

## Income/Franchise:

### Washington DOR Posts Preliminary Draft Rule on Capital Gains Tax for Discussion

*Preproposal Statement of Inquiry, DRAFT Proposed Reg. Section 458-20-301*, Wash. Dept. of Rev. (rev. 7/23). As mentioned in preparation for its virtual public meeting on July 12, 2023 [see *State Tax Matters*, Issue 2023-24, for details on the original announcement of this meeting], the Washington Department of Revenue (Department) posted a preliminary draft rule as part of its rulemaking process for 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 preliminary draft rule provides some relevant definitions, as well as explains exemptions, deductions, and allocation of gains under the tax. Please contact us with any questions.

**URL:** <https://dor.wa.gov/sites/default/files/2023-06/20-XXXcr1frmdraftjune23.pdf?uid=648117b6d98bd>

**URL:** [https://dhub.blob.core.windows.net/dhub/Newsletters/Tax/2023/STM/230616\\_6.html](https://dhub.blob.core.windows.net/dhub/Newsletters/Tax/2023/STM/230616_6.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)  
Senior Manager  
Deloitte Tax LLP  
robwood@deloitte.com

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

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