Gold and taxes: What every investor needs to know

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Gold investing could have big benefits for your portfolio — but it could also come with surprising tax obligations.
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If you bought gold earlier this year, then you've probably seen some big returns. The price of gold has risen steadily in 2024, even hitting record highs multiple times.

Forecasts say they could rise further, too. And while that's great for your portfolio, it also has some tax implications you'll want to prepare for.

Gold and taxes: What every investor needs to know

Do you have gold investments that have seen gains this year? Here's what to know about the taxes you might owe as a result.

Capital gains taxes

If you sold any of your gold investments for a profit this year — including gold stocks or shares of a gold ETF — you're going to owe capital gains taxes on those returns.

"The tax bill is based on the amount of gain," says Matthew Chancey, a certified financial planner and founder of Tax Alpha Companies.

Depending on your income, you'll owe a capital gains tax of 0% to 20% on the profits if you held the asset for more than 12 months. If it's less than 12 months, you'll be taxed based on your ordinary tax bracket (though the gains could push you into a higher bracket in some cases).

Find out more about gold investing here.

Collectibles taxes

If you sold physical gold assets — like gold coins, for instance — the tax bill could be even higher.

"That's considered a collectible and is taxed at a higher rate," Chancey says. "Instead of a long-term capital gains tax at 20%, it would be taxed at the collectibles rate of 28%. So, if you invested $100,000 into the physical metals and the value is now $200,000, you would pay $28,000 in taxes if you held the metals for longer than 12 months."

One other catch? Collectible taxes are tallied up before capital gains, so if you have too much profit there, it could lead to higher taxes on other profits, too.

"One easy-to-miss tax issue is the order of operations for taxing collectibles," says Matthew Argyle, a certified financial planner and owner of Encore Retirement Planning. "Simply put, ordinary income is considered first, then collectibles, and last, capital gains. This means that gains from collectibles may increase the tax rate on your regular capital gains."

Investment taxes

If you make over $200,000 as a single tax filer, $250,000 if you're married and file jointly, or $125,000 if you're married and file solo, then you'll face another tax on any income you earn from your gold investments: The net investment income tax (NIIT).

"If you qualify for the Net Investment Income Tax, you could owe nearly 12% more to the IRS," says Argyle. "Additionally, you may face state and local taxes, which could bring your total tax rate to as high as 54% — 37.6% in federal income tax, plus 3.8% in net investment income tax, plus 12.3% in state taxes."

How to reduce your gold taxes

While you can't legally avoid paying taxes on your investment income, there are ways to mitigate the damage they do to your bottom line. For one, you can do what's called "tax loss harvesting," in which you recognize losses in other investments to make up for the gains in others.

"For gold held in taxable accounts, the concept of tax loss harvesting in the overall portfolio could apply," says Rob Burnette, CEO of Outlook Financial Center. "Using losses to offset gains is a normal process used in taxable accounts to help mitigate taxes."

Another option is to use the gains you earned toward a new investment.

"You could also consider reinvesting those gains from metals in real estate — into a qualified opportunity zone fund to help mitigate the sting of the taxes," Chancey says.

These are both after-the-fact approaches, though. If you're proactive enough, you could reduce taxes from the start. For one, you can just avoid selling the gold altogether. Hold onto it longer, and allow it to keep appreciating.

"As long as nothing is sold, there are no taxable events," says Michael Chadwick, president of Fiscal Wisdom Wealth Management.

Another option is to hold your gold investments in a gold IRA, which Argyle calls a "major loophole."

"Doing so will avoid the 'collectible' classification and allows gold to enjoy the same tax rules as other IRA assets," Argyle says. Just proceed with caution: "Serious issues arise if you buy the wrong type of gold for your IRA or store it improperly."

The bottom line

At the end of the day, you're best off talking to both an investment and tax professional if you're going to invest in gold. They can help you choose the best investments, as well as prepare for the tax implications that might come with those.

"Contact an expert in this field," says Eric Elkins, CEO of Double E Financial Solutions. "If your financial advisor isn't savvy on the best gold investments, then ask them to help you find an expert who is. You wouldn't have knee surgery from your dermatologist, so don't make the same mistake with your financial well-being."