

## **Washington Property Tax Updates: Sales with Above-Market Rents Present a Possible Tax Opportunity**

Legal Alert  
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*American Property Tax Counsel*

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With some Seattle-area properties selling for record prices, parties to transactions should pay special attention to whether the price reported for real estate excise tax reflects any nontaxable value. When above-market rents contribute to a price, that portion of the price reflects the value of contracts and business efforts. As it is not the value of the real property, it should not be taxed. Although we believe Washington law is clear on this, the Department of Revenue has been vacillating: it recently agreed that real estate excise tax does not apply to the portion of the price attributable to above-market rents, but then it changed its position. Taxpayers with strong facts should consider pursuing the issue. In doing so, presenting arguments carefully is key, whether in the affidavit reporting the sale or in a refund petition. Note that refund petitions must be filed within four years of the transaction date.

For more information, visit [APTC's Washington Property Tax Updates' page](#).