

## Sales/Use/Indirect:

### Washington Advisory Addresses Taxation of International Investment Management Services

*Excise Tax Advisory 3183.2022*, Wash. Dept. of Rev. (10/17/22). The Washington Department of Revenue (Department) issued an excise tax advisory reflecting legislation enacted in 2019 that effective July 1, 2019, revised who is eligible to receive Washington's preferential state business and occupation (B&O) tax rate for international investment management services (IIMS) [see ESB 6016, Chapter 426, Laws of 2019; Special Notice: Taxation of International Investment Management Companies, Wash. Dept. of Rev. (6/12/19); and previously issued Multistate Tax Alert for more details on these law changes]. According to the Department, this advisory addresses qualifications for the IIMS B&O tax rate as of July 1, 2019, and it does *not* address qualifications for the IIMS B&O tax rate for business activities occurring prior to July 1, 2019. The advisory generally explains that a person is considered engaged in providing qualifying international investment management services if it meets the following conditions, as defined under applicable state law:

URL: <https://taxpedia.dor.wa.gov/documents/current%20eta/3183.2022.pdf>

URL: <https://app.leg.wa.gov/billsummary?BillNumber=6016&Year=2019&Initiative=false>

URL: [https://dor.wa.gov/sites/default/files/legacy/Docs/Pubs/SpecialNotices/2019/sn\\_19\\_InternationalInvestment.pdf](https://dor.wa.gov/sites/default/files/legacy/Docs/Pubs/SpecialNotices/2019/sn_19_InternationalInvestment.pdf)

URL: <https://www2.deloitte.com/us/en/pages/tax/articles/washington-updates-requirements-for-investment-management-companies-to-qualify-for-reduced-b-and-o-tax-rate.html?id=us:2em:3na:stm:awa:tax:102822&sfid=7015Y000003bKKyQAM>

- The person is engaged primarily in the business of providing investment management services;
- At least 10% of the person's gross income is derived from providing investment management services to a qualifying collective investment fund;
- More than 25% of the person's employees are located in Washington; and
- The person is a member of an affiliated group that collectively has:
  - At least ten offices located in at least eight foreign countries;
  - At least 500 full-time employees worldwide;
  - More than \$400 million of worldwide gross revenue during the entire current or immediately preceding calendar year; and
  - More than \$200 billion in average assets under management during the entire current or immediately preceding calendar year.

Please contact us with any questions.

— Robert Wood (Seattle)  
Senior Manager  
Deloitte Tax LLP  
[robwood@deloitte.com](mailto:robwood@deloitte.com)

Myles Brenner (Seattle)  
Senior Manager  
Deloitte Tax LLP  
[mybrenner@deloitte.com](mailto:mybrenner@deloitte.com)

Roburt Waldow (Minneapolis)  
Principal  
Deloitte Tax LLP  
rwaldow@deloitte.com

Gregory Bergmann (Chicago)  
Partner  
Deloitte Tax LLP  
gbergmann@deloitte.com

Shirley Wei (Los Angeles)  
Senior Manager  
Deloitte Tax LLP  
shiwei@deloitte.com

Olivia Schulte (Washington D.C.)  
Manager  
Deloitte Tax LLP  
oschulte@deloitte.com

This document contains general information only and Deloitte is not, by means of this document, rendering accounting, business, financial, investment, legal, tax, or other professional advice or services. This document is not a substitute for such professional advice or services, nor should it be used as a basis for any decision or action that may affect your business. Before making any decision or taking any action that may affect your business, you should consult a qualified professional advisor. Deloitte shall not be responsible for any loss sustained by any person who relies on this document.

**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](http://www.deloitte.com/about) to learn more.