

ALERT

New formula for real estate excise tax calculations beginning January 1, 2020

CHANGES COMING JANUARY 2020

The Washington State Legislature is changing the way in which real estate excise taxes (REET) are calculated.

Currently, the Washington state excise tax is 1.28 percent. Local municipalities add their excise tax on top of the state tax, with most cities in our area adding 0.50 percent, to total 1.78 percent. Effective January 1, 2020, Washington state will begin calculating real estate excise taxes based on a tier system:

NEW REAL ESTATE EXCISE TAX RATES*

*Municipality tax of .5% included below.
Rates take effect January 1, 2020*


REET %	SALES PRICE
1.6%	up to and including \$500,000
1.78%	between \$500,001 - \$1,500,000
3.25%	between \$1,500,001 - \$3,000,000
3.5%	\$3,000,001 and above

**Municipalities of Darrington, Eatonville, Skykomish and Wilkeson have a lower tax rate of .25 percent.*

CW TITLE AND ESCROW WILL BE READY FOR YOU AND YOUR CLIENTS

The CW Fee Estimator and all other CW systems will be updated with the latest data to ensure calculations are made using the most up-to-date information beginning January 1, 2020.

EXAMPLES OF WHAT THE SELLER MAY PAY

Sales price:	\$750,000	\$1.3 million	\$2 million	\$3.1 million
REET (Real estate excise tax)	1.6% For the first \$500,000 = \$8,000	1.6% For the first \$500,000 = \$8,000	1.6% For the first \$500,000 = \$8,000	1.6% For the first \$500,000 = \$8,000
	1.78% between \$500,001 - \$750,000 = \$4,450	1.78% between \$500,001 - \$1,300,000 = \$14,240	1.78% between \$500,001 - \$1,500,000 = \$17,800	1.78% between \$500,001 - \$1,500,000 = \$17,800
	--	--	3.25% between \$1,500,001 - \$2,000,000 = \$16,250	3.25% between \$1,500,001 - \$3,000,000 = \$48,750
% in 2020	--	--	--	3.5% between \$3,000,001 - \$3,100,000 = \$3,500
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Tax in 2020	\$12,450	\$22,240	\$42,050	\$78,050
Tax in 2019 (1.78%)	\$13,350	\$23,140	\$35,600	\$55,180
Compare	Seller pays \$900 less in 2020	Seller pays \$900 less in 2020	Seller pays \$6,450 more in 2020	Seller pays \$22,870 more in 2020

**All calculations above have been rounded to the nearest dollar.*