

Gross Receipts:

Washington: Updated Guidance on 2024 Decision that Denied Investment Income Deduction Addresses Endowments

Tax Topic: Investments, Wash. Dept. of Rev. (rev. 3/20/25). Referencing a 2024 Washington Supreme Court holding that investment income earned by sixteen investment funds did not qualify for a former deduction from the measure of Washington business and occupation (B&O) taxes [see Case No. 102223-9, Wash. (10/24/24), and previously issued Multistate Tax Alert for more details on this decision], updated Washington Department of Revenue guidance [see *State Tax Matters*, Issue 2025-3, for details on the original version of this guidance] explains that investment income from a bona fide endowment fund is fully deductible under a separate statute (*i.e.*, Rev. Code of Wash. section 82.04.4282), and that both beneficiaries and holders of endowment funds may deduct investment income if they can show that the endowment fund is the source of the deducted income. Please contact us with any questions.

URL: <https://dor.wa.gov/forms-publications/publications-subject/tax-topics/investments>

URL: <https://www.courts.wa.gov/opinions/pdf/1022239.pdf>

URL: <https://www2.deloitte.com/content/dam/Deloitte/us/Documents/Tax/multistate-tax-alert-washington-state-supreme-court-determines-investment-income.pdf>

URL: https://dhub.deloitte.com/Newsletters/Tax/2025/STM/250124_7.html

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