

Income/Franchise:

Washington DOR Proposes New Rule on Calculating Capital Gains Tax with Hearing on October 27

Proposed New Reg. section 458-20-301, Wash. Dept. of Rev. (9/18/23). The Washington Department of Revenue (Department) proposed a 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 proposed new rule includes some relevant definitions, as well as explains exemptions, deductions, and allocations of gain under the tax. Written comments on this proposal are due by October 31, 2023, and a related virtual public hearing is scheduled for October 27, 2023. Please contact us with any questions.

URL: <https://dor.wa.gov/sites/default/files/2023-09/20-301cr2frmdraftSept23.pdf>

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>

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