

SPECIAL NOTICE

July 26, 2002

For further information contact:
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Estate Tax Filing Requirements - 2002

For deaths occurring after December 31, 2001, the state of Washington has different estate tax reporting requirements than the federal government. The "Economic Growth and Tax Relief Reconciliation Act of 2001" resulted in significant changes in federal estate tax law. Some states amended their estate tax statutes to conform to the federal law, but Washington has not. Washington's estate tax laws are provided under Chapter 83.100 RCW. Our law references the Internal Revenue Code as it existed on January 1, 2001, so Washington has different filing requirements than the federal government.

There are five major differences between the reporting requirements under federal law and Washington's law. These are:

- 1) In the year 2002, estates with a gross value between \$700,000 and \$999,999 must file an estate tax return with the state of Washington, but are not required to file with the federal government. As illustrated in the table below, the reporting thresholds for both the state of Washington and the federal government will change several times over the next few years.
- 2) The Washington estate tax is 100 percent of the available state credit, not the reduced percent of state credit allowed by the federal government.
- 3) Washington uses a different unified credit than that credit currently allowed under federal law. This is because Washington uses the unified credit as set forth in the Internal Revenue Code as of January 1, 2001.
- 4) Washington will not be following the new federal generation-skipping transfer tax allocation rules. This is because Washington must use the allocation rules set forth in the Internal Revenue Code as it existed on January 1, 2001.
- 5) Washington will not allow the expanded definition of what land qualifies for a qualified conservation easement. Again, this is because Washington will use the definition of what land qualifies for a qualified conservation easement as set forth in the Internal Revenue Code as it existed on January 1, 2001.

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