

Excise Tax Advisory

Excise Tax Advisories are interpretive statements authorized by RCW 34.05.230.

ETA 3240.2024

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Working Families Tax Credit – Annual Updates

Purpose

RCW 82.08.0206 requires the Department to annually adjust the Working Families Tax Credit (WFTC) refund amounts for inflation and the percentage rate of WFTC refund reductions for those above the reduced federal income threshold. This Excise Tax Advisory (ETA) provides these annual updates for the WFTC refund program.

References in this ETA to "I," "my," "you," "your," "we," or "our" are intended to refer to the individual applying for the WFTC (i.e., the applicant). For additional information, please visit the Department's website at WorkingFamiliesCredit.wa.gov or call the Department at 360-763-7300.

How are the WFTC Refund Amounts Adjustments Calculated?

Each year, the Department must adjust the maximum WFTC refund amounts eligible low-income persons may receive (including the minimum refund amount) for inflation. The Department's inflation calculation is based on changes in the consumer price index that are published by November 15th of the previous year for the most recent 12-month period. The "consumer price index" is the average consumer price index for that 12-month period for the Seattle, Washington area for urban wage earners and clerical workers and is compiled by the Bureau of Labor Statistics within the United States Department of Labor. All adjusted refund amounts must be rounded to the nearest \$5.

2022 WFTC Refund Amounts

For the 2022 tax year, if you are eligible to receive the WFTC refund, you may receive up to these amounts based on the number of qualifying children you have:

Number of Qualifying Children	Maximum Refund Amounts
0	\$300

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General tax information is available on our website at <https://dor.wa.gov>.

Questions? Complete the online form at <https://dor.wa.gov/contact/contact-form> or call 360-705-6705. If you want a binding ruling from the Department, complete the form at <https://dor.wa.gov/contact/request-tax-ruling>.

1	\$600
2	\$900
3 or more	\$1,200

If you are eligible to receive a WFTC refund of more than zero cents, but less than \$50, the minimum refund amount that you will receive is **\$50**, regardless of the number of qualifying children you have.

You may file an application to receive your WFTC refund for the 2022 tax year from **February 1st, 2023, through December 31st, 2026.**

2023 WFTC Refund Amounts

For the 2023 tax year, if you are eligible to receive the WFTC refund, you may receive up to these amounts based on the number of qualifying children you have:

Number of Qualifying Children	Maximum Refund Amounts
0	\$315
1	\$625
2	\$940
3 or more	\$1,255

If you are eligible to receive the WFTC refund of more than zero cents, but less than \$50, the minimum refund amount that you will receive is **\$50**, regardless of the number of qualifying children you have.

You may file an application to receive your WFTC refund for the 2023 tax year from **February 1st, 2024, through December 31st, 2027.**

What are the WFTC Refund Reduction Percentages?

To be eligible for the WFTC refund, you must generally be eligible for the federal earned income tax credit (EITC), including satisfying the federal income thresholds for that program. However, to determine the refund amount you are eligible to receive under the WFTC, the Department must first calculate the reduced federal income threshold. The Department determines the reduced federal income thresholds as provided in RCW 82.08.0206(3)(b). If your income exceeds the reduced federal income threshold, but is still below the federal income thresholds, your maximum refund will be decreased, but not below the minimum refund amount for the applicable tax year. All reductions are rounded to the nearest dollar.

An example of how your WFTC refund is calculated is provided in WAC 458-20-285, the Department's rule concerning the WFTC, under Answer 10E. Please note that the Department has converted the refund reduction percentages to monetary amounts in this ETA for clarity and these values will be referred to as "WFTC Refund Reduction Percentage Amounts."

The WFTC Refund Reduction Percentage Amounts are calculated by the Department each year to ensure that the minimum refund amount for that tax year is being received for those who have the maximum qualifying income level.

**2022 WFTC Refund
Reduction
Percentage Amounts**

For the 2022 tax year, for each dollar you are over the reduced federal threshold amount, the Department will reduce your refund by the following amounts:

Number of Qualifying Children	WFTC Refund Reduction Percentage Amounts per dollar
0	\$0.12 (12%)
1	\$0.12 (12%)
2	\$0.18 (18%)
3 or more	\$0.24 (24%)

**2023 WFTC Refund
Reduction
Percentage Amounts**

For the 2023 tax year, for each dollar you are over the reduced federal threshold amount, the Department will reduce your refund by the following amounts:

Number of Qualifying Children	WFTC Refund Reduction Percentage Amounts per dollar
0	\$0.126 (12.6%)
1	\$0.125 (12.5%)
2	\$0.188 (18.8%)
3 or more	\$0.251 (25.1%)