

Washington Estate Tax Update

Washington State has made major changes to its estate tax structure, including increasing the exemption amount for individuals who die on or after July 1, 2025, and raising the progressive estate tax rates more quickly to as high as 35%

Key Changes to the Estate Tax Law

- **Increased Exemption:** The exemption amount—the portion of an estate not subject to state estate tax—has been increased from \$2.193 million to \$3 million. Estates valued at or below \$3 million will no longer owe Washington estate tax or need to file a Washington estate tax return.
- **Annual Inflation Adjustment:** Starting January 1, 2026, the \$3 million exemption will be adjusted annually for inflation, using the Consumer Price Index for the Seattle metropolitan area.
- **Higher Tax Rates for Large Estates:** The top marginal rate jumps from 20% to 35% for estates exceeding \$9 million, making Washington’s estate tax among the highest in the nation for large estates.
- **Qualified Family-Owned Business Deduction:** The deduction for qualified family-owned business interests increases to \$3 million, offering further relief to certain business owners.

Implications for Washington Residents

- **Relief for Moderate Estates:** Estates between \$2.193 million and \$3 million will no longer be subject to the state estate tax.
- **Increased Taxes on Larger Estates:** Estates above \$3 million will face higher tax rates, with the largest estates (over \$9 million) now taxed at a 35% marginal rate.
- **Estate Planning Considerations:** Individuals with estates near or above the new exemption should review their estate plans to take advantage of the increased threshold and to prepare for higher rates on larger estates.

Source: [Engrossed](#) Substitute Senate Bill 5813 as signed by the Governor