

No. 1982-255

AN ACT

SB 636

Amending Title 72 (Taxation and Fiscal Affairs) of the Pennsylvania Consolidated Statutes, adding provisions relating to inheritance and estate taxes and making repeals.

The General Assembly of the Commonwealth of Pennsylvania hereby enacts as follows:

Section 1. Title 72, act of November 25, 1970 (P.L.707, No.230), known as the Pennsylvania Consolidated Statutes, is amended by adding a chapter to read:

**CHAPTER 17
INHERITANCE AND ESTATE TAXES.**

Subchapter

- A. Preliminary Provisions
- B. Transfers Subject to Tax
- C. Transfers Not Subject to Tax
- D. Rate of Tax
- E. Valuation
- F. Deductions
- G. Payment of Tax
- H. Uniform Act on Interstate Compromise and Arbitration of Inheritance Taxes
- I. Collection of Tax
- J. Refund of Tax
- K. Disputed Tax
- L. Entry Into Safe Deposit Box

**SUBCHAPTER A
PRELIMINARY PROVISIONS**

Sec.

- 1701. Short title of chapter.
- 1702. Definitions.
- 1703. Powers of department.

§ 1701. Short title of chapter.

This chapter shall be known and may be cited as the "Inheritance and Estate Tax Act."

§ 1702. Definitions.

The following words and phrases when used in this chapter shall have the meanings given to them in this section unless the context clearly indicates otherwise:

“Adverse interest.” A substantial beneficial interest in the property transferred which might be adversely affected by the exercise or non-exercise of the power or right reserved or possessed by the transferor.

“Children.” Includes adopted children, stepchildren, all children of the natural parents and the children of the natural parent who are adopted by his spouse. Except as otherwise specifically provided in this definition, children does not include adopted children in the natural family.

“Clerk.” The clerk of the orphans’ court division of the court of common pleas having jurisdiction.

“Court.” The orphans’ court division of the court of common pleas of:

(1) The county in which the decedent resided at the time of his death.

(2) The county in which letters, if any, are granted if the decedent was a nonresident of this Commonwealth.

(3) Dauphin County in all other cases.

“Date of death.” The date of actual death or, in the case of a presumed decedent, the date found by the final decree to be the date of the absentee’s presumed death. For the purpose of determining interest and discount, date of death means the date upon which the court enters its final decree of presumptive death.

“Death taxes.” Includes inheritance, succession, transfer and estate taxes and any other taxes levied against the estate of a decedent by reason of his death.

“Decedent” or “transferor.” Any person by or from whom a transfer is made and includes any testator, intestate, grantor, settlor, bargainer, vendor, assignor, donor, joint tenant and insured.

“Department.” The Department of Revenue of the Commonwealth.

“Financial institution.” A bank, a bank and trust company, a trust company, a savings and loan association, a building and loan association, a credit union, a savings bank and a national bank.

“Future interest.” Includes a successive life interest and a successive interest for a term certain.

“Lineal descendants.” All children of the natural parents and their descendants, adopted descendants and their descendants, stepchildren and their descendants and children and their descendants of the natural parent who are adopted by his spouse. Except as otherwise specifically provided in this definition, lineal descendants do not include descendants of stepchildren or adopted children and their descendants in the natural family.

“Notice.” Written notice.

“Presumed decedent.” A person found to be presumptively dead under the provisions of 20 Pa.C.S. Ch. 57 (relating to absentees and presumed decedents) or, if a nonresident of this Commonwealth, under the laws of his domicile.

“Property” or “estate.” Includes the following:

(1) All real property and all tangible personal property of a resident decedent or transferor having its situs in this Commonwealth.

(2) All intangible personal property of a resident decedent or transferor.

(3) All real property and all tangible personal property of a resident decedent having its situs outside this Commonwealth, which the decedent had contracted to sell, provided the jurisdiction in which the property has its situs does not subject it to death tax.

(4) All real property and all tangible personal property of a non-resident decedent or transferor having its situs in this Commonwealth, including property held in trust.

(5) A liquor license issued by the Commonwealth.

“Register.” The register of wills having jurisdiction to grant letters testamentary or of administration in the estate of the decedent or transferor.

“Safe deposit box of a decedent.” A safe deposit box in a financial institution located within this Commonwealth in the name of the decedent alone or in the names of the decedent and one or more persons other than the spouse of the decedent.

“Secretary.” The Secretary of Revenue of the Commonwealth.

“Territory.” Includes the District of Columbia and all possessions of the United States.

“Transfer.” Includes the passage of ownership of property, or interest in property or income from property, in possession or enjoyment, present or future, in trust or otherwise.

“Transferee.” Any person to whom a transfer is made and includes any legatee, devisee, heir, next of kin, grantee, beneficiary, vendee, assignee, donee, surviving joint tenant and insurance beneficiary.

“Value.” The price at which the property would be sold by a willing seller, not compelled to sell, to a willing buyer, not compelled to buy, both of whom have reasonable knowledge of the relevant facts. In determining the value of property, no reduction shall be made on account of income, excise or other taxes which may become payable subsequent to the valuation date by the transferee or out of the property. Value as to land in agricultural use, agricultural reserve or forest reserve means the value which the land has for its particular use according to the standards provided in section 1722 (relating to valuation of certain farmland).

§ 1703. Powers of department.

(a) Rules and regulations.—The department may adopt and enforce rules and regulations for the just administration of this chapter.

(b) Appraisements, allowance of deductions and assessment of tax.—The department shall have complete supervision of the making of appraisements, the allowance of deductions and the assessment of tax including, but not limited to, the power to regulate the actions of registers in the allowance and disallowance of deductions and assessment of tax. The department’s supervision of the making of appraisements

includes the employment and compensation of investigators, appraisers and expert appraisers. The compensation of investigators, appraisers and expert appraisers shall be paid from the inheritance tax collections in the respective counties.

(c) **Exercising powers vested in register.**—The department shall, in the event that the register fails to take the necessary proceedings in connection with the appraisal, allowance of deductions, assessment of tax or collection of tax, have all the powers vested in the register in this chapter and, at its option, may take the necessary action and shall charge to the register and deduct from any commissions or fees otherwise due him all costs and expenses incurred by the department in connection with the proceedings.

SUBCHAPTER B TRANSFERS SUBJECT TO TAX

Sec.

1706. Imposition of tax.

1707. Transfers subject to tax.

1708. Joint tenancy.

§ 1706. Imposition of tax.

An inheritance tax for the use of the Commonwealth is imposed upon every transfer subject to tax under this chapter at the rates specified in section 1716 (relating to inheritance tax).

§ 1707. Transfers subject to tax.

(a) **General rule.**—The transfers enumerated in this section are subject to the tax imposed by section 1706 (relating to imposition of tax).

(b) **Transfers by will or intestacy.**—All transfers of property by will, by the intestate laws of this Commonwealth or, in the case of a transfer from a nonresident, by the laws of succession of another jurisdiction are subject to tax. The transfer of property of a person determined by decree of a court of competent jurisdiction to be a presumed decedent is subject to tax within the meaning of this section and section 1708 (relating to joint tenancy).

(c) **Inter vivos transfers.**—

(1) All transfers of property specified in paragraphs (3) through (7) which are made by a resident or a nonresident during his lifetime are subject to tax to the extent that they are made without valuable and adequate consideration in money or money's worth at the time of transfer.

(2) When the decedent retained or reserved an interest or power with respect to only a part of the property transferred, in consequence of which a tax is imposed under paragraphs (4) through (7), the amount of the taxable transfer is only the value of that portion of the property transferred which is subject to the retained or reserved interest or power.

(3) A transfer conforming to paragraph (1) and made within one year of the death of the transferor is subject to tax only to the extent

that the value at the time of the transfer or transfers in the aggregate to or for the benefit of the transferee exceeds \$3,000 during any calendar year.

(4) A transfer conforming to paragraph (1) which takes effect in possession or enjoyment at or after the death of the transferor and under which the transferor has retained a reversionary interest in the property, the value of which interest immediately before the death of the transferor exceeds 5% of the value of the property transferred, is subject to tax. The term "reversionary interest" includes a possibility that property transferred may return to the transferor or his estate, or may be subject to a power of disposition by him, but the term does not include a possibility that the income alone from the property may return to him or become subject to a power of disposition by him.

(5) A transfer conforming to paragraph (1), and under which the transferor expressly or impliedly reserves for his life or any period which does not in fact end before his death, the possession or enjoyment of, or the right to the income from, the property transferred, or the right, either alone or in conjunction with any person not having an adverse interest, to designate the persons who shall possess or enjoy the property transferred or the income from the property, is subject to tax.

(6) A transfer conforming to paragraph (1), and under which the transferee promises to make payments to, or for the benefit of, the transferor or to care for the transferor during the remainder of the transferor's life, is subject to tax.

(7) A transfer conforming to paragraph (1), and under which the transferor has at his death, either in himself alone or in conjunction with any person not having an adverse interest, a power to alter, amend or revoke the interest of the beneficiary, is subject to tax. Similarly, the relinquishment of such a power is a transfer subject to tax except as otherwise provided in paragraph (3).

§ 1708. Joint tenancy.

(a) General rule.—When any property is held in the names of two or more persons, or is deposited in a financial institution in the names of two or more persons, so that, upon the death of one of them, the survivor or survivors have a right to the immediate ownership or possession and enjoyment of the whole property, the accrual of such right, upon the death of one of them, shall be deemed a transfer subject to tax, of a fractional portion of such property to be determined by dividing the value of the whole property by the number of joint tenants in existence immediately preceding the death of the deceased joint tenant.

(b) Husband and wife.—Except as provided in subsection (c), this section shall not apply to property and interests in property passing by right of survivorship to the survivor of husband and wife.

(c) Other exception.—If the co-ownership was created within one year prior to the death of the co-tenant, the entire interest transferred shall be subject to tax only under, and to the extent stated in,

section 1707(c)(3) (relating to transfers subject to tax), as though a part of the estate of the person who created the co-ownership.

