

Jacob Allen

From: Mike Roben
Sent: Friday, May 7, 2021 6:28 PM
To: Caleb Allen
Subject: Fwd: [External] MBT Update - WA State Capital Gains Tax
Attachments: Washington Capital Gain Tax Details.pdf

This is something that we need to begin doing. With a critical eye on our insights. And follow up with interpretations, rule updates, etc. thinking both email, linked in and blogs. Add to the list you created as we forge the game plan.

Have a good weekend!

Sent from my iPhone

Begin forwarded message:

From: Support <support@martinbirchercpa.com>
Date: May 7, 2021 at 6:01:09 PM PDT
To: Support <support@martinbirchercpa.com>
Subject: [External] MBT Update - WA State Capital Gains Tax

Dear Clients,

You may have heard in recent news that a Washington State capital gains tax was signed into law by Governor Jay Inslee. The attached document provides more information, but also raises many questions. We understand, however, that much of the guidance is still pending.

The Capital Gains Tax imposes a 7% tax on long-term capital gains over \$250,000 from sales of stocks, bonds, and certain other capital assets. It is expected to impact an estimated 7,000 Washington taxpayers each year. The tax would start in January 2022.

The law includes some exemptions (see attached for a list), including real estate and gains on capital assets acquired and used only for purposes of a trade or business of a sole proprietorship. It is not clear at this point if the capital gains tax would apply to the sale of an S-Corp business, etc. Local news sources have reported that business owners are exempt from the tax if they are regularly involved in running the business for at least five of the previous 10 years before they sell, and gross \$10 million or less a year before the sale. We expect more clarification soon.

We will continue to keep you informed as we learn more in the weeks ahead, as further explanation is expected.

Thank you,

Brian Bircher, Heidi Thompson, and the team at Martin, Bircher, Thompson, PC

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