

Income/Franchise:

Washington DOR Amends Proposed New Rule on Calculating Capital Gains Tax

Revised Proposed New Reg. section 458-20-301, Wash. Dept. of Rev. (3/6/24). Responding to comments made on its first draft proposal [see *State Tax Matters*, Issue 2023-39, for details on this first draft proposal], the Washington Department of Revenue revised its proposed new rule intended to provide taxpayers with information on calculating Washington'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 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 decision upholding the validity of the tax]. The revised proposed new rule includes some relevant definitions; explains exemptions, deductions, and allocations of gain under the tax; and "seeks to clarify substantive aspects of the excise tax on capital gains by supplying additional definitions and examples related to this excise tax." Please contact us with any questions.

URL: <https://dor.wa.gov/sites/default/files/2024-03/20-301cr2frmdraftMarch2024.pdf>

URL: https://dhub.deloitte.com/Newsletters/Tax/2023/STM/230929_7.html

URL: <https://app.leg.wa.gov/billsummary?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>

— Scott Schiefelbein (Portland)
Managing Director
Deloitte Tax LLP
sschiefelbein@deloitte.com

Robert Wood (Seattle)
Principal
Deloitte Tax LLP
robwood@deloitte.com

Myles Brenner (Seattle)
Senior Manager
Deloitte Tax LLP
mybrenner@deloitte.com

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