

# Capital gains tax

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**ALERT** - The following amounts have changed for the 2024 tax year:

- *Standard Deduction: \$270,000 (\$262,000 in 2023)*
- *Charitable Donation Deduction Threshold: \$270,000 (\$262,000 in 2023)*
- *Cap on Amount of Charitable Donation Deduction: \$108,000 (\$105,000 in 2023)*
- *Worldwide gross revenue limit for Qualified Family-Owned Small Business deduction: \$10,790,000 (\$10,480,000 in 2023)*

## Online help - how to

- Make a payment
- File a return
- Request an extension
- Register a capital gains account  (2:08)
- File a capital gains return  (6:13)

## Interim guidance statements

- Capital gains excise tax and calculation of credit for taxes paid to another taxing jurisdiction
- Capital gains excise tax and Section 1256 contracts
- Definition of domicile for capital gains excise tax allocation purposes
- Late payment penalties and Washington's capital gains tax

## **How to report and pay the tax**

Only individuals owing capital gains tax are required to file a capital gains tax return, along with a copy of their federal tax return for the same taxable year.

## **Return filing and extensions**

The capital gains tax return is due at the same time as the individual's federal income tax return is due.

To receive an extension for filing your Washington Capital Gains return you must request an extension for your capital gains tax return by submitting a request electronically through MyDOR on or before April 15. To qualify for the extension you must have received a filing extension for your federal income tax return. A filing extension does not extend the due date for submitting a payment.

All taxpayers must electronically file their capital gains excise tax returns, along with a copy of their federal tax return and all required documentation. The department may waive the electronic filing requirement for good cause, the waiver must be granted before you file your return. To file electronically go to MyDOR or select tax preparation software.

Penalties will apply to late returns.

If an extension is requested or a payment is made, you must file a return with the department regardless of any tax being due.

## **Payments**

Payment for the 2023 tax year is due on or before April 15, 2024.

The tax must be paid by electronic funds transfer or other form of department authorized electronic payment, such as by credit card. The department may waive the electronic payment requirement for good cause, the waiver must be granted before you file your payment. You may incur penalties if you do not submit payment electronically.

Additional penalties and interest will apply to late payments.

If you submit an estimated payment by the original filing deadline, you will not owe late payment penalties. However, if you substantially underpaid your tax liability, you will owe the substantial underpayment penalty. Substantially underpaid means you have paid less than 80% of the tax due.

Please see our interim guidance statement for more information on this topic.

## **Questions**

If you have general questions regarding Capital Gains or would like to request a binding ruling, please use our web page titled Request a tax ruling.

## **Background**

The 2021 Washington State Legislature recently 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.

This tax only applies to individuals. However, individuals can be liable for the tax because of 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.

There are several deductions and exemptions available that may reduce the taxable amount of long-term gains, including an annual standard deduction per individual. The deduction is adjusted for inflation annually.

The revenue collected from this tax will fund the education legacy trust account and common school construction account.

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- ▼ Exemptions
- ▼ Deductions
- ▼ Credits

## References

- Chapter 82.87 RCW
- WAC 458-20-300
- WAC 458-20-301

## Additional resources

[Flyer - Capital gains tax overview \(pdf\)](#)

[Guide - Capital gains tax return \(pdf\)](#)

[Frequently asked questions about Washington's capital gains tax](#)

[File Washington capital gains tax return using tax preparation software](#)

Do you owe capital gains tax?

Capital gains My DOR help

► Register a capital gains account 

► File a capital gains return 



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