SUBCHAPTER C
TRANSFERS NOT SUBJECT TO TAX

Sec.

1711. Transfers not subject to tax.

§ 1711. Transfers not subject to tax.

(a) General rule.—The transfers enumerated in this section are not subject to the tax imposed by this chapter.

(b) Governments.—Transfers of property to or for the use of any of the following are exempt from inheritance tax:

(1) The United States of America.

(2) The Commonwealth of Pennsylvania.

(3) A political subdivision of the Commonwealth of Pennsylvania.

(c) Charitable and fraternal organizations.—Transfers of property to or for the use of any of the following are exempt from inheritance tax:

(1) Any corporation, unincorporated association or society organized and operated exclusively for religious, charitable, scientific, literary or educational purposes, including the encouragement of art and the prevention of cruelty to children or animals, no part of the net earnings of which inures to the benefit of any private stockholder or individual and no substantial part of the activities of which is carrying on propaganda or otherwise attempting to influence legislation.

(2) Any trustee or trustees, or any fraternal society, order or association operating under the lodge system, but only if the property transferred is to be used by the trustee or trustees, or by the fraternal society, order or association, exclusively for religious, charitable, scientific, literary or educational purposes, or for the prevention of cruelty to children or animals, and no substantial part of the activities of the trustee or trustees, or of the fraternal society, order or association, is carrying on propaganda or otherwise attempting to influence legislation.

(3) Any veterans' organization incorporated by act of Congress, or its departments or local chapters or posts, no part of the net earnings of which inures to the benefit of any private shareholder or individual.

(d) Life insurance.—All proceeds of insurance on the life of the decedent are exempt from inheritance tax. Refunds of unearned premiums for the current policy period and post mortem dividends shall be considered exempt proceeds.

(e) War risk insurance.—All proceeds of any Federal War Risk Insurance, National Service Life Insurance or similar governmental insurance are exempt from inheritance tax. Refunds of unearned premiums for the current policy period and post mortem dividends shall be considered exempt proceeds.

(f) Proceeds obtained by estates of Vietnam conflict veterans.—The pay and allowances determined by the United States to be due a member of its armed forces for service in the Vietnam conflict after August 5, 1964, for the period between the date declared by it as the beginning of his missing in action status to the date determined by it to be the date of his death, are exempt from inheritance tax. In cases where inheritance tax has been assessed and paid on the transfer of such pay and allowances, an application for refund of tax shall be made before July 10, 1981.

(g) Inter vivos transfers to exempt donee.—Inter vivos transfers as defined in section 1707(c) (relating to transfers subject to tax) which might otherwise be subject to inheritance tax are exempt where the transferee is a governmental body as provided in subsection (b) or a charity as provided in subsection (c).

(h) Intangibles of nonresident.—Intangible personal property held by, for or for the benefit of a decedent who, at the time of his death, was a nonresident is exempt from inheritance tax.

(i) Advancements.—A transfer made as an advancement of or on account of an intestate share or in satisfaction or partial satisfaction of a gift by will, but not within the meaning of section 1707(c)(3), is exempt from inheritance tax.

(j) Adjusted service certificates and bonds.—Adjusted service certificates issued under the act of Congress of May 19, 1924, and adjusted service bonds issued under the act of Congress of January 27, 1936, are exempt from inheritance tax.

(k) Property subject to power of appointment.—Property subject to a power of appointment, whether or not the power is exercised, and notwithstanding any blending of such property with the property of the donee, is exempt from inheritance tax in the estate of the donee of the power of appointment.

(l) Commonwealth as statutory heir.—Property awarded to the Commonwealth as statutory heir by escheat or without escheat, otherwise than as custodian for a known distributee, is exempt from inheritance tax. Inheritance tax shall be deducted at the applicable rate without interest from any such exempt funds thereafter distributed by the Commonwealth.

(m) Husband and wife.—Property owned by husband and wife with right of survivorship is exempt from inheritance tax. If the ownership was created within the meaning of section 1707(c)(3) the entire interest transferred shall be subject to tax under section 1707(c)(3) as though a part of the estate of the spouse who created the co-ownership.

(n) Nominal ownership.—Property held in the name of a decedent who had no beneficial interest in the property is exempt from inheritance tax.

(o) Obligations worthless at death.—Obligations owing to the decedent which are worthless immediately before death are exempt from inheritance tax although collectible from the obligor's distributive share of the estate.

(p) Social Security death payment.—The lump-sum death payment from the United States Social Security Administration or any payment made in lieu of the Social Security Administration payment by another agency of the United States, whether or not paid to the decedent's estate, is exempt from inheritance tax.

(q) Railroad retirement burial benefit.—The lump-sum burial benefit from the United States Railroad Retirement Board, whether or not paid to the decedent's estate, is exempt from inheritance tax.

(r) Employment benefits.—Payments under pension, stock bonus, profit-sharing and other retirement plans including, but not limited to, H.R.10 plans, individual retirement accounts, individual retirement annuities and individual retirement bonds to distributees designated by decedent or designated in accordance with the terms of the plan, are exempt from inheritance tax to the extent that decedent before his death did not otherwise have the right to possess (including proprietary rights at termination of employment), enjoy, assign or anticipate the payment made. In addition to this exemption, whether or not the decedent possessed any of these rights, the payments are exempt from inheritance tax to the same extent that they are exempt from Federal estate tax under the provisions of the Internal Revenue Code of 1954, as amended, any supplement to the code, or any similar provision in effect from time to time for Federal estate tax purposes, except that a payment, which would otherwise be exempt for Federal estate tax purposes if it had not been made in a lump-sum or other nonexempt form of payment, shall be exempt from inheritance tax even though paid in a lump-sum or other form of payment. The proceeds of life insurance otherwise exempt under subsection (d) shall not be subject to inheritance tax because they are paid under a pension, stock bonus, profit-sharing, H.R.10 or other retirement plan.

SUBCHAPTER D RATE OF TAX

Sec.

1716. Inheritance tax.

1717. Estate tax.

§ 1716. Inheritance tax.

(a) Rate of tax.—

(1) Inheritance tax upon the transfer of property passing to or for the use of any of the following shall be at the rate of 6%:

(i) Grandfather, grandmother, father, mother, husband, wife and lineal descendants.

(ii) Wife or widow and husband or widower of a child.

(2) Inheritance tax upon the transfer of property passing to or for the use of all persons other than those designated in paragraph (1) shall be at the rate of 15%.

(3) When property passes to or for the use of a husband and wife with right of survivorship, one of whom is taxable at a rate lower than the other, the lower rate of tax shall be applied to the entire interest.

(b) Computation of tax.—

(1) Residents.—When the decedent was a resident, the tax shall be computed upon the value of the property, in excess of the deductions specified in Subchapter F (relating to deductions), at the rates in effect at the transferor's death.

(2) Nonresidents.—When the decedent was a nonresident, the tax shall be computed upon the value of real property and tangible personal property having its situs in this Commonwealth, in excess of unpaid property taxes assessed on the property and any indebtedness for which it is liened, mortgaged or pledged, at the rates in effect at the transferor's death. The person liable to make the return under section 1736 (relating to returns) may elect to have the tax computed as if the decedent was a resident and his entire estate was property having its situs in this Commonwealth and the tax due shall be the amount which bears the same ratio to the tax thus computed as the real property and tangible personal property located in this Commonwealth bears to the entire estate of the decedent.

(c) Renunciation of transfer.—When any person entitled to a distributive share of an estate, whether under an inter vivos trust, a will or the intestate law, renounces his right to receive the distributive share receiving therefor no consideration, or exercises his elective rights under 20 Pa.C.S. Ch. 22 (relating to elective share of surviving spouse) receiving therefor no consideration other than the interest in assets passing to him as the electing spouse, the tax shall be computed as though the persons who benefit by such renunciation or election were originally designated to be the distributees, conditioned upon an adjudication or decree of distribution expressly confirming distribution to such distributees. The renunciation shall be made within nine months after the death of the decedent or, in the case of a surviving spouse, within the time for election and any extension thereof under 20 Pa.C.S. § 2210(b) (relating to procedure for election; time limit). Notice of the filing of the account and of its call for audit or confirmation shall include notice of the renunciation or election to the department. When an unconditional vesting of a future interest does not occur at the decedent's death, the renunciation specified in this subsection of the future interest may be made within three months after the occurrence of the event or contingency which resolves the vesting of the interest in possession and enjoyment.

(d) Compromise of rights.—In case of a compromise of a dispute regarding rights and interests of transferees, made in good faith, the tax shall be computed as though the persons so receiving distribution were originally entitled to it as transferees of the property received in the compromise, conditioned upon an adjudication or decree of distribution expressly confirming distribution to such distributees. Notice of the filing of the account and of its call for audit or confirmation shall include notice to the department.

(e) Compromise as to rate of future interests.—If the rate of tax which will be applicable when a future interest vests in possession and

enjoyment cannot be established with certainty, the department, after consideration of relevant actuarial factors, valuations and other pertinent circumstances, may enter into an agreement with the person responsible for payment to establish a specified amount of tax which, when paid within 60 days after the agreement, shall constitute full payment of all tax otherwise due upon such transfer.

(f) Powers of appointment.—Property subject to a power of appointment, whether or not the power is exercised and notwithstanding any blending of the property with the property of the donee, shall be taxed only as part of the estate of the donor.

§ 1717. Estate tax.

(a) Residents.—In the event that a Federal estate tax is payable to the United States on the estate of a decedent who was a resident of this Commonwealth at the time of his death and the inheritance tax, if any, paid to the Commonwealth (disregarding interest or the amount of any discount allowed under section 1742 (relating to payment date and discount)), plus the death taxes (not including any death tax expressly imposed to receive the benefit of the credit for state death taxes allowed by the Federal estate tax law) paid to other states or territories in respect to the property of the decedent, is less than the maximum credit for state taxes allowed by the Federal estate tax law, a tax equal to the difference is imposed.

