

FOR MORE INFORMATION:

Online Customer Service Center
www.revenue.state.pa.us

24-hour FACT & Information Line
1-888-PATAXES (1-888-728-2937)
Touch-tone service is required.

This automated service allows you to:

- Check on the progress of your Personal Income Tax return, payment or refund, and your Property Tax/Rent Rebate claim.
- Order a form, which can be either faxed or mailed to you.
- Obtain answers to the most commonly asked questions for personal and business taxes.

Forms Ordering Message Service
1-800-362-2050

Services for Taxpayers with Special Hearing
and/or Speaking Needs (TT only)
1-800-447-3020

Taxpayer Service & Information Center
Personal Taxes: **(717) 787-8201**

Business Taxes: **(717) 787-1064**

e-Business Center: **(717) 783-6277**

Call or visit your local
Department of Revenue district office.



PENNSYLVANIA

INHERITANCE TAX

Inheritance Tax is imposed on the value of a decedent's estate transferred to beneficiaries by will or intestacy. It is calculated at a percentage of the value of the assets transferred, which is determined by the relationship of the heir to the decedent and the decedent's date of death.



This brochure also contains information about safe deposit boxes.

What is the Inheritance Tax rate in Pennsylvania?

The tax rate for Pennsylvania Inheritance Tax is 4.5 percent for transfers to direct descendants (lineal heirs), 12 percent for transfers to siblings, and 15 percent for transfers to other heirs (except charitable organizations, exempt institutions, and government entities which are exempt from tax). Property owned jointly between husband and wife is exempt from Inheritance Tax. Since 1995, property inherited by a surviving spouse, or from a child 21 or younger by a parent, is taxed at a rate of 0 percent.

Who are lineal heirs and lineal descendants for the purpose of Inheritance Tax?

Lineal heirs are grandfathers, grandmothers, fathers, mothers and their children. "Children" include natural children (whether or not they have been adopted by others), adopted children and stepchildren.

Lineal descendants include all children of the natural parents and their descendants (whether or not they have been adopted by others), adopted descendants and their descendants and step-descendants.

Is there a discount on PA Inheritance Tax?

The tax is due at the date of death and becomes delinquent nine months after the date of death. There is a discount of five percent of the tax paid or the tax due, whichever is less, when the payment is made within three months of the date of death.

What property is subject to Inheritance Tax?

All real property and all tangible personal property of a resident decedent, including but not limited to cash, automobiles, furniture, antiques, jewelry, etc., located in Pennsylvania at the time of the decedent's death is taxable. All intangible property of a resident decedent, including stocks, bonds, bank accounts, loans receivable, etc., is also taxable regardless of where it is located at the time of the decedent's death.

In the case of a nonresident decedent, all real property and tangible personal property located in Pennsylvania at the time of the decedent's death is taxable. Intangible personal property of a nonresident decedent is not taxable.

Jointly-owned property with right of survivorship, except between husband and wife, including but not limited to real estate, securities, bank accounts, etc., is taxable to the extent of the decedent's fractional interest in the joint property (calculated by dividing the value of the joint property by the number of joint owners at the time of the decedent's death). Joint property is taxable even though the decedent's name was added as a matter of convenience. Further, if the decedent created the joint interest in the property within a year of his/her death, the full value of the property is taxable in the decedent's estate.

Can the funeral expenses and unpaid bills of the decedent be deducted from the amount subject to tax?

Yes. Unsatisfied liabilities incurred by the decedent prior to his/her death are deductible against his/her taxable estate. In addition to

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debts incurred by the decedent or the estate, the cost of administration of the estate, attorney fees and fiduciary fees incurred to administer the estate, funeral and burial expenses, including the cost of a burial lot, tombstone or grave marker, and other related burial expenses, are deductible.

For the sake of convenience, I put my mother’s name on my savings account. Recently my mother died and now I am being told that I will have to pay an Inheritance Tax on my own money. Can this be correct?

Under the Inheritance Tax law, the account was jointly owned because you and your mother had equal access to the account. Therefore, in this example, the survivor is taxed on one-half of the amount in the account.

Was the “widows’ tax” repealed in Pennsylvania?

Previously, transfers to surviving spouses were taxed at a rate of six percent, commonly known as the “widows’ tax”. Since Jan. 1, 1995, the tax rate for transfers to a surviving spouse is zero percent. A Pennsylvania widow or widower pays no tax on assets inherited from a deceased spouse.

What is the family exemption and how much can be claimed?

