

July 1, 2025 Update: Washington Estate Tax Exemption and Rates

As your trusted fiduciary, WE Trust Company wants to ensure you're fully informed about a major update to Washington state's estate tax laws effective **July 1, 2025**, under **ESSB 5813**:

What's Changed

- **Estate Tax Exemption Increased**

The individual estate tax exemption (the amount sheltered from state tax) rises from **\$2.193 million** to **\$3 million** for decedents dying **July 1, 2025–Dec 31, 2025**

- **Indexed for Inflation**

Beginning **January 1, 2026**, the exemption will be automatically adjusted each year for inflation

- **Steeper Tax Rates on Larger Estates**

Marginal rates increase significantly above the exemption threshold, with the top bracket jumping from **20% to 35%** for estates over **\$9 million**. Here's a side-by-side comparison:

Taxable Estate Bracket Old Rate New Rate (July 1, 2025)

\$0 – \$1M	10%	10%
\$1M – \$2M	14%	15%
\$2M – \$3M	15%	17%
\$3M – \$4M	16%	19%
\$4M – \$6M	18%	23%
\$6M – \$7M	19%	26%
\$7M – \$9M	19.5%	30%
Over \$9M	20%	35%

Why This Matters

- **More estates qualify:** The higher exemption means fewer estates will owe state estate tax.

- **But larger estates face steeper taxes:** Estates above the exemption face significantly higher rates—planning is now more critical than ever.
- **Annual inflation adjustments** provide future-proofing but also call for periodic strategy reviews.

What This Means for You

If your estate is valued near or above the new \$3 million threshold, these changes could significantly alter your estate tax outlook. Some may now fall below the exemption, avoiding tax entirely. Others may still be subject to tax—but at different rates and brackets than before.

We strongly recommend consulting with your estate planning attorney or tax advisor to evaluate how these changes impact your specific situation. Coordinated planning can help avoid unintended tax consequences and ensure your estate plan is optimized under the new law.