(b) Nonresidents of United States.—In the event that a Federal estate tax is payable to the United States on the estate of a decedent who was not a resident of the United States or its territories at the time of his death and the inheritance tax, if any, paid to the Commonwealth (disregarding interest or the amount of any discount allowed under section 1742) is less than the maximum credit for state taxes allowed by the Federal estate tax law, a tax is hereby imposed, to be computed by deducting the Pennsylvania inheritance tax, if any, paid from an amount which bears the same ratio to the maximum credit for state taxes allowed by the Federal estate tax law, as the transfer of property subject to inheritance tax and included in the decedent's gross estate for Federal estate tax purposes bears to the decedent's gross estate located within the United States and its territories for Federal estate tax purposes.

(c) Credit for additional inheritance tax after payment of estate tax.—When an inheritance tax is imposed after an estate tax imposed under subsection (a) or (b) has been paid, the estate tax paid shall be credited against any inheritance tax later imposed.

SUBCHAPTER E
VALUATION

Sec.

1721. Valuation.

1722. Valuation of certain farmland.

§ 1721. Valuation.

(a) **General rule.**—Except as otherwise provided in this subchapter, the valuation date shall be the date of the transferor's death. When the transfer was made during lifetime and was not in trust, the property transferred shall be valued at the transferor's death. When the transfer was to an inter vivos trust, the property to be valued shall be that comprising the portion of the trust, if any, which exists at the transferor's death and which portion is traceable from property the transfer of which is subject to tax under this chapter.

(b) **Valuation of life interest.**—The value of a life interest shall be determined in accordance with rules and regulations promulgated by the department. Until the promulgation of rules and regulations to the contrary, the regulations in effect for Federal estate tax purposes shall apply.

(c) **Valuation of interest for term certain.**—The value of an interest for a term certain shall be determined in accordance with rules and regulations promulgated by the department. Until the promulgation of rules and regulations to the contrary, the regulations in effect for Federal estate tax purposes shall apply.

(d) **Annuity or life estate terminated within nine months of decedent's death.**—If an annuity or a life estate is terminated by the death of the annuitant or life tenant or by the happening of a contingency within nine months after the death of the transferor, the value of the annuity or estate shall be the value, at the date of the transferor's death, of the amount of the annuity or income actually paid or payable to the annuitant or life tenant during the period he was entitled to the annuity or was in possession of the estate. If an appraisal of an annuity or life estate has been filed before the termination, the appraisal and any assessment based on the appraisal shall be revised in accordance with this section upon request of any party in interest, including the Commonwealth and the personal representative, insofar as the appraisal and any assessment based on the appraisal relates to the valuation of the terminated annuity or life estate, without the necessity of the party in interest following any procedure described in Subchapter K (relating to disputed tax).

(e) **Valuation of future interest.**—The value of a future interest shall be determined in accordance with rules and regulations promulgated by the department. Until the promulgation of rules and regulations to the contrary, the regulations in effect for Federal estate tax purposes shall apply.

(f) **Valuation of property subject to option or agreement.**—When a decedent's property is subject, during his lifetime and at the time of his death, to a binding option or agreement to sell, the appraised value of the property shall not exceed the amount of the established price payable for it provided the option or agreement is a bona fide arrangement and not a device to transfer the property for less than an adequate and full consideration in money or money's worth. If the option or agreement is not exercised and consummated, the value at which the property is appraised

shall not be limited to the established price payable for the property and it shall not exceed the value of the property on the date of the transferor's death. When tax has been assessed on the basis of an established price and the option or agreement is not exercised and consummated or an amount greater than the established price is received for the property, the fiduciary or transferee shall file a supplemental return reporting the facts.

§ 1722. Valuation of certain farmland.

(a) Definitions.—The following words and phrases when used in this section shall have the meanings given to them in this subsection unless the context clearly indicates otherwise:

“Agricultural commodity.” Any and all plant and animal products including Christmas trees produced in this Commonwealth for commercial purposes.

“Agricultural reserve.” Noncommercial open space lands used for outdoor recreation or the enjoyment of scenic or natural beauty and open to the public for such use, without charge or fee, on a nondiscriminatory basis.

“Agricultural use.” Use of the land for the purpose of producing an agricultural commodity or when devoted to and meeting the requirements and qualifications for payments or other compensation pursuant to a soil conservation program under an agreement with an agency of the Federal Government.

“Forest reserve.” Land, ten acres or more, stocked by forest trees of any size and capable of producing timber or other wood products.

“Separation.” A division, by conveyance or other action of the owner, of lands devoted to agricultural use, agricultural reserve or forest reserve and preferentially assessed under the provisions of this section into two or more tracts of land which continue to be agricultural use, agricultural reserve or forest reserve and all tracts so formed meet the requirements of section 3 of the act of December 19, 1974 (P.L.973, No.319), known as the “Pennsylvania Farmland and Forest Land Assessment Act of 1974.”

“Split-off.” A division, by conveyance or other action of the owner, of lands devoted to agricultural use, agricultural reserve or forest reserve and preferentially assessed under the provisions of this section into two or more tracts of land, the use of which on one or more of such tracts does not meet the requirements of section 3 of the “Pennsylvania Farmland and Forest Land Assessment Act of 1974.”

(b) General rule.—

(1) The value for transfer inheritance tax purposes of land or an interest in land which is owned by a decedent and devoted to agricultural use, agricultural reserve or forest reserve shall be that value which such land has for its particular use if it also meets the following conditions:

(i) In the case of land devoted to agricultural use, the land was devoted to such agricultural use for the three years preceding the

death of such decedent and is not less than ten contiguous acres in area or has an anticipated yearly gross income derived from agricultural use of \$2,000.

(ii) In the case of land devoted to agricultural reserve, the land is not less than ten contiguous acres in area.

(iii) In the case of land presently devoted to forest reserve, the land is not less than ten contiguous acres in area.

(iv) The contiguous tract of land for which application is made is not less than the entire contiguous area of the owner used for agricultural use, agricultural reserve or forest reserve purposes.

(2) In determining the value of land in agricultural use, agricultural reserve or forest reserve for its particular use, consideration shall be given to available evidence of such land's capability for its particular use as derived from the soil survey at the Pennsylvania State University, the National Cooperative Soil Survey, the United States Census of Agricultural Categories of land use classes and other evidence of the capability of the land devoted to such use and also, if the land is assessed under the provisions of the "Pennsylvania Farmland and Forest Land Assessment Act of 1974," to the valuation determined by the local county assessor thereunder.

(c) Imposition of tax when use abandoned.—

(1) If any tract of land in agricultural use, agricultural reserve or forest reserve, which is valued for inheritance tax purposes under the provisions of this subchapter, is applied to a use other than agricultural use, agricultural reserve or forest reserve or for any other reason, except condemnation thereof, is removed from the category of land preferentially valued under this subchapter within seven years following the death of such decedent, the owner at such time the land is so removed shall be subject and liable to tax due the Commonwealth in an amount equal to the difference, if any, between the taxes paid or payable on the basis of the valuation authorized under this section and the taxes that would have been paid or payable had that land been valued and taxed on the basis of its market value at the death of the decedent, plus interest thereon for the period from the date of death to the change of use at the rate established in section 1743 (relating to interest).

(2) The tax shall be a lien upon the property in favor of the Commonwealth, collectible in the manner provided by law for the collection of delinquent real estate taxes, as well as the personal obligation of the owner at the time of such change of use. The tax shall become due on the date of change of use.

(3) Every owner of land preferentially valued under this section shall notify the register of wills of the county or counties in which the land is located of any change or proposed change in the use of the land. Any owner failing to make notification commits a misdemeanor of the third degree.

(d) Separation, split-off or transfer.—

(1) The split-off of a part of the land which has been valued, assessed and taxed under this chapter for a use other than agricultural use, agricultural reserve or forest reserve within the seven-year period provided for by subsection (c) shall, except when the split-off occurs through condemnation, subject the land divided and the entire parcel from which the land was divided to liability for taxes as otherwise set forth in this chapter except as provided in paragraph (2).

(2) The owner of property subject to a preferential tax assessment may split-off land covered by the preferential tax assessment within the seven-year period. The tract of land so split-off shall not exceed two acres annually and may only be used for residential use, agricultural use, agricultural reserve or forest reserve and the construction of a residential dwelling to be occupied by the person to whom the land is transferred. The total parcel or parcels of land split-off under the provisions of this subsection shall not exceed 10% or ten acres, whichever is less, of the entire tract subject to the preferential tax assessment. The split-off of a parcel of land which meets the requirements of this subsection shall not invalidate the preferential tax assessment if it continues to meet the requirements of subsection (b).

(3) The owner of property subject to a preferential use assessment may separate land covered by the preferential use assessment. The separation shall not invalidate the preferential tax assessment unless a subsequent abandonment of preferential use occurs within seven years of the separation. The abandonment shall subject the entire tract of land separated to liability for taxes, which are to be paid by the person changing the use, as set forth in this chapter.

(4) When property subject to preferential tax assessment is separated among the beneficiaries taxed under section 1716(a)(1) (relating to inheritance tax), a subsequent change within the seven-year period provided for in subsection (b) in the use of one beneficiary's portion of the property shall subject only that tract held by the beneficiary who changes the use to liability under this chapter.

SUBCHAPTER F DEDUCTIONS

Sec.

- 1726. Deductions generally.
- 1727. Expenses.
- 1728. Taxes.
- 1729. Liabilities.
- 1730. Deductions not allowed.

§ 1726. Deductions generally.

The only deductions from the value of the property transferred shall be those set forth in this subchapter. Except as otherwise provided in this chapter, they shall be deductible regardless of whether or not assets comprising the decedent's taxable estate are employed in the payment or dis-

charge of the deductible items. When a tax is imposed upon a transfer described in sections 1707(c) (relating to transfers subject to tax) and 1708 (relating to joint tenancy), the deductions shall be allowed to the transferee only to the extent that the transferee has actually paid the deductible items and either the transferee was legally obligated to pay the deductible items or the estate subject to administration by a personal representative is insufficient to pay the deductible items.

