

The 2021 Washington State Legislature passed ESSB 5096 (RCW 82.87) which creates a 7% tax on the sale or exchange of long-term capital assets such as stocks, bonds, business interests, or other investments and tangible assets.

The tax is effective January 1, 2022, and the first payments for tax year 2022 are due on or before April 18, 2023.

Who owes the tax?

The tax applies to individuals. Individuals can be liable for their ownership interest in a pass-through or disregarded entity that sells or exchanges long-term capital assets. The tax only applies to gains allocated to Washington state.

See our [“Do you owe capital gains”](#) questions to determine if you may owe the tax.

Deductions and exemptions

There are several deductions and exemptions available that may reduce the taxable amount of long-term gains, including an annual standard deduction of \$250,000 per individual. In the case of spouses or domestic partners, the combined standard deduction is limited to \$250,000 whether they file joint or separate returns.

Register and file your return

The following steps are for individuals **or** tax preparers:

1. [Log in](#) or [sign up](#) for a Secure Access Washington (SAW) account to access our online system, My DOR. [See instructions](#).
2. Register for a capital gains tax account in My DOR. You will receive a welcome letter after registering.
 - Tax preparers: You will create an account for each individual client.
3. Gain access to the account by using the **letter ID** in your welcome letter.
4. File the return, make a payment, and/or request an extension in My DOR.

More information

[Help logging in](#)
[Capital gains webpage](#)
[RCW 82.87](#)
[Return Overview](#)