

Capital Gains Tax

RCW Chapter 82.87 RCW

Tax Base The sale or exchange of certain long-term capital assets. Only individuals pay the tax. The tax applies to gains allocated to Washington.

[Washington's capital gains tax](#) includes an annual standard deduction of \$250,000 per year and exempts real estate gains.

See Chapter 82.87 RCW for additional exemptions, deductions, and credits specific to the capital gains tax.

Tax Rate 7%

Recent Collections (\$000) Collections began in fiscal year 2023.

Distribution of Receipts Two accounts receive collected capital gains taxes:

- The education legacy trust account receives the first \$500 million collected in a fiscal year.
- The common school construction account receives any remaining collections in a fiscal year.

Levied by State

Administration Department of Revenue

Each taxpayer files a capital gains tax return and a copy of their federal tax return for the same taxable year. The capital gains tax return is due at the same time as the taxpayer's federal income tax return. Taxpayers receiving a filing extension for their federal income tax return can receive to the same filing extension for their capital gains tax return. However, a filing extension does not extend the due date for paying the tax.

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- History**
- 2023 Washington Supreme Court ruled the capital gains tax constitutional.
 - 2022 The Douglas County Superior Court ruled the capital gains excise tax unconstitutional in *Quinn v. State of Washington*. The Department of Revenue appealed the ruling to the Washington Supreme Court.
 - 2021 Effective January 1, 2022, established an excise tax on capital gains.
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