§ 1727. Expenses.

The following expenses may be deducted from the value of the property transferred:

(1) **Administration expenses.**—All reasonable expenses of administration of the decedent's estate and of the assets includable in the decedent's taxable estate are deductible.

(2) **Bequest to fiduciary or attorney in lieu of fees.**—A transfer to an executor, trustee or attorney in lieu of compensation for services is deductible to the extent it does not exceed reasonable compensation for the services to be performed.

(3) **Family exemption.**—The family exemption is deductible.

(4) **Funeral and burial expenses.**—Reasonable and customary funeral expenses, including the cost of a family burial lot or other resting place, are deductible.

(5) **Tombstones and gravemarkers.**—Reasonable and customary expenses for the purchase and erection of a monument, gravestone or marker on decedent's burial lot or final resting place are deductible.

(6) **Burial trusts or contracts.**—Bequests or devises in trust, or funds placed in trust after decedent's death, or funds paid under a contract after decedent's death, in reasonable amounts, to the extent that the funds or income from the funds is to be applied to the care and preservation of the family burial lot or other final resting place in which the decedent is buried or the remains of the decedent repose and the structure on the burial lot or other final resting place, are deductible.

(7) **Bequests for religious services.**—Bequests in reasonable amounts for the performance or celebration of religious rites, rituals, services or ceremonies, in consequence of the death of the decedent, shall be deductible.

§ 1728. Taxes.

The following taxes may be deducted from the value of the property transferred:

(1) **Property taxes.**—Taxes imposed against the decedent or against any property constituting a part of decedent's gross taxable estate, and which are owing prior to decedent's death, are deductible. However, taxes for which decedent is not personally liable shall not be deductible in an amount exceeding the value of the property against which the taxes are liened.

(2) **State and foreign death taxes.**—Death taxes other than the Federal estate tax, disregarding interest and penalty, paid to other

states and territories of the United States and to taxing jurisdictions outside the United States and its territories on assets, the transfer of which is subject to tax under this chapter, if the taxes are required to be paid to bring the assets into this Commonwealth, or to transfer them to the new owner, are deductible.

§ 1729. Liabilities.

(a) General rule.—All liabilities of the decedent shall be deductible subject to the limitations set forth in this section.

(b) Debt based upon contract or agreement.—Except as otherwise provided in subsections (h) and (i), the deductions for indebtedness of the decedent, when founded upon a promise or agreement, shall be limited to the extent that it was contracted bona fide and for an adequate and full consideration in money or money's worth.

(c) Secured loan.—Except as provided by section 1730(4) (relating to deductions not allowed), indebtedness owing by the decedent upon a secured loan is deductible whether or not the security is a part of the gross taxable estate.

(d) Joint obligation.—Except as provided by section 1730(4), the decedent's liability (net of all collectible contribution) on a joint obligation is deductible whether or not payment of the obligation is secured by entireties property or property which passes to another under the right of survivorship.

(e) Support contract.—Indebtedness arising from a contract for the support of the decedent is deductible.

(f) Legacy in discharge of decedent's obligation.—Decedent's obligation is deductible whether or not discharged by testamentary gift.

(g) Outlawed debt.—Decedent's debt, which is unenforceable because of any statute of limitations, is deductible if paid by the estate.

(h) Pledge to exempt transferee.—A pledge to a transferee exempt under the provisions of section 1711(c) (relating to transfers not subject to tax) is deductible if paid by the estate, whether or not it is legally enforceable.

(i) Liability for tort or as accommodation party.—Liabilities arising from the decedent's tort or from decedent's status as an accommodation endorser, guarantor or surety are deductible, except to the extent that it can be reasonably anticipated that decedent's estate will be exonerated or reimbursed by others primarily liable or subject to contribution.

(j) Married person's obligations.—The fact that a surviving spouse is legally liable and financially able to pay any item which, if the deceased spouse were unmarried, would qualify as a deduction under this subchapter shall not result in the disallowance of such item as a deduction.

(k) Medical expenses.—Obligations for decedent's medical expenses are not deductible to the extent decedent's estate will be exonerated or reimbursed for such expenses from other sources.

§ 1730. Deductions not allowed.

The following are not deductible:

- (1) The value of assets claimed for the spouse's allowance under 20 Pa.C.S. § 2102 (relating to share of surviving spouse).
- (2) Claims of a former or surviving spouse, or others, under an agreement between the former or surviving spouse and the decedent, insofar as they arise in consideration of a relinquishment or promised relinquishment of marital or support rights.
- (3) Litigation expenses of beneficiaries.
- (4) Indebtedness secured by real property, or tangible personal property, all of which has its situs outside of this Commonwealth, except to the extent the indebtedness exceeds the value of the property.

SUBCHAPTER G PAYMENT OF TAX

Sec.

- 1736. Returns.
- 1737. Appraisalment.
- 1738. Deductions.
- 1739. Assessment of tax.
- 1740. Notice.
- 1741. Failure to file returns not a bar to assessment of tax.
- 1742. Payment date and discount.
- 1743. Interest.
- 1744. Source of payment.
- 1745. Estate tax.
- 1746. Deduction and collection of tax by personal representative or other fiduciary.
- 1747. Duties of depositories.
- 1748. Compromise by department.
- 1749. Interstate compromise and arbitration of inheritance taxes.
- 1750. Extension of time for payment.
- 1751. Bond for delinquent tax.
- 1752. Evidence of payment of tax for real estate in another county.
- 1753. Penalties.
- 1754. Payment of tax for small business transfers.

§ 1736. Returns.

(a) Persons responsible for returns.—The following persons shall make a return:

- (1) The personal representative of the estate of the decedent as to property of the decedent administered by him and additional property which is or may be subject to inheritance tax of which he shall have or acquire knowledge.
- (2) The transferee of property upon the transfer of which inheritance tax is or may be imposed by this chapter including a trustee of property transferred in trust. No separate return need be made by the transferee of property included in the return of a personal representative.

(b) Inclusion of property.—The inclusion of property in the return shall not constitute an admission that its transfer is taxable.

(c) Supplemental returns.—Any person required to file a return under subsection (a) shall promptly file a supplemental return with respect to additional assets and transfers which come to his knowledge after the original return has been filed.

(d) Time for filing return.—The returns required by subsection (a) shall be filed within nine months after the death of the decedent. At any time prior to the expiration of the nine-month period, the department, in its discretion, may grant an extension of the time for filing a return for an additional period of six months.

(e) Form of returns.—The returns required by subsections (a) and (c) shall be made in the form prescribed by the department.

(f) Place for filing returns.—When the decedent was a resident, the returns shall be filed with the register. When the decedent was a nonresident, the returns shall be filed with the register who issued letters, if any, in this Commonwealth; otherwise, the returns shall be filed with the department.

§ 1737. Appraisement.

The department shall have supervision over, and make or cause to be made, fair and conscionable appraisements of property the transfer of which is subject to tax under this chapter. The appraisement, unless suspended until audit, shall be made within six months after the return has been filed and, if not so made, shall be made within an additional period as the court, upon application of any party in interest, including the personal representative, shall fix.

§ 1738. Deductions.

The official with whom the return is required by section 1736(f) (relating to returns) to be filed shall determine the allowance or disallowance of all deductions claimed. The determination, unless suspended until audit, shall be made within six months after the claim for allowance has been filed and, if not so made, shall be made within such further period as the court, upon application by any party in interest, including the personal representative, shall fix. However, the court, at the request of the fiduciary at the audit of his account, may determine and allow, as deductions, all properly deductible credits claimed in the account or allowed at the audit without requiring the filing of a separate claim for them and the court may then fix the amount of the tax and decree payment of the tax. Deductions exceeding \$100 in the aggregate shall not be allowed by the court unless the Commonwealth is represented at the audit by counsel or unless there is proof that the register has had at least 30 days notice of the claim.

§ 1739. Assessment of tax.

After the appraisement has been made and the allowance or disallowance of deductions determined, the inheritance tax, as affected by the court's determination of the allowance or disallowance of deductions as provided in section 1738 (relating to deductions), shall be assessed by the

official with whom the return is required to be filed under section 1736(f) (relating to returns). The assessment, unless suspended until audit, shall be made within one month after the filing of the appraisal or determination of deductions, whichever occurs later, and, if not so made, shall be made within an additional period as the court, upon application by any party in interest, including the personal representative, shall fix.

§ 1740. Notice.

The department shall give, or cause to be given, notice of the filing of the appraisal, the determination of the allowance or disallowance of deductions and the amount of tax assessed, and all supplements, to the personal representative and to any transferee who filed a tax return or to their respective attorneys.

§ 1741. Failure to file returns not a bar to assessment of tax.

Failure to file a return of a taxable transfer shall not bar the making of an appraisal or supplemental appraisal or assessment of tax or supplemental assessment of tax based upon taxable transfers not returned under the provisions of this chapter.

§ 1742. Payment date and discount.

Inheritance tax is due at the date of the decedent's death and shall become delinquent at the expiration of nine months after the decedent's death. To the extent that the inheritance tax is paid within three months after the death of the decedent, a discount of 5% shall be allowed.

§ 1743. Interest.

If the inheritance tax is not paid before the date it becomes delinquent, interest on the unpaid tax shall be charged after the date of delinquency at the rate established pursuant to section 806 of the act of April 9, 1929 (P.L.343, No.176), known as "The Fiscal Code." When payment of inheritance tax is not made because of litigation or other unavoidable cause of delay, and the property on which the tax has been calculated has remained in the hands of a fiduciary and has not produced a net income equal to the rate of interest provided in this section annually, interest for such period shall be calculated at the rate of the net income produced by the property. Any payment on delinquent inheritance tax shall be applied, first, to any interest due on the tax at the date of payment, and then, if there is any balance, to the tax itself.

§ 1744. Source of payment.

