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Table W - Computation of Washington estate tax

For dates of death Jan. 1, 2014 and after

Note: The Washington taxable estate is the amount after all allowable deductions, including the applicable exclusion amount.

* Taxable amount	Rate	Tax owed
\$0 to \$1,000,000	10.0%	\$10% of taxable amount
\$1,000,000 to \$2,000,000	14.0%	\$100,000 plus 14% of the amount over \$1,000,000
\$2,000,000 to \$3,000,000	15.0%	\$240,000 plus 15% of the amount over \$2,000,000
\$3,000,000 to \$4,000,000	16.0%	\$390,000 plus 16% of the amount over \$3,000,000
\$4,000,000 to \$6,000,000	18.0%	\$550,000 plus 18% of the amount over \$4,000,000
\$6,000,000 to \$7,000,000	19.0%	\$910,000 plus 19% of the amount over \$6,000,000
\$7,000,000 to \$9,000,000	19.5%	\$1,100,000 plus 19.5% of the amount over \$7,000,000
\$9,000,000 and up	20.0%	\$1,490,000 plus 20% of the amount over \$9,000,000

* Taxable amount - Line 7 under Part 2 of the Estate Tax Return.

Interest rates

Year	Assessment rate	Refund rate
2023	3%	3%
2022	2%	2%
2021	3%	3%
2019 & 2020	4%	4%
2017 & 2018	3%	3%
2012 to 2016	2%	2%

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GIFT TAX ANNUAL EXCLUSION

After four years, the federal annual gift tax exclusion was increased in 2022 from \$15,000 to \$16,000. For the second year in a row it increases again to \$17,000 in 2023. The annual exclusion is the most you can give away to or for the benefit of a single person within a calendar year without needing to file a federal gift tax return (Form 709) and/or reducing your lifetime exemption (discussed below). If you are married, you can "split" gifts with your spouse, essentially doubling your annual exclusion. For instance, if you are married and your spouse consents, you can gift up to \$34,000 to unlimited individuals in 2023 with no gift or estate tax consequences. The IRS treats the \$34,000 gift as two gifts below the annual exclusion, one from you and one from your spouse. In general, gifts to pay certain education and medical expenses are exempt, even if they are in excess of the annual exclusion, provided they are paid directly to the educational institution or medical provider and not paid to the recipient of the education or medical treatment.

ESTATE TAX LIFETIME EXEMPTION

There is a common misconception that you must pay gift taxes if you give away more than the annual exclusion to a single recipient. Every taxpayer has a lifetime gift and estate tax exemption amount. In 2023, the lifetime exemption increased from \$12.06 million to \$12.92 million. Unless the tax laws change, the lifetime exemption will drop to approximately \$6.2 million at the end of 2025. Gifts above the annual exclusion described above count against your lifetime exemption and should be reported on a Form 709 gift tax return. You will only be liable to pay federal gift taxes if your total lifetime gifts exceed the exemption.

Washington State's Separate Estate tax tables



Filing Thresholds and Exclusion Amounts

Table W - Computation of Washington Estate Tax (for dates of death Jan. 1, 2014 and after)

Interest Rates

Filing thresholds and exclusion amounts

Date death occurred	Filing threshold	Applicable exclusion amount
2023	Same as exclusion amount	2,193,000
2022	Same as exclusion amount	2,193,000
2021	Same as exclusion amount	2,193,000
2020	Same as exclusion amount	2,193,000
2019	Same as exclusion amount	2,193,000
2018	Same as exclusion amount	2,193,000
2017	Same as exclusion amount	2,129,000
10/23/16 to 12/31/16	Same as exclusion amount	2,079,000
1/1/16 to 10/22/16	2,000,000	2,079,000
2015	2,000,000	2,054,000
2014	2,000,000	2,012,000
2006 to 2013	2,000,000	2,000,000

Note: For returns filed on or after July 23, 2017, an estate tax return is not required to be filed unless the gross estate is equal to or greater than the applicable exclusion amount.

LIFETIME EXEMPTION AMT. & GST

The gift tax is tied to the estate tax. After you die, your executor (if you have a will) or estate administrator (if you don't) will compute the value of your estate and add that to the total taxable gifts you made during your lifetime. If the total amount (after deductions) is greater than the lifetime exemption in the year of your death, your estate must pay estate tax on the amount over the exemption. Rates range from 18% to 40%, depending on the size of your estate. Some states impose their own estate tax with different lifetime exemption amounts, like Washington. Washington estate tax applies to estates over \$2.193 million. However, there is no state gift tax and no state limit on lifetime gifting. This creates opportunities for Washington residents to reduce or eliminate State estate taxes thru gifting.

GENERATION-SKIPPING TRANSFER

The lifetime exemption for a separate but related tax, known as the generation-skipping transfer tax (GST tax), is also increasing from \$12.06 million to \$12.92 million in 2023. The GST tax is quite complex. In a nutshell, lifetime gifts and post-death transfers (e.g., through your will or certain trusts) made to or for the benefit of individuals more than one generation removed from you (skip persons) are reported and counted against your lifetime GST tax exemption, which is separate from the lifetime gift and estate tax exemption. To illustrate, if you give \$100,000 to your grandchild in 2023 during your life or through your will, \$100,000 is counted against your lifetime GST tax exemption (and \$84,000 is counted against your lifetime gift and estate tax exemption). If total transfers to skip persons exceed your lifetime GST tax exemption, a flat 40% tax is imposed on the overage. Unlike the gift tax, there is no annual exclusion for the GST tax. Notably, gifts to skip persons are also reportable for gift and estate tax purposes, so it is possible to be liable for both gift/estate tax and GST tax.

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