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# Why Store Bullion in Canada *The Canadian Advantage*

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By Nick Barisheff

**T**here are many issues to consider if you choose to store your gold, silver and platinum bullion in a country other than the one in which you reside. Ultimately, your choice should be guided by the need to secure your wealth while maintaining your privacy. With worldwide London Bullion Market Association (LBMA) storage options available, we at Bullion Management Group Inc. (BMG) consider Canada to be the safest, most sensible choice for gold, silver and platinum storage.

## **What Are the Key Considerations When Choosing a Bullion Storage Country?**

For more than a decade, the Swiss National Bank (SNB) has chosen to store a percentage of its country's gold holdings in Canada and, according to a [recent article](#) in the *Globe and Mail*, the SNB used the following criteria to determine that Canada is a preferred storage location:

"First, adequate regional diversification and good market access for the storage of gold must be ensured. Second, the country in which the gold is stored must be politically and economically very stable and guarantee the immunity protection of central bank investments." Thomas Jordan, Swiss central bank governing board chairman.

## **No VAT on Silver and Platinum Stored in Canada**

Of particular concern to UK and some other EU residents is that silver and platinum bullion purchases are subject to a 20% Value Added Tax (VAT). Bullion stored in Canadian vaults is not subject to this tax, and as a result investors can purchase and store silver and platinum coins and bullion in Canada without incurring VAT, or any Canadian sales tax. In addition, Canada does not impose any withholding tax on capital gains on foreign-held precious metals. Capital gains are payable in the country of residence according to applicable laws.

## **Economic Stability**

Canada is a country widely regarded as a safe haven with a global reputation for fiscal responsibility. Canada's economy is not only stable, but steadily growing, with rising exports and a booming housing market. This natural-resource-rich country has strong consumer spending and exports that should offset the negative impact of recent oil price instability. If oil-producing provinces suffer as a result of low crude oil prices, Canada's size and regional diversity mean that other provinces will be able to take advantage of lower gas prices and increase exports, balancing the losses.

Ultimately, according to federal Finance Minister Joe Oliver in a [recent article](#) by CBC News, the country is still on target to attain a budgetary



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surplus in 2015-16. In a world of finite resources, Canada is fortunate to have a vast supply of oil, lumber, minerals and water.

### Government Stability

Canada is a federal parliamentary democracy with a strong and stable government, and is known for its tolerance, multiculturalism and respect for personal freedoms. In 2014 Canada ranked in the top ten on the Global Peace Index. It has extremely high literacy rates (99%), low crime rates and is ranked first for personal freedom based on the Lagatum Institute's Prosperity Index.

### Banking Stability

Canadian banks rank amongst the world's strongest, taking three of the top twenty spots according to data from [Bloomberg markets](#). The six major Canadian chartered banks are ranked among the most stable in the world. These banks are known to be profitable, efficient and risk-averse.

### Non-Banking Storage Options

Storing physical bullion in any banking system does carry a certain element of risk, namely: temporary bank closures, bank failures, confiscation and re-hypothecation within the banking system. While choosing to store gold, silver and platinum in a Canadian bank is most definitely a secure option, and no Canadian financial institution failed during the financial crisis of 2008, concerned individuals can also store bullion outside of the traditional banking system. [Brink's](#) is an excellent alternative, offering global LBMA vaulting services with locations in over 150 countries. Bullion owners who store with Brink's are assured of privacy,

titled ownership, insured coverage and allocated storage.

### Why Choose an LBMA Member Vault?

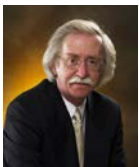
The LBMA is the international trade association that represents the market for gold and silver bullion. The LBMA's headquarters are in London, England, but it has a global client base that includes the majority of the central banks that hold gold, private sector investors, mining companies, producers, refiners and fabricators. All bullion stored within LBMA-member vaults meets industry Good Delivery Rules. This means that all bullion bars comply with minimum quality and size standards set out in the Good Delivery Rules of the LBMA. These industry standards allow members to transact physical bullion with each other, and transport that bullion, without the need to verify purity, weight and other bar specifications. This allows bar owners, should they so choose, to sell their bullion into the most liquid precious metals markets worldwide.

Precious metals bars that meet Good Delivery Rules are kept within what is known as a "chain of integrity," and member dealers, refiners and custodians can rest assured that the bars have never left the system. BMG's [BullionBars™](#) program will not accept bullion from clients or refiners who are not part of this system, because we would not know, without an assay, if a counterfeit or impure bar was being represented as a pure bar. The chain of integrity ensures that all bars held by authorized custodians are uncompromised Good Delivery bars, with no chance of counterfeit or impure bars entering the system.



BMG offers LBMA-member vault storage for all of its bullion clients within the Canadian banking system, and worldwide with Brink's storage. All bullion bars purchased from BMG meet LBMA Good Delivery standards, and are allocated and insured. Bullion stored on an allocated basis is not subject to any third-party

claims of the custodian or bank, and does not form part of the custodian's assets in the event of bankruptcy or insolvency. To learn more about titled ownership of precious metals that can be held in secure LBMA storage facilities throughout the world, visit [www.bmgbullionbars.com](http://www.bmgbullionbars.com).



*Nick Barisheff is the founder, president and CEO of Bullion Management Group Inc., a company dedicated to providing investors with a secure, cost-effective, transparent way to purchase and hold physical bullion. BMG is an Associate Member of the London Bullion Market Association (LBMA).*

*Widely recognized as international bullion expert, Nick has written numerous articles on bullion and current market trends that have been published on various news and business websites. Nick has appeared on BNN, CBC, CNBC and Sun Media, and has been interviewed for countless articles by leading business publications across North America, Europe and Asia. His first book, \$10,000 Gold: Why Gold's Inevitable Rise Is the Investor's Safe Haven, was published in the spring of 2013. Every investor who seeks the safety of sound money will benefit from Nick's insights into the portfolio-preserving power of gold. [www.bmgbullion.com](http://www.bmgbullion.com)*

