must pay tax on their cost of acquiring them. Tax does not apply to subsequent transactions introducing these items into circulation, or their use at face value during the event. However, if these items are sold above face value during the event or at any price after the event when they can no longer be used to make purchases, they are considered collectibles or souvenirs and tax applies to their full sale price.

Where the original intention was to sell the coins, tokens, and trade dollars at a price greater than face value, they are considered to be collectibles or souvenirs. The organization arranging for minting is not required to pay tax on the cost of acquiring these items, but must collect and remit tax on their resale.

BANK NOTES

Bank notes sold at a price greater than their face value at prevailing exchange rates and purchased primarily for their value as collectibles are subject to social service tax.

POSTAGE STAMPS, STAMPED POSTCARDS, AND STAMPED ENVELOPES

The purchase of Canadian postage stamps at face value for mailing purposes is a prepayment for postal service and not subject to social service tax.

When stamped postcards or stamped envelopes are sold for a single price, and the value of the stamps exceeds that of the postcards or

envelopes, the sale is not subject to tax. If the value of the postcards or envelopes exceeds that of the stamps, then the sale is subject to tax.

When stamped postcards or envelopes are sold with their value stated separately from that of the stamps, only the retail sale price of the postcard or envelope is subject to social service tax.

Cancelled stamps, postcards and envelopes with cancelled stamps, uncancelled Canadian stamps sold above face value, and stamps from foreign countries are considered collector's items and subject to tax on their full sale price.

NEED MORE INFO?

This bulletin is provided for convenience and guidance. If you still have questions call us at 604 660-4524 in Vancouver or toll-free at 1 877 388-4440 elsewhere in Canada or refer to the legislation.

Information is also on the web at www.gov.bc.ca/sbr While there, you can subscribe to our free electronic update service.

References: *Social Service Tax Act*, Section 1, 2(1) and Regulation 3.31