

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@martinbircher CPA.com>
Date: May 7, 2021 at 6:01:09 PM PDT
To: Support <support@martinbircher CPA.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

Martin, Bircher, Thompson, PC
11400 98th Ave NE, Ste 200
Kirkland, WA 98033

Main Line: 425.827.3041
Fax: 425.889.0464
www.MartinBircherCPA.com

This communication is intended to provide general information regarding the subject matter as of the date of this communication and may reference information from reputable sources. Although our firm has made every reasonable effort to ensure that the information provided is accurate, we make no warranties, expressed or implied, on the information provided. We expect that there may be additional guidance and clarification from regulators that may modify some of the provisions in this communication. Some of those modifications may be significant. As such, be aware that this is not a comprehensive analysis of the subject matter covered and is not intended to provide specific recommendations to you or your business with respect to the matters addressed.