(a) **Outright devises and bequests.**—In the absence of a contrary intent appearing in the will, the inheritance tax, including interest, on the transfer of property which passes by will absolutely and in fee, and which is not part of the residuary estate, shall be paid out of the residuary estate and charged in the same manner as a general administration expense of the estate. The payments shall be made by the personal representative and, if not so paid, shall be made by the transferee of the residuary estate.

(b) **Outright preresiduary gifts.**—In the absence of a contrary intent appearing in the inter vivos trust, the inheritance tax, including interest, on the transfer of property which passes absolutely and in fee by inter

vivos trust, and which is not part of the residue of the inter vivos trust, shall be paid out of the residue of the trust and charged in the same manner as a general administration expense of the trust. The payment shall be made by the trustee and, if not so paid, shall be made by the transferee of the residue of the trust.

(c) In trust preresiduary gifts passing by will.—In the absence of a contrary intent appearing in the will, the inheritance tax, including interest, on the transfer of property which passes by will other than absolutely and in fee, and which is not part of the residuary estate, shall be paid out of the residuary estate and charged in the same manner as a general administration expense of the estate. The payment shall be made by the personal representative and, if not so paid, shall be made by the transferee of the residuary estate.

(d) In trust preresiduary gift passing by inter vivos trusts.—In the absence of a contrary intent appearing in the inter vivos trust, the inheritance tax, including interest, on the transfer of property which passes other than absolutely and in fee by inter vivos trust, and which is not part of the residue of the inter vivos trust, shall be paid out of the residue of the trust and charged in the same manner as a general administration expense of the trust. The payment shall be made by the trustee and, if not so paid, shall be made by the transferee of the residue of the trust.

(e) Transfer for limited period.—In the absence of a contrary intent appearing in the will or other instrument of transfer, the inheritance tax, in the case of a transfer of any estate, income or interest for a term of years, for life or for other limited period, shall be paid out of the principal of the property by which the estate, income or interest is supported, except as otherwise provided in subsection (c) or (d). The payment shall be made by the personal representative or trustee and, if not so paid, shall be made by the transferee of such principal.

(f) Other transfers.—In the absence of a contrary intent appearing in the will or other instrument of transfer and except as otherwise provided in this section, the ultimate liability for the inheritance tax, including interest, shall be upon each transferee.

§ 1745. Estate tax.

(a) Persons liable.—The person or persons required by section 1736 (relating to returns) to make the inheritance tax return shall be initially liable for payment of the estate tax.

(b) Filing of return.—The personal representative of every decedent or, if there is no personal representative, any other fiduciary charged by law with the duty of filing a Federal estate tax return, within one month of the filing or receipt of the return shall file with the register or, if the decedent was a nonresident, with the register who issued letters, if any, in this Commonwealth, or otherwise with the department, a copy of his Federal estate tax return and of any communication from the Federal Government making any final change in the return or of the tax due. The assessment of estate tax shall be made by the register or department within three months after the filing of the documents required to be filed

and, if not so made, shall be made within an additional period as the court, upon application of any party in interest, including the personal representative, shall fix.

(c) **Payment date.**—The estate tax is due at the date of the decedent's death but shall not become delinquent until the expiration of 18 months after decedent's death. Any estate tax occasioned by a final change in the Federal return or of the tax due shall not become delinquent until the expiration of one month after the person or persons liable to pay the tax have received final notice of the increase in the Federal estate tax.

(d) **Discount.**—No discount shall be allowed in paying the estate tax.

(e) **Interest.**—If the estate tax is not paid before the date it becomes delinquent under subsection (c), interest on the unpaid tax shall be charged after the date of delinquency at the rate established in section 1743 (relating to interest).

(f) **Source of payment.**—The estate tax shall be apportioned and ultimately borne in accordance with the provisions of 20 Pa.C.S. Ch. 37 (relating to apportionment of death taxes) unless otherwise provided by this chapter or in the instrument of transfer.

(g) **Place of payment.**—When the decedent was a resident, the estate tax shall be paid to the register. When the decedent was a nonresident, the estate tax shall be paid to the register who issued letters, if any, in this Commonwealth; otherwise it shall be paid to the department.

§ 1746. **Deduction and collection of tax by personal representative or other fiduciary.**

Subject to the provisions of sections 1744 (relating to source of payment) and 1754 (relating to payment of tax for small business transfers), every personal representative or other fiduciary (other than a trustee of a pension, stock-bonus, profit-sharing, retirement annuity, deferred compensation, disability, death benefit, or other employee benefit plan) in charge of or in possession of any property, or instrument evidencing ownership of property, the transfer of which is subject to a tax imposed by this chapter other than a tax on a future interest not yet delinquent, shall deduct the tax from the property, if money, or shall collect the tax from the transferee. Any delivery of property or instrument by the fiduciary to a transferee, except in accordance with a decree of distribution of the court, or pursuant to a duly executed notice of election filed under section 1754, shall not relieve him of personal liability for a tax imposed by this chapter. No personal representative or other fiduciary in charge of or in possession of any property subject to this chapter shall be compelled to pay or deliver it to the transferee except upon payment to him of the tax due other than tax on a future interest not yet delinquent. If the transferee neglects or refuses to pay the tax, the personal representative or other fiduciary may sell the property subject to the tax, or so much of the property as is necessary, under direction of the court. All money retained by the personal representative or other fiduciary, or paid to him on account of the taxes imposed by this chapter, shall be remitted by him before the tax becomes delinquent or, if

received after the tax becomes delinquent, shall be remitted by him promptly upon its receipt.

§ 1747. Duties of depositories.

When money is deposited or invested in a financial institution located in this Commonwealth in the names of two or more persons, other than husband and wife, or in the name of a person or persons in trust for another or others, and one of the parties to the deposit or investment dies, it shall be the duty of the financial institution, within ten days after knowledge of the death, to notify the department, giving the name of the deceased person, the date of the creation of the joint or trust deposit or investment, the amount invested or on deposit at the date of death with the financial institution and the name and address of the survivor or survivors to the account. No notification shall be required in regard to the account when the deposit at the time of death does not exceed \$300.

§ 1748. Compromise by department.

The department, with the approval of the Attorney General, may compromise in writing, with the person liable, the tax, including interest on the tax, payable on any transfer of property included in the estate of any decedent who it is alleged was a nonresident at the time of his death. A copy of the compromise agreement shall be filed with the register who issued letters, if any, in this Commonwealth; otherwise it shall be filed with the department. The compromise agreement shall constitute a final determination of the matters covered by it and the payment of the tax, as fixed by the agreement, shall discharge all persons and property from liability with respect to the tax.

§ 1749. Interstate compromise and arbitration of inheritance taxes.

When the register or the department alleges that a decedent was a resident of this Commonwealth at the time of his death, and the taxing authorities of another state or territory make a like claim on behalf of their state or territory, a written agreement of compromise or a written agreement to submit the controversy to a board of arbitrators may be made under Subchapter H (relating to the uniform act on interstate compromise and arbitration of inheritance taxes).

§ 1750. Extension of time for payment.

The department may, for reasonable cause, extend the time for payment of any part of the inheritance tax and may, if deemed necessary for the protection of the interest of this Commonwealth, require the transferee in present possession or, if a trust is involved, the trustee, to file a bond in the name of the Commonwealth with sufficient surety, in an amount not exceeding twice the tax computed when the bond is given at the highest rate possible in the specific contingencies involved (reduced by the amount of any partial payment made) and conditioned for the payment of the tax at such postponed due date, together with interest from the due date to the payment date. No bond shall be required under this section if the trustee or one of the trustees is a bank and trust company or a trust company incorporated in this Commonwealth or a national banking association having its principal office in this Commonwealth. The bond required shall be filed in the office of the register.

§ 1751. Bond for delinquent tax.

The court, in its discretion, at any time after a tax imposed by this chapter becomes delinquent, upon application of the department, may require any person liable for a tax imposed by this chapter to give a bond for its payment. The bond shall be in the name of the Commonwealth, in such amount and with such surety as the court approves and conditioned for the payment of the tax, plus interest at the same rate as the interest rate on deficiencies provided for in section 1743 (relating to interest), commencing on the date the tax became delinquent, within a time certain to be fixed by the court and specified in the bond. The bond required shall be filed in the office of the register.

§ 1752. Evidence of payment of tax for real estate in another county.

When any tax is imposed and paid under this chapter on real estate located in a county other than that of the register who received payment, the register shall immediately forward to the register of the county where the real estate is located a certificate of the payment of the tax on the real estate which shall be entered of record in his office. The register of the county where the real estate is located shall be entitled to a fee of \$2 for entering the record of payment to be paid as a part of the administration expenses of the decedent's estate.

§ 1753. Penalties.

(a) Failure to file tax returns.—Any person who willfully fails to file a return or other report required of him under the provisions of sections 1736 (relating to returns) and 1745 (relating to estate tax) shall be personally liable, in addition to any liability imposed elsewhere in this chapter, to a penalty of 25% of the tax ultimately found to be due or \$1,000, whichever is less, to be recovered by the department as debts of like amount are recoverable by law.

(b) Failure to give notice of death of depositor.—Any financial institution which fails to give the notice required by section 1747 (relating to duties of depositories) shall be liable to a penalty of \$100 to be recovered by the department as debts of like amount are recoverable by law.

(c) False returns.—Any person who willfully makes a false return or report required of him under the provisions of this chapter, in addition to any liability imposed elsewhere in this chapter, commits a misdemeanor of the third degree.

§ 1754. Payment of tax for small business transfers.

(a) Quarterly installments.—Notwithstanding the provisions of section 1742 (relating to payment date and discount), the inheritance tax due under this chapter on the transfer of a small business interest may be paid by the qualified transferee in consecutive quarterly installments beginning immediately following the expiration of nine months after the decedent's death, according to the following schedule:

(1) For decedents dying during the first year following the effective date of this section, the tax may be paid in four consecutive quarterly installments.

(2) For decedents dying during the second year following the effective date of this section, the tax may be paid in eight consecutive quarterly installments.

