Working Families Tax Credit

Business Advisory Council June 21, 2021

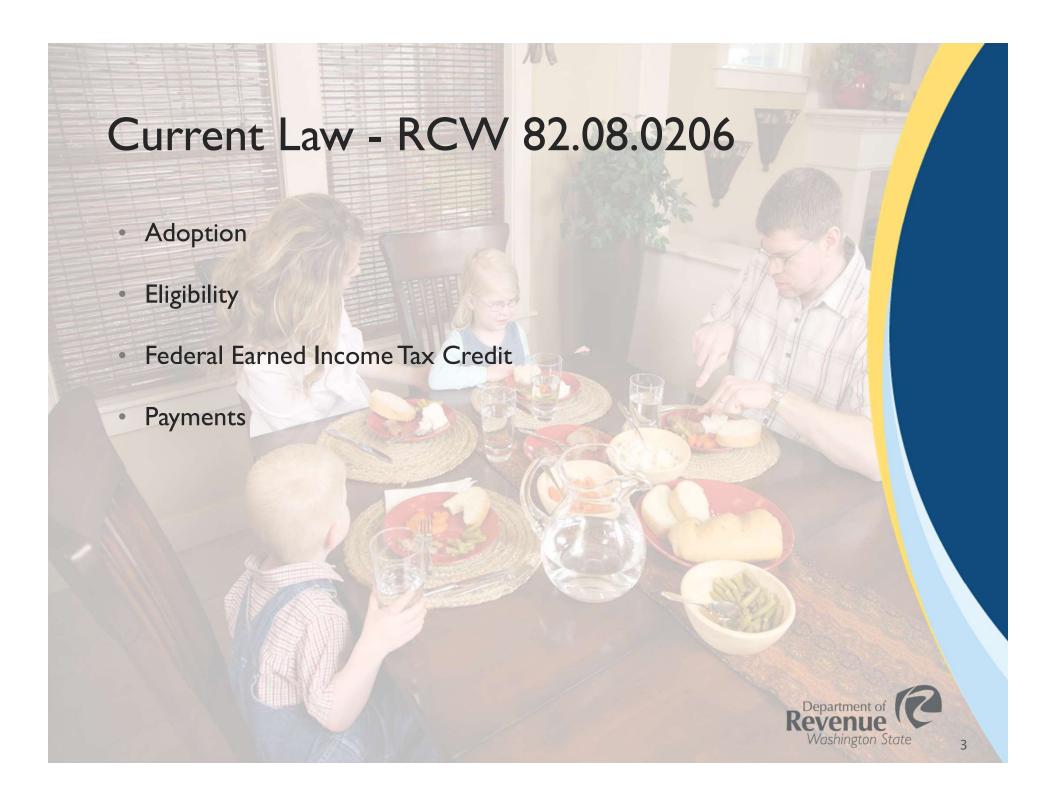
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Disclaimer

This document does not constitute official guidance from the Department of Revenue and should not be relied upon for determining eligibility for tax credits or interpreting tax laws.





Chapter 195, Laws of 2021

- Background
- Changes to Current Law
 - Expansion
 - Payments
 - √ \$300 \$1200
 - √ Adjusted for inflation
 - √ Reduced as income increases

Phase-out Chart – Single Filer

| Tax Year 2022 | Base Credit | Phase-out Begins | Phase-out Amount | Phase-out Ends |
|------------------|-------------|---------------------|---------------------|-------------------|
| No children | \$300 | \$13,791 | \$0.18 | \$15,458 |
| 1 child | \$600 | \$37,980 | \$0.12 | \$42,980 |
| 2 children | \$900 | \$43,849 | \$0.15 | \$49,849 |
| > 2 children | \$1200 | \$47,467 | \$0.18 | \$54,134 |





Phase-out Example – Single Filer

| Income | \$14,000.00 |
|---------------------------------|---------------|
| Phase-out income threshold | - \$13,791.00 |
| Amount above threshold | = \$209.00 |
| Reduction rate | × 18% |
| Amount reduced from base credit | = \$37.62 |
| | |
| Base credit | \$300.00 |
| Reduction | - \$37.62 |
| Amount of payment | \$262.38 |



Slide 6

MB(4 Isn' t this the same as the previous slide? Mills, Beth (DOR), 06/11/2021

KT(1 This is the same as the previous slide - I think this version looks better. Konschuh, Trice (DOR), 06/11/2021



- Timing
- Application
- Approval/Verification
- DOR Authority

Application

Cluestions

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Are you a retiree?

Program Review

- Joint Legislative Audit and Review Committee
- Metrics
- Program Expiration





Implementation

- Work to Date
- Communication
- Next Steps



Resources

Working Families Tax Credit 2021 legislation

• ESHB 1297

Working Families Tax Credit statute

RCW 82.08.0206

Information on the department's website

• WFTC



