

Gross Receipts:

Washington DOR Issues Guidance on B&O Tax Treatment of Collective Investment Vehicles and Investment Income

Interim guidance statement regarding collective investment vehicles and investment income, Wash. Dept. of Rev. (4/16/25). The Washington Department of Revenue (Department) issued state business and occupation (B&O) tax guidance on how it intends to treat collective investment vehicles (CIVs), and it generally concludes that it will treat the investment income of a CIV as not taxable; however, amounts received by a CIV from non-investment sources generally are taxable. The B&O tax guidance also explains that amounts received by investors in a CIV generally are taxable, unless:

URL: <https://dor.wa.gov/laws-rules/interim-guidance-statement-regarding-collective-investment-vehicles-and-investment-income>

1. A deduction or exemption otherwise applies to such investors, or
2. The investors are considered to not be engaging in business with respect to the investment activity.

Referencing a 2024 Washington Supreme Court decision involving investment income earned by sixteen investment funds [see Case No. 102223-9, Wash. (10/24/24), and previously issued Multistate Tax Alert for more details on this 2024 decision], which “raised questions as to the taxability of CIVs, and whether CIVs are subject to the service and other B&O tax classification of Washington’s B&O tax,” the Department noted that this 2024 decision did not directly address the B&O tax treatment of CIVs. Please contact us with any questions.

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>

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

Angela Deamico (Seattle)
Senior Manager
Deloitte Tax LLP
adeamico@deloitte.com

This communication contains general information only, and none of Deloitte Touche Tohmatsu Limited (“DTTL”), its global network of member firms or their related entities (collectively, the “Deloitte organization”) is, by means of this communication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser.

No representations, warranties or undertakings (express or implied) are given as to the accuracy or completeness of the information in this communication, and none of DTTL, its member firms, related entities, employees or agents shall be liable or responsible for any loss or damage whatsoever arising directly or indirectly in connection with any person relying on this communication. DTTL and each of its member firms, and their related entities, are legally separate and independent entities.

About Deloitte

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited (“DTTL”), its global network of member firms, and their related entities (collectively, the “Deloitte organization”). DTTL (also referred to as “Deloitte Global”) and each of its member firms and related entities are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm and related entity is liable only for its own acts and omissions, and not those of each other. DTTL does not provide services to clients. Please see www.deloitte.com/about to learn more.

Deloitte provides industry-leading audit and assurance, tax and legal, consulting, financial advisory, and risk advisory services to nearly 90% of the Fortune Global 500® and thousands of private companies. Our professionals deliver measurable and lasting results that help reinforce public trust in capital markets, enable clients to transform and thrive, and lead the way toward a stronger economy, a more equitable society and a sustainable world. Building on its 175-plus year history, Deloitte spans more than 150 countries and territories. Learn how Deloitte’s approximately 415,000 people worldwide make an impact that matters at www.deloitte.com.