



State of Washington  
Department of Revenue

# Excise Tax Advisory

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Excise Tax Advisories (ETA) are interpretive statements issued by the Department of Revenue under authority of RCW 34.05.230. ETAs explain the Department's policy regarding how tax law applies to a specific issue or specific set of facts. They are advisory for taxpayers; however, the Department is bound by these advisories until superseded by Court action, Legislative action, rule adoption, or an amendment to or cancellation of the ETA.

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NUMBER: 462.04.146

CONVERSION DATE: July 1, 1998

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**This ETA is cancelled effective February 2, 2009 and reissued under the 3000 series.  
See ETA 3001 for a cross-reference to the new series.**

## TAXABILITY OF INTEREST FROM LOANS SECURED BY UNDEVELOPED LAND

Issued July 17, 1974

Is interest derived from loans primarily secured by undeveloped land deductible from the business and occupation tax under RCW 82.04.430(11)?

RCW 82.04.430(11) allows those engaged in banking, loan, security or other financial businesses to deduct interest from loans primarily secured by nontransient residential properties. The Department has held that the interest from loans primarily secured by undeveloped land with no commitment or requirement for improvement by borrowers does not qualify for this deduction under the statute.

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***ETBS have been made Excise Tax Advisories, and have retained their old number. Advisories with a 2 (plus three digits) are new advisories, ETBs that have been revised and readopted after review under the Department's regulatory improvement program, or advisories that have been revised and/or readopted.***

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