(3) For decedents dying during the third year following the effective date of this section, the tax may be paid in 12 consecutive quarterly installments.

(4) For decedents dying during the fourth year following the effective date of this section, the tax may be paid in 16 consecutive quarterly installments.

(5) For decedents dying during the fifth and subsequent years following the effective date of this section, the tax may be paid in 20 consecutive quarterly installments.

(b) Returns.—The tax shall be paid in consecutive quarterly installments due on March 31, June 30, September 30 and December 31 of each year, provided the return required by section 1736 (relating to returns) is timely filed, along with a notice of election executed by the qualified transferee and joined in by the personal representative which shall relieve the personal representative or other fiduciary of liability for the collection and payment of tax under section 1746 (relating to deduction and collection of tax by personal representative or other fiduciary). The notice of election shall be completed on a form prescribed by the department containing at least the following information:

- (1) The name of the decedent and date of death.
- (2) The name or names of the personal representative or other fiduciary.
- (3) The name or names of the qualified transferees filing the election.
- (4) A description and estimated valuation of the business interest on which tax is due.
- (5) A statement that the qualified transferees assume full personal responsibility for the tax.

Each notice of election shall be affirmed before an officer empowered to administer oaths. The installment payment of tax shall bear interest at the rate of 9% per annum.

(c) Notice of sale.—In the event any portion of a small business interest on which the installment payment of tax has been elected is sold, exchanged or otherwise disposed of prior to the expiration of five years following the date of death and that portion equals or exceeds 50% of the total value of the small business interest received by the qualified transferee, the transferee shall immediately provide written notice of the sale, exchange or disposition to the department and the full amount of the tax then outstanding on that portion shall become due and payable at the expiration of 60 days following the date of sale, exchange or other disposition.

(d) Small business interest defined.—For purposes of this section, the term "small business interest" means an interest in an operating trade or business entity the principal purpose of which is not the manage-

ment of investments or income producing assets owned by the entity which has employed an average of less than 50 full-time employees during the 12 months immediately preceding the date of death and which meets one of the following criteria:

- (1) An interest as a proprietor in a trade or business carried on as a proprietorship.
- (2) An interest as a partner in a partnership carrying on a trade or business if:
 - (i) twenty percent or more of the total capital interest in the partnership is included in determining the gross estate of the decedent; or
 - (ii) the partnership had ten or less partners.
- (3) Stock in a corporation carrying on a trade or business if:
 - (i) twenty percent or more in value of the voting stock of the corporation is included in determining the gross estate of the decedent; or
 - (ii) the corporation had ten or less shareholders.
- (e) Qualified transferee¹ defined.—For purposes of this section, the term “qualified transferee” means a legatee or other transferee receiving:
 - (1) ten percent or more of the value of a proprietorship qualifying as a small business interest as defined in subsection (d);
 - (2) ten percent or more of the total capital interest in a partnership qualifying as a small business interest as defined in subsection (d); or
 - (3) ten percent or more in value of the voting stock of a corporation qualifying as a small business interest as defined in subsection (d).

SUBCHAPTER H UNIFORM ACT ON INTERSTATE COMPROMISE AND ARBITRATION OF INHERITANCE TAXES

Sec.

1756. Short title of subchapter.
 1757. Compromise agreement and filing, interest or penalty for non-payment of taxes.
 1758. Arbitration agreement.
 1759. Arbitration board.
 1760. Filing of determination of domicile and other documents.
 1761. Interest or penalties for nonpayment of taxes.
 1762. Compromise by parties to arbitration agreement.
 1763. Reciprocal application.

§ 1756. Short title of subchapter.

This subchapter shall be known and may be cited as the “Uniform Act on Interstate Compromise and Arbitration of Inheritance Taxes.”

§ 1757. Compromise agreement and filing, interest or penalty for non-payment of taxes.

When the department or the register claims a decedent was domiciled in this Commonwealth at the time of his death and the taxing authority

¹ “trustee” in original.

of another state makes a like claim on behalf of its state, the department may, with the approval of the Attorney General, make a written agreement of compromise with the other taxing authority and the executor or administrator of the decedent that a certain sum shall be accepted in full satisfaction of any and all inheritance taxes imposed by this Commonwealth, including any interest or penalties to the date of signing the agreement. The agreement shall also fix the amount to be accepted by the other state in full satisfaction of inheritance taxes. The executor or administrator of the decedent is authorized to make the agreement. The agreement shall conclusively fix the amount of tax payable to the Commonwealth without regard to any other provision of the laws of this Commonwealth. Unless the tax agreed upon is paid within 60 days after the signing of the agreement, interest or penalties shall accrue upon the amount fixed in the agreement but the time between the decedent's death and the signing of the agreement shall not be included in computing the interest or penalties. In the event the aggregate amount payable under the agreement to the states involved is less than the maximum credit allowable to the estate against the Federal estate tax imposed with respect to the estate, the personal representatives shall also pay to the department so much of the difference between the aggregate amount and the amount of such credit as the amount payable to the department under the agreement bears to the aggregate amount. A copy of the agreement shall be filed in the office of the proper register and any existing appraisal shall be deemed modified according to the agreement. In the event no appraisal has been made and filed prior to the agreement, the department shall direct an appraisal to be made and filed in the office of the proper register in accordance with the agreement.

§ 1758. Arbitration agreement.

When the department or the register claims that a decedent was domiciled in this Commonwealth at the time of his death and the taxing authority of another state makes a like claim on behalf of its state, the department may, with the approval of the Attorney General, make a written agreement with the other taxing authority and with the executor or administrator of the decedent to submit the controversy to the decision of a board consisting of one or any uneven number of arbitrators. The executor or administrator of the decedent is authorized to make the agreement. The parties to the agreement shall select the arbitrator or arbitrators.

§ 1759. Arbitration board.

(a) Powers of board.—The board shall have the power to administer oaths, take testimony, subpoena and require the attendance of witnesses and the production of books, papers and documents, and issue commissions to take testimony. Subpoenas may be signed by any member of the board. In case of failure to obey a subpoena, any judge of a court of record of this Commonwealth, upon application by the board, may make an order requiring compliance with the subpoena and the court may punish failure to obey the order as a contempt.

(b) Hearings.—The board shall hold hearings at a time and place it may determine, upon reasonable notice to the parties to the agreement, all of whom shall be entitled to be heard, to present evidence and to examine and cross-examine witnesses.

(c) Majority vote.—Except as provided in subsection (a) in respect to the issuance of subpoenas, all questions arising in the course of the proceedings shall be determined by a majority vote of the board.

(d) Determination of domicile.—The board shall, by a majority vote, determine the domicile of the decedent at the time of his death. This determination shall be final for the purpose of imposing and collecting inheritance taxes but for no other purpose.

(e) Compensation and expenses.—The compensation and expenses of the members of the board and its employees may be agreed upon among the members and the executor or administrator and if they cannot agree shall be fixed by any court having jurisdiction over probate matters of the state determined by the board to be the domicile of the decedent. The amounts so agreed upon or fixed shall be deemed an administration expense and shall be payable by the executor or administrator.

§ 1760. Filing of determination of domicile and other documents.

The department, register or board, or the executor or administrator of the decedent, shall file the determination of the board as to domicile, the record of the board's proceedings and the agreement, or a duplicate, made pursuant to section 1758 (relating to arbitration agreement) with the authority having jurisdiction to assess or determine the inheritance taxes in the state determined by the board to be the domicile of the decedent and shall file copies of the documents with the authorities that would have been empowered to assess or determine the inheritance taxes in each of the other states involved.

§ 1761. Interest or penalties for nonpayment of taxes.

In any case where it is determined by the board that the decedent died domiciled in this Commonwealth, interest or penalties, if otherwise imposed by law, for nonpayment of inheritance taxes between the date of the agreement and of filing of the determination of the board as to domicile, shall not exceed the rate provided for in section 1743 (relating to interest).

§ 1762. Compromise by parties to arbitration agreement.

The provisions of this subchapter shall not prevent at any time a written compromise, if otherwise lawful, by all parties to the agreement made pursuant to section 1757 (relating to compromise agreement and filing, interest or penalty for nonpayment of taxes), fixing the amounts to be accepted by the Commonwealth and any other state involved, in full satisfaction of inheritance taxes.

§ 1763. Reciprocal application.

The provisions of this subchapter relative to arbitration shall apply only to cases in which and so far as each of the states involved has a law identical or substantially similar to this subchapter.

SUBCHAPTER I
COLLECTION OF TAX

Sec.

- 1766. Timely mailing treated as timely filing and payment.
- 1767. Lien and duration of lien.
- 1768. Limited and future interests.
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- 1773. Subordination of lien.
- 1774. Cessation upon approval of bond.
- 1775. Release of lien.
- 1776. Enforcement procedure.

§ 1766. Timely mailing treated as timely filing and payment.

Notwithstanding the provisions of any State tax law to the contrary, whenever a report or payment of all or any portion of a State tax is required by law to be received by the department or other agency of the Commonwealth on or before a day certain, the taxpayer shall be deemed to have complied with the law if the letter transmitting the report or payment of the tax which has been received by the department is post-marked by the United States Postal Service on or prior to the final day on which the payment is to be received. For the purposes of this chapter, presentation of a receipt indicating that the report or payment was mailed by registered or certified mail on or before the due date shall be evidence of timely filing and payment.

§ 1767. Lien and duration of lien.

The taxes imposed by this chapter, together with any interest on the taxes, shall be a lien upon the real property included in the transfer on which the taxes are imposed. Except as otherwise provided in this subchapter, the lien shall remain until the taxes and interest are paid in full.

§ 1768. Limited and future interests.

In the case of a transfer of any estate, income or interest for a term of years, for life or for other limited period, or constituting a future interest, the taxes imposed by this chapter, together with any interest on the tax, shall remain a lien until paid upon the entire real property by which the estate, income or interest is supported, or of which it is a part, and the lien shall be limited to the real property so transferred.

§ 1769. Purchaser, mortgagee or lessee.