The family exemption is a right given to specific individuals to retain or claim certain types of a decedent’s property in accordance with Section 3121 of the Probate, Estate and Fiduciaries Code. For decedents who died after Jan. 29, 1995, the family exemption is \$3,500.

Who is entitled to claim the family exemption?

The family exemption may be claimed by a spouse of a decedent who was a resident of Pennsylvania. If there is no spouse, or if the spouse has forfeited his/her rights, then any child of the decedent, who is a member of the same household as the decedent, may claim the exemption.

In the event there is no spouse or child, the exemption may be claimed by a parent or parents who are members of the same household as the decedent. The family exemption is allowable against assets which are passed on with or without a will.

Is an inheritance considered taxable for PA Personal Income Tax purposes?

No, the amount of an inheritance is not taxable for PA Personal Income Tax purposes. However, if you qualify for Tax Forgiveness on your income tax return, you will need to include the value of your inheritance as income on PA Schedule SP.

If an individual dies before they reach the age of 59 1/2, is the decedent’s IRA or 401K subject to PA Inheritance Tax?

IRA’s are not subject to Inheritance Tax when the decedent is under the age of 59 1/2 at the time of death. For 401K’s, the same provision applies unless the owner of the plan could have closed out the plan during their lifetime. In most plans, the right does not accrue until the “normal retirement age” is reached, which is usually 62 or 65 years of age.

Who files the Inheritance Tax return?

Inheritance Tax returns are due nine months after a person’s death. The responsible party is the person named in the will as executor, or if the person dies without a will, the individual who is approved as administrator by the Register of Wills after a petition is filed. If no executor or administrator is named, and property or transfers exist, then the person receiving the property is required to file a return and pay the tax.


Where is the Inheritance Tax return to be filed?

If the decedent was a resident of the Commonwealth of Pennsylvania at the time of his/her death, the Inheritance Tax return is to be filed in duplicate with the Register of Wills in the county where the decedent was a resident at the time of his/her death.

If the decedent was a nonresident of Pennsylvania, the Inheritance Tax return is to be filed in duplicate with the Register of Wills that issues Letters Testamentary or Letters of Administration, if any. Otherwise, the Inheritance Tax return is to be filed with the PA Department of Revenue, Bureau of Individual Taxes.

For additional information, call (717) 787-8327 or write:

PA Department of Revenue
Bureau of Individual Taxes
PO Box 280601
Harrisburg, PA 17128-0601



SAFE DEPOSIT BOXES

DO SAFE DEPOSIT BOXES HAVE TO BE INVENTORIED BY THE STATE AFTER SOMEONE PASSES AWAY?

Yes. Because safe deposit boxes may contain assets which are subject to the Pennsylvania Inheritance Tax, the law prohibits the removal of the contents of any safe deposit box solely-owned by a decedent, or by a decedent and others, except a spouse, without conducting a safe deposit box inventory. (These rules do not apply to boxes jointly owned by husband and wife.)

WHO MAY ENTER A SAFE DEPOSIT BOX AFTER THE DEATH OF A DECEDENT?

No one is allowed to enter a safe deposit box, not even a joint owner, except to remove a will and/or burial instructions and it must be done in the presence of a bank employee. The bank employee must complete PA Form REV-487 (Entry Into A Safe Deposit Box To Remove A Will Or Cemetery Deed) to record the entry and mail it to the PA Department of Revenue. Pennsylvania law states that the contents of safe deposit boxes must be inventoried before they can be removed.

WHO CONDUCTS SAFE DEPOSIT BOX INVENTORIES AND WHO MUST BE PRESENT AT THE INVENTORY?

A bank employee, a representative of the PA Department of Revenue, or an attorney representing the estate (with written permission from the Department) can conduct safe deposit box inventories. The person conducting the inventory and the executor or administrator of the estate must be present at the inventory. If the executor or administrator of the estate is not present, he/she must give a notarized limited power of attorney to whoever is representing them. If the decedent and a surviving joint owner owned the box, the surviving owner should be present.

HOW DO I ARRANGE AN INVENTORY OF A SAFE DEPOSIT BOX FOR SOMEONE WHO DIED IN PENNSYLVANIA?

To arrange an inventory of a safe deposit box, contact the financial institution where the box is located to see what items are required to access the box. The law states that a bank official is authorized to perform the inventory. If the bank will not perform the inventory, the attorney who represents the estate may be authorized to perform the inventory, or you may contact the Revenue District Office, which serves the county where the box is located.