

APPRAISEMENT, ALLOWANCE OR DISALLOWANCE OF DEDUCTIONS AND ASSESSMENT OF TAX

After an inheritance tax return is filed, the Department of Revenue issues a notice setting forth its valuation of the estate's assets, allowable deductions and tax due. Depending on the complexity of the return, it can take three to six months from the date a return is filed with the Register of Wills for processing to be completed.

PROTEST, NOTICE OR APPEAL

Any party with interest in the estate, who is not satisfied with a department determination of estate value, allowance or disallowance of inheritance tax deductions and/or tax liability, may appeal within 60 days of receipt of the notice to which objection is made. Appeal information is available at www.boardofappeals.state.pa.us.

FREQUENTLY ASKED QUESTIONS

Review Revenue's Online Customer Service Center at www.revenue.state.pa.us for answers to frequently asked questions. There you may also submit questions specific to an estate to a customer service representative.

CONTACT INFORMATION

For additional inheritance tax information, please call 717-787-8327 or write to the following address:

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

FOR GENERAL TAX QUESTIONS:

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

Customer Service Representative
717-787-8327

Automated Forms Ordering Service
1-800-362-2050

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

INHERITANCE TAX GENERAL INFORMATION

WHO MUST FILE

A Pennsylvania Inheritance Tax Return, REV-1500, must be filed for every decedent with property that may be subject to Pennsylvania inheritance tax.

- The personal representative (executor or administrator appointed by the Register of Wills) of a decedent's estate is the person responsible for disclosing property of the decedent and filing the inheritance tax return.

If no personal representative is appointed, if the personal representative does not file a return, or if the personal representative files a return but does not disclose all transferred property, then the transferee of property should file an inheritance tax return.

- A transferee is any person to whom property from the decedent is transferred, including surviving joint tenants, beneficiaries and heirs. The transferee must disclose any asset in which or of which he or she receives any ownership, interest, income, possession or enjoyment, whether present or future, and whether in trust or otherwise. Separate returns are not to be filed by transferees for property included in a personal representative's return.

WHEN TO FILE

An inheritance tax return should be filed as soon as possible after a decedent's death, but no later than nine months from the decedent's date of death. Failure to file may subject the estate to a penalty of 25 percent of the tax ultimately found to be due or \$1,000, whichever is less.

WHERE TO FILE

An inheritance tax return must be filed in duplicate with the Register of Wills of the county in which the decedent was a resident at the time of death.

PAYMENT OF TAX

Tax on property transferred is due within nine months of the decedent's death.

A five percent discount is allowed on the tax paid within

three calendar months of a decedent's death. No discount applies to any amount that may be subsequently refunded.

A pre-payment of tax may be made at the Register of Wills before the REV-1500 is filed. In writing, supply the Register with the decedent's full name, date of death and Social Security number along with the pre-payment.

All checks must be made payable to "Register of Wills, Agent" and presented to the Register of Wills of the county where the decedent resided.

TAX RATES

The rates for Pennsylvania inheritance tax as of July 1, 2000 are as follows:

- 0 percent on transfers to a surviving spouse or to a parent from a child aged 21 or younger;
- 4.5 percent on transfers to direct descendants and lineal heirs;
- 12 percent on transfers to siblings; and
- 15 percent on transfers to other heirs, except charitable organizations, exempt institutions and government entities exempt from tax.

Tax rates for dates of death prior to July 1, 2000 can be found by visiting www.revenue.state.pa.us.

INTEREST

Interest on overdue inheritance tax is charged nine months and one day from the date of death, to the date of payment. Interest rates are detailed in form REV-1611, available at www.revenue.state.pa.us.

An online interest and penalty calculator is also available on the department's e-services website, www.doreservices.state.pa.us.

FORMS

Inheritance tax forms, schedules and instructions are available at www.revenue.state.pa.us. You may also order any Pennsylvania tax form or schedule by calling, toll-free 1-800-362-2050. Services for people with special hearing and/or speaking needs are

available at 1-800-447-3020.

Schedules A through G are used to report assets of the estate. Schedules H and I are used to report debts and deductions of the estate. Schedules K through O are used to report life estates, remainders and future interest compromises. Instructions for each schedule are available on the department's website.

The REV-1500, Pennsylvania Inheritance Tax Return and corresponding instructions for more specific information are available on the department's website.

TAXABLE PROPERTY

In general, any items the decedent owned solely, jointly or in trust are taxable unless specifically excluded from taxation by law. For additional information see instructions for Schedules A, B, C, D, E, F and G for descriptions of taxable property.

VALUATION

Generally, valuation is based on the fair market value as of the decedent's date of death. Special rules apply for valuation of life estates and future interests created by a decedent. See the instructions for Schedules K and M for more information.

Special rules also apply to the taxation of farmland and small business interests. See the instructions for Schedules AU and C-SB for further information concerning these provisions.

NOTE: Pennsylvania does not utilize or accept a six month alternate valuation date like the federal government does.

DEDUCTIONS

Funeral expenses, administrative costs and debts owed by the decedent at the time of death are deductions allowed against the inheritance tax liability. See the instructions for Schedules H and I for descriptions of allowable deductions.