Unless suit for collection of the taxes imposed by this chapter is instituted within 20 years after any tax becomes delinquent, the lien shall cease as to any purchaser, mortgagee or lessee of a devisee or heir of, or a beneficiary under a deed of trust of, the real property subject to the lien. Any time within the 20-year period, if any tax on the real property is not paid, the department shall have power to file a certificate, under its seal, certifying to nonpayment which, when filed in the office of the clerk of

the county where the real property is situated, shall continue the lien against decedent's real property for an additional period of five years from the date of the filing and the lien shall be indexed in the office of the clerk. If the taxes on the real property are not paid within the additional period of five years, the department shall have power to extend the lien for additional periods of five years by filing a certificate in the manner provided in this section.

§ 1770. Sale by fiduciary.

If real property subject to the lien of taxes imposed by this chapter is sold or exchanged by a fiduciary who is subject to the jurisdiction of the court and who has given bond as required by Title 20 (relating to decedents, estates and fiduciaries), or is a corporate fiduciary which need not file bond under Title 20, the lien on the property sold shall cease.

§ 1771. Sale by heir, devisee or fiduciary.

If real property subject to the lien of taxes imposed by this chapter is sold or exchanged or otherwise disposed of by an heir, devisee or fiduciary, and if the inheritance tax, together with interest, is paid on all property reported in the tax return, including the property sold, which property has been appraised and tax assessed, the lien of any unpaid tax imposed by this chapter shall cease as to the property sold.

§ 1772. Sale of property transferred inter vivos.

When real property or any income or interest in the real property or income has been transferred within the meaning of subsection 1707(c) (relating to transfers subject to tax) and the transferee has sold, mortgaged or leased the property, or any income or interest in the property, the interest of a bona fide purchaser, mortgagee or lessee in the property shall not be subject to any lien for the taxes imposed by this chapter.

§ 1773. Subordination of lien.

If real property subject to the lien is mortgaged or leased by a fiduciary who is subject to the jurisdiction of the court and who has given a bond as required by Title 20 (relating to decedents, estates and fiduciaries), or is a corporate fiduciary which need not file bond under Title 20, the lien shall become subject and subordinate to the rights and interests of the mortgagee, lessee or other person so secured.

§ 1774. Cessation upon approval of bond.

Upon approval of a bond for the payment of taxes imposed upon a transfer, the lien upon the real property shall cease. The amount of the bond shall not exceed the value of the real property transferred.

§ 1775. Release of lien.

(a) No tax due.—In case of a transfer, other than by will or intestacy, the department, upon satisfactory proof that no taxes are due which would be a lien on the real property transferred by reason of the death of the transferor, may release all or any portion of the property from any lien imposed by this chapter to which the property otherwise might be subject.

(b) Other security.—The department may, at any time, release all or any portion of the real property subject to any lien imposed by this

chapter from such lien, or subordinate such lien to other liens and encumbrances, if it determines that the taxes are sufficiently secured by a lien on other property of the decedent or that the release or subordination of the lien will not endanger or jeopardize the collection of the taxes.

(c) **Partial payment.**—When inheritance tax in respect to the transfer of particular real property is paid on the value of the property without diminution for any deductions authorized by this chapter, other than a mortgage on the property existing at the date of the decedent's death, the department, upon request of a party in interest, shall issue a certificate evidencing the release of the property from the lien of tax.

(d) **Department's certificate conclusive evidence of release.**—A certificate by the department to the effect that any real property or interest in real property subject to any lien imposed by this chapter has been released from the lien, or that the lien has been subordinated to other liens and encumbrances, shall be conclusive evidence as to any bona fide purchaser, encumbrancer or lessee that the lien has been released or subordinated.

§ 1776. Enforcement procedure.

(a) **Citation.**—The court, at the request of the register, department or Office of the Attorney General, shall issue a citation, directed to those liable for the payment of the taxes or subject to any other duty imposed by this chapter, commanding the person or persons to appear and show cause why the requirements of this chapter should not be met.

(b) **Decrees.**—The court may issue any decree warranted by the facts, according to equity.

(c) **When citation issuable.**—A citation to enforce payment of taxes due under this chapter or compliance with the duties required by this chapter shall be issued by the court upon application of the register, department or Office of the Attorney General whenever any of the following occurs:

(1) A tax return is not filed within the time required by this chapter.

(2) Any tax due under this chapter remains delinquent.

(3) A Federal estate tax return has been filed but a copy of the return, or a communication making a final change on the return, has not been filed as required by section 1745 (relating to estate tax).

(4) Any other duty imposed by this chapter remains unperformed.

(d) **Subpoenas.**—The register or department may issue subpoenas to compel the production of documents and the attendance of witnesses necessary for the administration of this chapter.

(e) **Property subject to execution.**—Execution may be issued by the court against any real property in the decedent's estate on which a lien for the payment of the taxes imposed by this chapter exists or against any property belonging to a transferee liable for the tax.

(f) **Reciprocity with other states.**—The department may bring suits in the courts of other states to collect death taxes (including interest and penalties on the taxes) imposed by this chapter. An official of another

state which extends a like comity to the Commonwealth may sue for the collection of death taxes (including interest and penalties on the taxes) in the courts of this Commonwealth. A certificate by the Secretary of State of another state, under the seal of that state, that an official has authority to collect its death taxes shall be conclusive evidence of the authority of the official in any suit for the collection of the taxes in any court of this Commonwealth.

SUBCHAPTER J REFUND OF TAX

Sec.

1781. Refund of tax.

§ 1781. Refund of tax.

(a) When refunds will be made.—A refund shall be made of any tax to which the Commonwealth is not rightfully or equitably entitled provided the Commonwealth determines the refund is due or application for refund is made within the appropriate time limit as set forth in subsection (d).

(b) Interest.—Interest shall be paid on refundable tax at the same rate as the interest rate on deficiencies provided for in section 1743 (relating to interest).

(c) Form of refund.—Refund shall be made in cash to the party who paid the tax or to his assignee or as directed by the court.

(d) Time for claiming refund.—Application for refund of tax shall be made within two years after:

(1) the court has rescinded its order and adjudication of presumed death when the refund is claimed for tax paid on the transfer of the estate of a presumed decedent who is later determined to be alive;

(2) termination of litigation establishing a right to a refund. No application for refund shall be necessary when the litigation has been with the Commonwealth over liability for the tax or the amount of tax due;

(3) it has been finally determined that the whole or any part of an alleged deficiency tax, asserted by the Federal Government beyond that admitted to be payable, and in consequence of which an estate tax was paid under section 1717 (relating to estate tax) was not payable;

(4) a final judgment holding that a provision of this chapter under which tax has been paid is unconstitutional or that the interpretation of a provision of this chapter under which tax has been paid was erroneous; or

(5) the date of payment, or the date of the notice of the assessment of the tax, or the date the tax becomes delinquent, whichever occurs later, in all other cases.

(e) To whom application for refund shall be made.—An application for refund of tax shall be made to the Board of Finance and Revenue.

(f) Judicial review of board action.—The action of the Board of Finance and Revenue on all applications for refund of tax may be

appealed as provided for in 42 Pa.C.S. § 933 (relating to appeals from government agencies).

(g) Appropriation.—As much of the moneys received as payment of tax under this chapter as shall be necessary for the payment of the refunds provided for in this chapter with interest is appropriated for the payment of such refunds.

SUBCHAPTER K DISPUTED TAX

Sec.

1786. Protest, notice and appeal.

1787. Bond.

1788. Appeal and removal from department.

§ 1786. Protest, notice and appeal.

(a) General rule.—Any party in interest, including the Commonwealth and the personal representative, not satisfied with the appraisal, the allowance or disallowance of deductions, the assessment of tax, or supplements or any other matter relating to any tax imposed by this chapter, within 60 days after receipt of notice of the action complained of may:

(1) file with the department a written protest, sending a copy thereof to the Office of the Attorney General;

(2) notify the register in writing that he elects to have the correctness of the action complained of determined at the audit of the account of the personal representative; or

(3) appeal to the court to have the correctness of the action complained of determined at the audit of the account of the personal representative, or at a time the court shall fix.

The protest, notification or appeal shall specify all the objections to the action complained of. When the protest, notification or appeal is filed by the Commonwealth, a copy shall also be sent to the personal representative and to all other persons who filed a tax return.

(b) Future interests.—If a notification or appeal has been filed from an assessment of tax where it is contended that the rate of tax which will be applicable when a future interest vests in possession and enjoyment cannot presently be established with certainty, and no compromise has been entered into pursuant to section 1716(e) (relating to inheritance tax), the court, after consideration of relevant actuarial factors, valuations and other pertinent circumstances, shall determine what portion of the transfer is to become taxed at each of the rates which might be applicable.

(c) Farmland.—Whenever any appeal or protest is brought pursuant to this subchapter and the subject matter of the appeal concerns the valuation of certain farmland as set forth in section 1722 (relating to valuation of certain farmland) the forum designated by the department to hear the appeal or protest shall include at least two farmers and the Secretary of Agriculture. The farmers and the Secretary of Agriculture shall be accorded full powers within the forum with full voting rights.

§ 1787. Bond.

No bond shall be required of any party in interest who files a protest or notification against, or appeals from, an appraisement, allowance or disallowance of a deduction, assessment of tax, or supplements, or other matter relating to the tax, or from the decision of the department following a protest, or who petitions for removal of the record to the court.

§ 1788. Appeal and removal from department.

(a) General rule.—Any party in interest, including the Commonwealth and the personal representative, not satisfied with the decision of the department upon a protest may appeal from the department to the court within 60 days after receipt of notice of the entry of the decision of the department. When no decision has been rendered by the department within 30 days after the protest has been filed with the department, the court upon petition of any party in interest may direct the department to transmit the entire record to the court. When an appeal is taken from the decision of the department, or the court directs the department to transmit the entire record to the court, the court shall either proceed to a determination of the issues protested to the department or suspend the determination until the audit of the account of the personal representative.

