

Income/Franchise:

Washington: US Supreme Court Denies Individuals' Request to Rule on Validity of Capital Gains Tax

Docket No. 23-171, US (cert. denied 1/16/24). Following the Washington Supreme Court's 2023 decision upholding Washington State's tax on long-term capital gains earned by some individuals from the sale or exchange of certain capital assets at the rate of 7% beginning January 1, 2022 [see E.S.S.B. 5096 (2021) and previously issued Multistate Tax Alert (May 13, 2021) for more details on this state tax, as well as previously issued Multistate Tax Alert (March 27, 2023) for more details on the Washington Supreme Court's 2023 decision], the US Supreme Court (Court) denied the request made by a group of individuals asking the Court to review whether the US Constitution "permits a state to tax out-of-state transactions involving only out-of-state property." Asserting that "Seattle is not a hotbed of securities trading, so an excise tax on high-dollar-value transactions would not raise much revenue if it were limited to transactions and property in the state," the challengers had claimed that Washington's new excise tax "reaches far beyond Washington's borders to tax transactions that occur in other states involving property located out of state." Please contact us with any questions.

URL: <https://www.supremecourt.gov/docket/docketfiles/html/public/23-171.html>

URL: <https://app.leg.wa.gov/bills/summary?BillNumber=5096&Year=2021&Initiative=false>

URL: <https://www2.deloitte.com/content/dam/Deloitte/us/Documents/Tax/washington-law-imposes-new-excise-tax-on-capital-gains.pdf>

URL: <https://www2.deloitte.com/content/dam/Deloitte/us/Documents/Tax/us-multistate-tax-alert-washington-supreme-court-upholds-capital-gains-tax.pdf>

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