EDUCATIONAL RESOURCE

Physical Gold Handbook

Contents

Physical Gold Handbook

A structured reference for UK buyers

Eight sections covering what physical gold is, how it is priced, UK tax treatment, formats

compared, storage options, the buying process, selling routes, and records to keep.

Educational reference — not financial advice.

What is physical gold

How gold is priced — spot, premiums, spreads

UK tax context — VAT and CGT

Formats compared — coins vs bars

Storage options

The buying process — step by step

Selling routes

Records and documentation

> This document is for educational purposes only. It is not financial, investment, tax, legal, or personal advice. Rules change —

always verify with HMRC and seek qualified advice for your individual circumstances.

01 · WHAT IS PHYSICAL GOLD

Physical gold for investment falls into two main categories:

• Bullion coins and bars — priced primarily on metal content, close to spot

• Numismatic/collectable coins — priced on rarity, condition, and demand above metal content

This handbook covers investment-grade bullion only.

Property

Gold

Element symbol

Au (from Latin "aurum")

Density

19.32 g/cm^3 — one of the densest metals

Does it tarnish?

No — gold does not corrode or oxidise in normal

conditions

Standard investment purity

999 fine (99.9%) or 999.9 fine (99.99%)

Weight unit

Troy ounce (1 troy oz = 31.1035 grams)

Sovereign gold content

7.322 grams fine gold per coin (22ct, 916 fine)

02 · HOW GOLD IS PRICED

Spot price: The current global market price for immediate delivery, quoted per troy ounce in USD.

Set continuously by global markets. The LBMA AM (10:30) and PM (15:00) London fixes are the

main benchmarks.

Retail price = spot + premium + delivery. You never pay spot alone.

Cost component

What it covers

Typical range

Spot price

Raw metal value

Market-driven,

GBP/USD

Fabrication/minting

Cost to produce coins or bars

1–4% of spot

Dealer margin

Dealer's operating profit

0.5–3% of spot

Delivery/insurance

Secure transport

£5–£15 flat or included

VAT

For investment gold: 0% (VAT-exempt)

0% on qualifying

products

Spread: the gap between a dealer's selling price and buyback price. A 5% spread means buying

and immediately selling back costs 5% of value. Compare buyback prices, not just selling prices.

03 · UK TAX CONTEXT

VAT — Investment gold is zero-rated

Physical gold meeting HMRC's investment gold definition is VAT-exempt in the UK. Criteria: bars of

at least 995 fine (99.5%) and at least 1 gram from recognised refiners; coins of at least 900 fine that

are or have been legal tender in their country of origin. Always check the invoice — VAT-exempt

items show 0% VAT.

CGT — depends on the product

Product

CGT treatment (educational context only)

Gold bars

Standard CGT asset. Gains above £3,000 allowance taxed

at 18%/24%.

Gold Sovereign

UK sterling legal tender. Commonly discussed as

CGT-exempt (TCGA 1992 s.21).

Gold Britannia

UK sterling legal tender. Commonly discussed as

CGT-exempt.

Foreign coins (Maple Leaf,

Krugerrand)

Not UK legal tender. Standard CGT applies.

Verify current HMRC rules. Tax positions depend on individual facts and current legislation. This is educational context — not

tax advice.

04 · FORMATS COMPARED

Factor

Gold bars

Gold Sovereign

Gold Britannia 1oz

Purity

995–999.9 fine

916 fine (22ct)

999 fine (24ct)

Premium over spot

1–5% (lower at

scale)

5–9%

5–10%

UK VAT

Zero-rated

Zero-rated

Zero-rated

CGT discussion

Standard CGT

Often CGT-exempt

Often CGT-exempt

Min. purchase

~£70 (1g bar)

~£450

~£2,900

Divisibility

Fixed weight

Sell one at a time

Sell one at a time

Liquidity

High (major brands)

Very high

High

05 · STORAGE OPTIONS

Home safe

Quality bolted safe. Immediate access. Standard home insurance often inadequate — specialist

bullion insurance required. Consider who else knows it is there.

Safe deposit box

Off-site storage. Insurance is your responsibility — the facility does not cover contents. UK

availability has reduced significantly.

Third-party vault

Professional facility. Look for: allocated storage, independent audits, explicit insurance, clear exit

terms. Typical cost: 0.1–0.5% of value per year.

06 · THE BUYING PROCESS

1

Decide format

2

Compare dealers

3

Verify the dealer

4

Lock price and pay

5

Pack and post

6

Receive and check

7

Store securely

Coin or bar? CGT treatment, budget, and holding period all matter. See section 04.

At least two quotes on the same day. Calculate as % of spot.

Companies House, HMRC AML registration, clear invoice policy.

For postal sales: same-day postage required after price lock.

Plain box, no external indication of contents. Royal Mail Special Delivery.

Verify product matches invoice. Photograph immediately.

With insurance in place before delivery.

07 · SELLING ROUTES

Route

Typical rate vs spot

Best for

Online dealer (BullionByPost,

Gold.co.uk, Chards)

93–98% of spot

Standard bullion — most

sellers

In-person visit

90–97% of spot

Unusual items, larger quantities

Auction house

Variable — can

exceed spot

Numismatic, rare, or proof

pieces

Pawn / cash-for-gold

60–80% of spot

Not recommended for bullion

Formula for comparing buyback offers

Dealer offer (£) ÷ (Spot price × weight in troy oz) = % of spot. Higher % = better rate. Always calculate

this for each quote before committing.

08 · RECORDS AND DOCUMENTATION

Original purchase invoice

Shows acquisition cost, date, VAT status, dealer. Essential for CGT and estate purposes.

Product photographs

Front, back, any marks or certificates. Taken at time of acquisition.

Serial numbers

Note separately from the physical metal.

Storage record

Location, any access codes. Keep accessible to an executor.

Insurance documentation

Policy reference, declared values, renewal dates.

Sale confirmation

When sold: gross proceeds, date, dealer, payment method.

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> Verify all information with current HMRC guidance and seek qualified professional advice for your circumstances.