(b) Future interests.—If the appeal or removal arises from an assessment of tax where it is contended that the rate of tax which will be applicable when a future interest vests in possession and enjoyment cannot presently be established with certainty, and no compromise has been entered into pursuant to section 1716(e) (relating to inheritance tax), the court after consideration of relevant actuarial factors, valuations and other pertinent circumstances shall determine what portion of the transfer is to become taxed at each of the rates which might be applicable.

SUBCHAPTER L ENTRY INTO SAFE DEPOSIT BOX

Sec.

- 1791. Entry prohibited.
- 1792. Entry without notice to department.
- 1793. Entry upon notice to department.
- 1794. Subsequent entries.
- 1795. Confidential nature of contents.
- 1796. Penalties.

§ 1791. Entry prohibited.

Unless provided otherwise in this subchapter, no person having actual knowledge of the death of a decedent shall enter a safe deposit box of the decedent. This subchapter shall not be construed to confer upon any person any right of entry into a safe deposit box of a decedent which he does not otherwise have.

§ 1792. Entry without notice to department.

(a) Entry with bank employee.—A safe deposit box of a decedent may be entered, and any or all of the contents removed in the presence of

an employee of the financial institution in which the box is located. The employee shall make, or cause to be made, a record of the contents of the box, which record he shall attest under penalty of perjury to be correct and complete. The financial institution may make a reasonable charge for the attendance of its employee at the entry of the box and the listing of the contents, which charge shall be deductible as an administration expense under section 1727(1) (relating to expenses).

(b) **Entry with representative of department.**—A safe deposit box of a decedent may be entered, and any or all of the contents removed, in the presence of a representative of the department authorized by the secretary. The department shall authorize at least one such representative in and for each county of this Commonwealth. The representative present at the time of entry into the box shall make or cause to be made a record of the contents of the box.

(c) **Entry under court order.**—The court for cause shown may order that a designated person or persons be permitted to enter a safe deposit box of a decedent and remove the contents described in the order, under supervision as the court may direct. The order may also require that a record be made of the contents of the box.

(d) **Entry into box used by business firm.**—Notwithstanding any of the provisions of this subchapter, the department, at any time and without relation to the death of a specific decedent, by a certificate issued to a firm whose business requires ready access to safe deposit boxes, may issue a general authorization for the entry into, and removal of the contents of, a safe deposit box of a decedent, under terms and conditions as it may prescribe. A financial institution may permit such entry and removal upon presentation to it of such certificates issued by the department.

(e) **Entry into box to remove will and cemetery deed.**—Nothing in this subchapter shall prohibit a financial institution from permitting entry into a safe deposit box of a decedent for the sole purpose of removing the decedent's will and evidence of ownership of the burial lot in which the decedent is to be interred. An employee of the financial institution must be present at the opening of the box and make or cause to be made a record of the documents removed from the safe deposit box during the entry and attest the record to be correct and complete under penalty of perjury.

§ 1793. **Entry upon notice to department.**

(a) **General rule.**—When entry into a safe deposit box of a decedent is not, or cannot be made under the provisions of section 1792(a), (b), (c) or (d) (relating to entry without notice to department), a safe deposit box of a decedent may be entered at the time fixed in a notice mailed to the Department of Revenue, Harrisburg, Pennsylvania, and to the financial institution in which the box is located, in the manner specified in this section. The date fixed for entry and contained in the notice shall not be less than seven days after the date of notice is mailed. A representative of the department may be present at the time fixed for entry and may make or cause to be made a record of the contents of the box.

(b) Notice to department.—The notice required under subsection (a) shall be delivered to the United States Postal Service for mailing in a manner that will provide for a record of the mailing being made by the United States Postal Service and a receipt being furnished to the sender. An exact copy of the notice shall be transmitted to the financial institution in which the box is located.

(c) Exoneration of financial institution.—At the time fixed in the notice required by subsection (a), although no representative of the department is present, it shall be lawful for a financial institution in which a safe deposit box of a decedent is located to permit, and it shall permit, entry into the box and removal of its contents by a person who furnishes a signed statement under penalty of perjury that he or someone in his behalf has given such notice.

§ 1794. Subsequent entries.

Nothing in this subchapter shall be construed to impose any restriction upon reentry into a safe deposit box of a decedent at any time subsequent to an entry made in accordance with any of the provisions of this subchapter other than section 1792(e) (relating to entry without notice to department).

§ 1795. Confidential nature of contents.

Any information gained from the contents of a safe deposit box of a decedent by a person whose attendance at the entry into the box was required by this subchapter shall be confidential and shall not be disclosed for other than official purposes to collect the taxes imposed by this chapter.

§ 1796. Penalties.

(a) Bank employees.—Any employee of a financial institution in which the safe deposit box of a decedent is located who, having actual knowledge of the death of the decedent, enters or permits the entry by any person into a safe deposit box of the decedent in violation of the provisions of this subchapter commits a misdemeanor of the third degree.

(b) Other persons.—Any person, other than an employee of a financial institution in which the safe deposit box of a decedent is located, who, having actual knowledge of the death of a decedent, enters a safe deposit box of the decedent in violation of the provisions of this subchapter commits a misdemeanor of the third degree.

(c) Disclosure of confidential information.—Any person who violates the provisions of section 1795 (relating to confidential nature of contents) commits a misdemeanor of the third degree.

Section 2. The following acts and parts of acts are repealed absolutely:

Act of April 7, 1826 (P.L.227, No.72), entitled "An act relating to collateral inheritances."

Act of May 11, 1901 (P.L.173, No.139), entitled "An act directing the State Treasurer to refund to the various estates the direct inheritance tax, paid into the State Treasury by virtue of the act of General Assembly of the Commonwealth, approved May twelfth, one thousand eight hundred and ninety-seven."

Section 12, act of June 20, 1919 (P.L.521, No.258), entitled, as amended, "An act providing for the imposition and collection of certain taxes upon the transfer of property passing from a decedent who was a resident of this Commonwealth at the time of his death, and of property within this Commonwealth of a decedent who was a nonresident of the Commonwealth at the time of his death; defining and taxing transfers made in contemplation of death; defining as a transfer and taxing the right of survivorship in property as to which such right exists; and making it unlawful for any corporation of this Commonwealth, or national banking association located therein, to transfer the stock of such corporation or banking association, standing in the name of any such decedent, until the tax on the transfer thereof has been paid; and providing penalties; and citing certain acts for repeal."

Act of May 4, 1927 (P.L.727, No.375), entitled "A supplement to the act, approved the twentieth day of June, one thousand nine hundred and nineteen (Pamphlet Laws, five hundred and twenty-one), entitled 'An act providing for the imposition and collection of certain taxes upon the transfer of property passing from a decedent who was a resident of this Commonwealth at the time of his death, and of property within this Commonwealth of a decedent who was a nonresident of the Commonwealth at the time of his death; and making it unlawful for any corporation of this Commonwealth, or national banking association located therein, to transfer the stock of such corporation or banking association, standing in the name of any such decedent, until the tax on the transfer thereof has been paid; and providing penalties; and citing certain acts for repeal,' authorizing the Auditor General to appoint investigators and appraisers and providing for their compensation."

Act of May 8, 1929 (P.L.1673, No.531), entitled "An act making an appropriation to the Board of Finance and Revenue for the refund of certain moneys into the State Treasury."

Section 3. The following acts are hereby repealed, but only so far as they relate to estates of decedents dying on or after the effective date of this act:

Act of May 23, 1949 (P.L.1726, No.528), entitled "An act authorizing the compromise and arbitration of inheritance taxes when there are conflicting claims as to the domicile of the decedent and making uniform the law relating thereto."

Act of June 15, 1961 (P.L.373, No.207), entitled "An act providing for the imposition of certain taxes upon the transfer of property passing from a decedent who was a resident of the Commonwealth at the time of his death or presumed death and of property having its situs in the Commonwealth of a decedent who was a nonresident of the Commonwealth at the time of his death or presumed death; imposing additional taxes to equal Federal Estate Tax Credits; defining and taxing certain transfers made in contemplation of death, or to take effect in possession or enjoyment at or after death; defining as a transfer and taxing the right of survivorship in certain property as to which such right exists; defining and

exempting from tax, transfers to certain persons or for certain purposes or of certain property; providing for the valuation of property and interests in property, the transfer of which is subject to tax; defining and allowing deductions from the value of property, the transfer of which is subject to tax; providing for the persons ultimately liable for taxes in the absence of a direction by the decedent to the contrary; providing for the reporting of transfers and collection of taxes; imposing penalties upon banks or other financial institutions for failure to give notice to the Department of Revenue of the death of a party to a joint or trust deposit therein and upon persons who fail to file tax returns and documents; providing for the compromise of taxes in the case of alleged nonresidents of the Commonwealth; making it unlawful for any person to make a false return or report; providing for liens upon real property, the transfer of which is subject to tax, and release thereof; authorizing the Secretary of Revenue to bring suits in other jurisdictions for the collection of taxes, and authorizing officials of other jurisdictions to bring suits in the Commonwealth for the collection of death taxes imposed by their jurisdictions; providing for the refund of taxes to which the Commonwealth is not rightfully or equitably entitled; providing for appeals and protests from the imposition of taxes; regulating the entry into safe deposit boxes of a decedent by certain persons, and providing penalties; dealing with the jurisdiction, powers and procedure of the orphans' court, Secretary of Revenue, Department of Revenue, Attorney General, and register of wills in matters relating to taxes; and citing certain acts for repeal." Nothing in this repealer shall affect or impair the lien of any taxes heretofore assessed or any tax due, owing, or payable, or any remedies for the collection thereof, or surrender any remedies, powers, rights, or privileges acquired by the Commonwealth under the acts hereby repealed.

Section 4. This act shall take effect immediately and shall apply to the estates of all decedents dying on or after the effective date of this act and to inter vivos transfers made by decedents dying on or after the effective date of this act regardless of the date of the transfer.

APPROVED—The 13th day of December, A. D. 1982.

DICK THORNBURGH